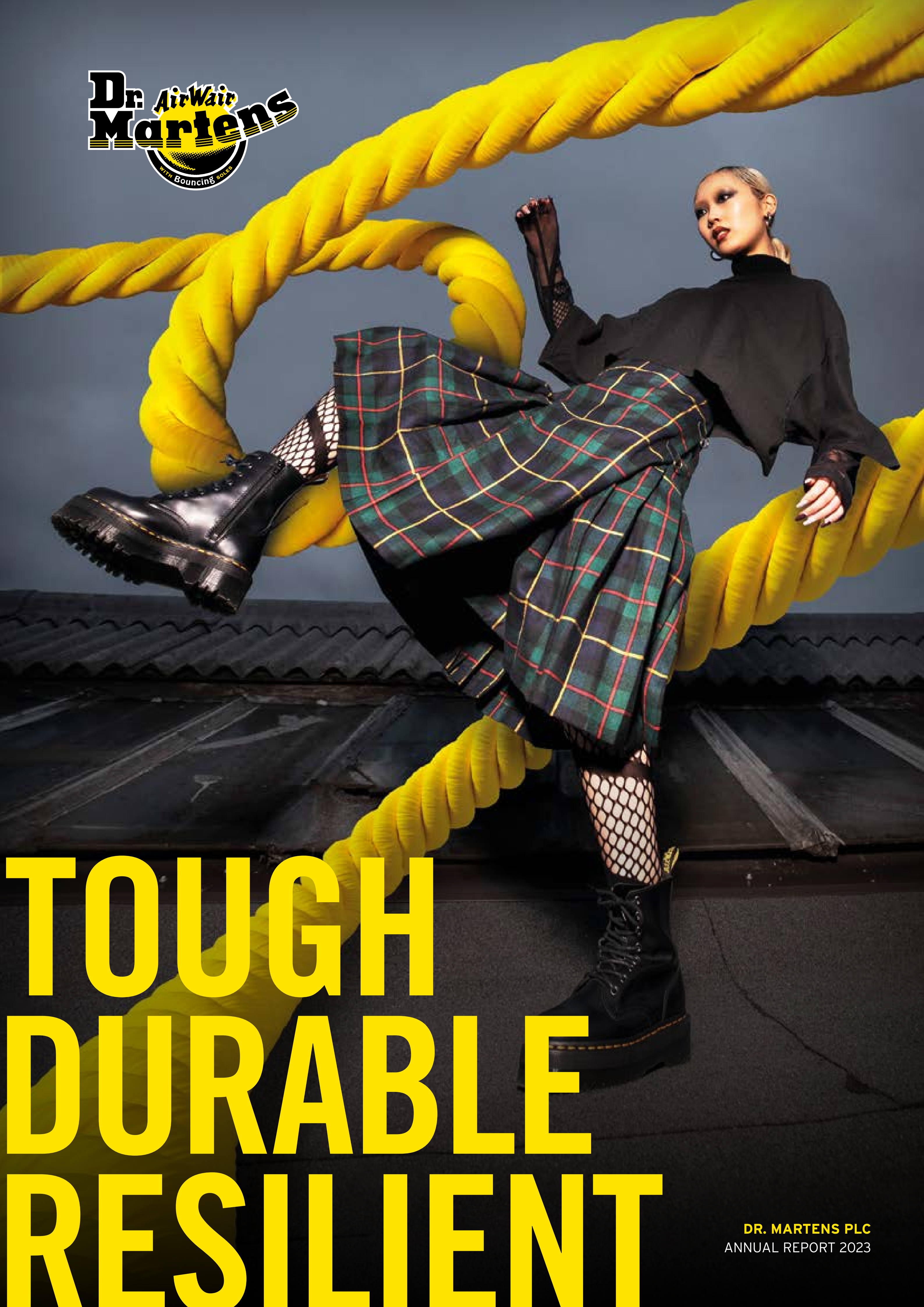

TOUGH DURABLE RESILIENT

DR. MARTENS PLC
ANNUAL REPORT 2023

DR. MARTENS IS AN ICONIC BRAND SELLING TO CONSUMERS IN MORE THAN 60 COUNTRIES

The first boot was born on 1 April 1960 in Wollaston, England, and was so called the '1460'. For over six decades since, Dr. Martens has transcended youth and subcultures, demonstrating its unrivalled appeal and ability to underpin trends.

FINANCIAL HIGHLIGHTS

Pairs m

13.8m

2022: 14.1m

Revenue £m

£1,000.3m

2022: £908.3m

EBITDA[1] £m

£245.0m

2022: £263.0m

PBT £m

£159.4m

2022: £214.3m

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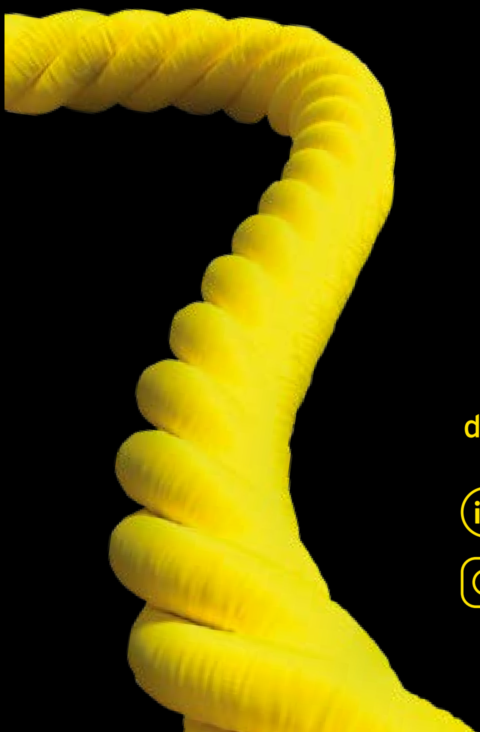
1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.



drmartensplc.com

Dr. Martens plc

drmartensofficial

DELIVERING LONG-TERM RESILIENCE

➔ OUR STRATEGY IN ACTION **P32**

Like our iconic and timeless Originals, we are a resilient company with strong foundations. We take a long-term approach to decision-making. We continue to **invest for future growth** including opening more stores, increasing marketing spend, making key people hires and ensuring full product availability. We make exceptional footwear and champion Rebellious Self Expression through our strong global brand and timeless product appeal.

Our continued success will be built on the execution of **our DOCS strategy**. It serves as the guiding light for our brand and it sits at the heart of everything – ensuring that we make the right decisions and deliver **long-term impact**.

➔ OUR STRATEGY **P30**

➔ SUSTAINABILITY **P62**

HIGHLIGHTS of the year

STRATEGIC HIGHLIGHTS

D
DTC FIRST

Direct-to-consumer (DTC) mix up 3%pts

52%

DTC revenue up

16%

Opened

52

new stores including 14 Japan franchise stores

READ MORE **P32**

O
ORGANISATIONAL AND OPERATIONAL EXCELLENCE

ERP

implemented in Japan – now

95%

of global revenues on MD365

OMNICHANNEL TRIAL IN THE UK

Opened

3

new DCs

READ MORE **P34**

C
CONSUMER CONNECTION

BRAND STRENGTH:

Awareness

72%

Familiarity

47%

Increased marketing spend as a percentage of revenue by 0.4%pts to

5.2%

SUCCESSFUL CAMPAIGNS

such as 'All Access Summer' and 'Unpolished'

READ MORE **P36**

S
SUPPORT BRAND EXPANSION WITH B2B

Wholesale revenue per account[1] up

15%

28

new AMP wholesale accounts added

5%

less wholesale accounts

READ MORE **P38**

---

[1] Revenue per accounts is calculated as revenue divided by average number of accounts in the year, excluding Italy due to the impact of its FY22 conversion.

SUSTAINABILITY HIGHLIGHTS

PLANET

PRODUCT

PEOPLE

Submitted our Science-Based Targets for verification which set out our plan to become a Net-Zero business by

2040

SOURCED

91%

of the electricity for our EMEA and UK operations from renewable sources

READ MORE **P68**

RECOMMERCE

Repair and resale trial successfully launched in the UK

INVESTED

in leading materials innovation company to support industry-wide adoption of sustainable materials

Removal of non-recyclable plastic foam divider from the packaging across

35%

of the AW23 footwear volume

READ MORE **P76**

100%

of our Tier 1 and Key Tier 2 suppliers CSR audited met our high standards[1]

Dr. Martens Foundation launched the Right to Be flagship programme and awarded 34 organisations a total of

£2.4M

READ MORE **P84**

[1] Audit results above 75% scoring for Tier 1, and above 70% for Key Tier 2, in line with Intertek Workplace Conditions Assessment scoring methodology.

DOING THE RIGHT THING FOR THE LONG TERM

> I AM SO PROUD OF HOW STRONGLY THE SPIRIT OF BRAND CUSTODIANSHIP RUNS THROUGH OUR BUSINESS AND OUR PEOPLE. DOING THE RIGHT THING FOR THE LONG TERM DRIVES EVERY DECISION WE TAKE.
>
> **PAUL MASON**
> CHAIR

Having come through the challenging Covid-19 years with demand shocks in FY21 and then supply shocks in FY22, we made good progress to reach £1bn of revenue in FY23, but growth was below our expectations.

The year did not turn out as we had anticipated. We still grew revenue by 10% to reach £1bn for the first time but this was below what we had expected at the start of the year. We generated EBITDA of £245m but this was also below expectations due to the slower revenue growth and our continued investment in building a strong platform for future, long-term growth, in areas such as our people, our systems, our stores and our inventory.

I would describe this year as one with 'growing pains'. Not only was demand lower, particularly in the US, as we increased investment for future growth, but we made mistakes when transferring our US west coast distribution centre (DC) from Portland to Los Angeles (LA). Those mistakes were failures of people and process and following a detailed internal report, we have instigated both a number of updated ways of working to ensure enhanced robustness in our internal processes and strengthened management within the America and supply chain teams.

The path to sustainable long-term growth is rarely, if ever, a smooth one and this year is a good example of this. As a Board, we believe the Company's DTC first focus remains the right strategic approach to take and this will drive the next leg of our growth from £1bn to £2bn of revenue. However, this year has encouraged us to reconsider the optimal pace at which the Company can grow sustainably to this level and, as a result, we have reset our medium-term growth aspirations to ensure we avoid another such year. In addition, we will continue to invest in the business to strengthen our resilience and underpin this future growth. This approach will help to ensure our iconic, global brand remains in good health and that our Balance Sheet remains strong, leading to the Board retaining a high level of confidence in our long-term prospects.

People

My admiration for our people has gone up another notch this year. In more challenging years such as this one, your people are even more important to you and I have been so impressed by their resilience and determination throughout the year. Our people are the most dedicated and passionate advocates of our brand and this is seen most clearly in our retail stores. One of the benefits of a growing, global retail footprint is that more consumers get the opportunity to experience the passion and knowledge of our people who work in our stores – they are extremely important ambassadors for the brand. This dedication and passion is also seen in our factories and offices around the world where the craftsmanship, care and commitment have been exceptional all year.

I'd like to express the Board's thanks to all of our people for their efforts this year.

GOVERNANCE

The Board's activities during FY23

- Commissioned a detailed review of the issues impacting the LA DC and reviewed the remedial actions proposed
- Strategic deep-dive sessions held with GLT members covering topics including Marketing, People and the Supply Chain
- Oversaw the transfer of 14 former franchise stores in Japan into directly operated stores
- Reviewed and approved the FY24 budget
- Approved the long-term funding arrangements for the Dr. Martens Foundation
- Approved Dr. Martens Net-Zero target for submission to the Science Based Targets initiative
- Visits to New York, Tokyo, Berlin, Texas and Milan provided opportunities for direct engagement with our stakeholders in these markets

Corporate governance highlights

- Proposed a full-year dividend of 5.84p per share
- Approved the appointment of Andrew Harrison as an Independent Non-Executive Director with effect from 1 May 2023
- Evaluated the Board's effectiveness in FY23 and reviewed the progress of the recommendations identified in the FY22 Board Effectiveness Review

GOVERNANCE **P109**

Board

After the year end, Andrew Harrison joined the Board as an Independent Non-Executive Director. Andrew is a managing partner at consumer brand investment firm Freston Ventures and the Senior Independent Director at Ocado Group plc. He spent more than two decades at Carphone Warehouse, where he served as Chief Executive and Chair. He brings a wealth of experience of consumer-facing and technology-focused businesses and a highly entrepreneurial mindset. His prior experience as a Chief Executive and Non-Executive Director of large, listed companies will be invaluable to the business going forward. On joining the Board, Andrew became a member of the Audit, Remuneration and Nomination Committees.

Governance

An important aspect of my role as Chair is ensuring that the Board continues to lead the business in delivering our strategy effectively, setting a clear tone from the top and ensuring that governance across Dr. Martens is robust. I am pleased to be supported by a Board that comprises a wealth of skills and experience and a diversity of backgrounds and perspectives, augmented further by the appointment of Andrew Harrison after the year end. I and the Board look forward to working with Andrew during the coming year.

In April, we announced that our Chief Financial Officer, Jon Mortimore, will be retiring in FY24. Although Jon remains in role and as committed as ever to Dr. Martens in the meantime, I would like to take this opportunity to offer my thanks and those of the wider Board to Jon for his seven years of service and the significant contribution he has made to Dr. Martens during a pivotal period in its history. When he leaves us later in FY24, it will be with our best wishes for the future. The Nomination Committee is overseeing Jon's succession and the Company will make the necessary announcement at the appropriate time.

More information can be found in our Governance report from page 131.

Sustainability

Dr. Martens products have embodied timeless design and durability for over six decades. As custodians of the brand, we are clear in our vision to build a business with sustainability at its core. Last year, we launched our new 'Planet, Product, People' sustainability strategy which supports our vision to leave things better than we found them. Our teams have been working to embed sustainability across the business and we are pleased to share our third Sustainability report which updates on our progress.

Over the past year, we have continued to collaborate and innovate with leaders across our industry to deliver a successful launch of our repair and resale 'recommerce' trial in the UK, which is a step on our journey to Net-Zero. We are also investing in the future of our business and supporting the development of scalable sustainable materials through our exciting investment in Gen Phoenix, a leading producer of recycled leather. You can find updates on these developments and progress against our other sustainability commitments from page 62.

Dividend

The Board approved, and the Company declared, a final dividend of 4.28p per share, in line with the previous year. This equated to a 51% earnings payout ratio and is due to be paid on 18 July 2023. This takes the total dividend for the year to 5.84 per share, up 6% on FY22, and an earnings payout ratio for the year of 45%. This is above our previously guided payout range of 25% to 35% but our maintenance of the final cash dividend reflects the Board's confidence in the long-term prospects for the Group. Going forward, we anticipate future earnings growth will bring the dividend payout back in line with our target payout ratio.

In addition, the Board intends to seek shareholder approval at the Annual General Meeting to commence a share buyback programme in FY24.

PAUL MASON
NON-EXECUTIVE CHAIR
31 May 2023

A GLOBAL BRAND ICON

OUR UNIQUE DNA

Our original icons, led by the 1460 boot, 1461 shoe and 2976 Chelsea boot, sit at the core of the product architecture and inform the aesthetics for all other footwear categories.

COLLABORATIONS AND MADE IN ENGLAND
Pushing boundaries with cutting-edge collabs and heritage craftsmanship
3%
revenue[1]

46%
revenue
ORIGINALS

38%
revenue
FUSION
INCLUDING SANDALS

9%
revenue[2]

We are moving towards our long-term vision of a regenerative and circular product lifecycle.
For our product-related sustainability commitments see page 77

9%
revenue
CASUAL

3%
revenue
KIDS
Mini-me versions of our Originals

4%
revenue
ACCESSORIES
Consisting of shoe-care and leather bags

---

1. Revenue of collaborations and Made In England is included within the other categories.
2. Revenue of sandals included in Fusion revenue.

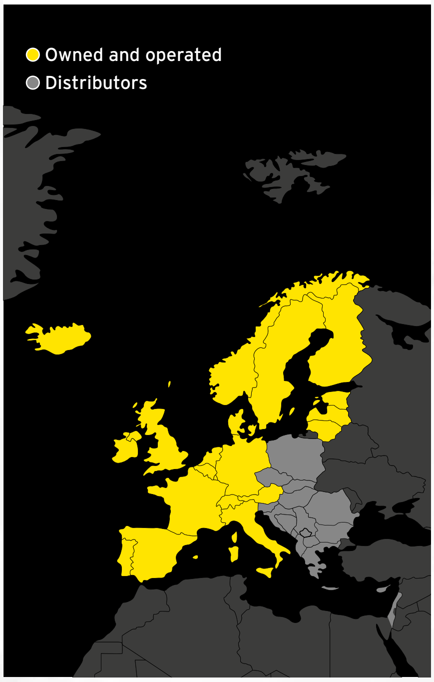
OUR MARKETS

EMEA

OWN STORES	88
THIRD-PARTY STORES	3
DTC MIX	+4%pts

£443.0m

revenue

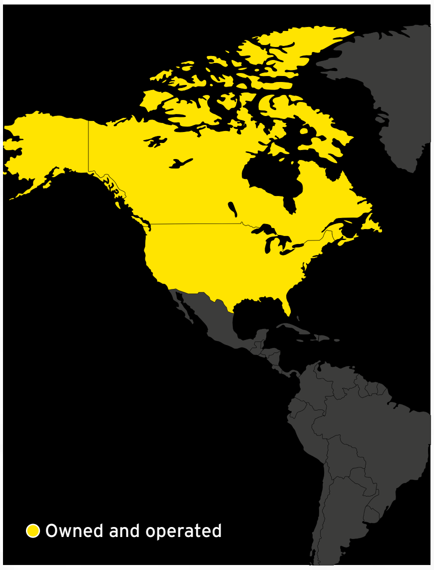


AMERICA

OWN STORES	54
THIRD-PARTY STORES	4
DTC MIX	+1%pts

£428.2m

revenue

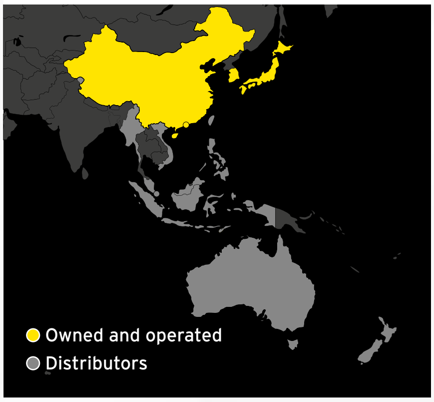


APAC

OWN STORES	62
THIRD-PARTY STORES	112
DTC MIX	+4%pts

£129.1m

revenue



LOVED BY CONSUMERS

204

own stores worldwide

13.8m

pairs sold in FY23 worldwide

REBELLIOUS SELF EXPRESSION

We want the world to wear DM's when they have their moments of Rebellious Self Expression. We believe that Rebellious Self Expression is a positive force in the world. It makes it more creative, diverse and accepting of the things that make us individuals.

Our role is to make exceptional footwear and to be the supporters, defenders and champions of Rebellious Self Expression.

- **Rebellious Self Expression is our brand**
- **Rebellious Self Expression is our culture**
- **Rebellious Self Expression is who we are and what we do**

There are three core values at the heart of Rebellious Self Expression. They never stand alone, but work together to support what Rebellious Self Expression is for Dr. Martens.

ERIK ZAMBON
STRATEGY DIRECTOR

BE YOURSELF

We've all been the odd one out at some point in our lives. It's how we find out who we are. If we never push boundaries, never rebel, how do we know what we stand for? Nine or 90, flamboyant or quiet, every day or once in a lifetime, when someone has their moment of Rebellious Self Expression and says 'this is me', we want them wearing DM's.

ACT COURAGEOUSLY

It takes guts to step out of our comfort zone, to help others do the same and to redefine what's possible for future generations. Whether we're alone or part of a movement, let's have the courage to be ourselves and do what's right.

SHOW YOU CARE

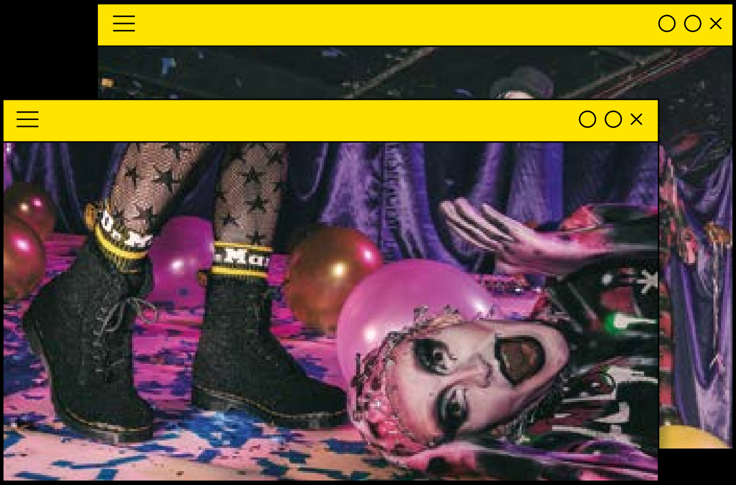
This is the balancing part – between the right to be and express ourselves, and the responsibility to use those rights for the greater good. We can be ourselves and act courageously without suppressing anyone else's right to do the same. We stay open-minded, but there is a line, and we draw it at any kind of hate and violence.

OUR CULTURE

At Dr. Martens, we value integrity, teamwork, professionalism and passion, but Rebellious Self Expression is how we define what's unique about our culture and our brand.

Our people have the right to be themselves and express that self to the world. But in everything they do, they also need to think about how it impacts others and how they work together for the brand.

This is the Dr. Martens manifesto for how our people live and lead through Rebellious Self Expression. This is our culture.



BE YOURSELF:

We want our people to do what they are brilliant at. Being themselves is their superpower and it's the value they bring to work every day.

We value difference and diversity. While everyone's moment of Rebellious Self Expression is different, all are equally valid and should be respected.

ACT COURAGEOUSLY:

Be bold, not reckless, and make mistakes in the open. We want our people to try new things and let others see our successes and mistakes so we can all learn. We strive together for progress, not perfection.

We want our people to have the courage to challenge themselves and others. This means being relentlessly curious to understand others and challenging decisions constructively to help make better ones. Every voice matters but once a decision is made, we all stand by it.

We can do anything, but we can't do everything. We want our people to take responsibility for being both proactive and efficient: to adopt, adapt and invent in that order.

SHOW YOU CARE:

Success at DM's impacts our consumers and shareholders as well as our people. They should think like an owner to advance the brand first and collaborate across functions and regions.

Our people should put the consumer at the heart of their actions. DM's are shaped by the people who wear them and our actions should always serve them first and foremost.

Be direct and be kind. Difficult conversations are sometimes needed. We think about our impact, we are open to other perspectives while giving direct, factual feedback that aims to build someone up, not tear them down.

We live and love the brand, including on our feet. Everyone at DOCS has a DM's story and they tell it every day through showing up to work in their Dr. Martens. We believe we stand taller, prouder and together in DM's.

WHAT WE STAND UP FOR

We are committed to leaving things better than we found them. This is about being a business with integrity that takes its responsibilities seriously towards the planet, its people and its broader shareholders'.

Rebellious Self Expression goes beyond integrity. Standing for it means standing against the barriers that impede it. We have looked to our brand's history and to those who have adopted us to recognise where we have agency. Our values of #1 Be Yourself, #2 Act Courageously and #3 Show You Care set the guardrails for what we will actively stand up for.

Racial and ethnic equity
We stand up for equality for all and take action to improve representation and equity within our own organisation

Sexual orientation equity
We're committed to showing up and supporting the LGBTQIA+ community all year round

Gender equity
Creating a culture of support and allyship is the foundation for gender equity at Dr. Martens

Social mobility
Everyone should be able to achieve their full potential, regardless of where they come from

Sustainability
Leaving things better than we found them means working to reduce our impact on the planet

READ MORE ON OUR SUSTAINABILITY **P62**

OUR UNIQUE PROPOSITION

We believe that our competitive strengths are what set us apart and position us to succeed in a rapidly changing world.

1

ICONIC, GLOBAL BRAND

Dr. Martens is a truly iconic British brand with over 60 years of heritage. Our timeless boots are cultural icons, offering enduring appeal, durability and cult status. It is an opinion former not a follower. The brand has become a global icon with millions of consumers worldwide. Its spirit of rebelliousness and resilience is embraced across all cultures, ages, genders and social classes, who adapt Dr. Martens boots, shoes and sandals in their own individual style. The unique DNA of the 1460 boot with its trademark yellow welt stitch, black and yellow heel loop and grooved sole is preserved across the whole Originals range, sitting at the core of our product strategy.

72%

brand awareness

READ MORE **P36**

2

BRAND-FIRST DTC-LED STRATEGY

Our DOCS strategy is about selling more pairs of boots, shoes and sandals to more people, through our own direct-to-consumer (DTC) channel, in our seven priority markets (UK, US, France, Germany, Italy, Japan and China). While the strategy is made up of four key strands (D – DTC first, O – Organisational and Operational Excellence, C – Consumer Connection, S – Support Brand Expansion with B2B), it is the DTC first element that is our main strategic area, focusing on building brand equity and driving margin expansion. In the long term, we intend to operate a fully-functioning omnichannel stretching across both our ecommerce platforms and our growing retail presence. Implementing an order management system (OMS) in EMEA has facilitated a trial of both 'return to store' and 'click and collect' in the UK with a plan to roll out across EMEA in FY24. We will then trial a customer data platform (CDP) which will allow us to unlock the power of customer data within our DTC channel. We have a DTC milestone of 60% of global revenue and we currently have 204 retail stores. Our stores are 'profitable brand beacons', where we create exciting shopping experiences while delivering an attractive return on investment.

52%

DTC mix

READ MORE **P32**

3

SIGNIFICANT MARKET OPPORTUNITY

We are global brand with a focus on seven priority markets – UK, US, Japan, Germany, Italy, France and China – with a combined 86% share of revenue. The UK is our home market with DM's being sold here since 1960, yet it continues to grow with revenue up 10% in FY23 and pairs per capita (PPC) at 32. There is significant headroom to grow PPC in other priority markets, with the US currently at 18, Germany 15, Italy eight, France seven, Japan four and China less than one. All of these markets now have a DTC first strategy in place. We believe it is the long-term improvement in PPC in these markets that will take us to our ambition to be a £2bn global footwear brand.

86%

of revenues from priority markets

READ MORE **P18**

NAPLES

4

APPEALING TO A BROAD CONSUMER BASE

Dr. Martens appeals to a broad consumer base while retaining a distinctive identity. While our marketing strategy is influenced by alternative consumers who have their own individual style with a proud sense of 'self-expression' at the core, the brand resonates with, and is worn by, a much broader audience of wearers, such as those that value our quality, durability and heritage, and those that are focused on being stylish. This is reflected in the balanced demographic mix of consumers across all metrics, including gender, age, income level and geography.

45%/55%

male/female split

➔ READ MORE **P36**

5

ROBUST FINANCIALS

Since FY20, revenue has grown 14% per year on average. Gross margins are attractive based upon our high full price revenue mix and our high continuity product share. Normalised cash flow is strong with a target operating cash conversion of 70%, from which we aim to pay a dividend of between 25% and 35% of earnings each year. Our Balance Sheet is strong with net debt to EBITDA around 1x.

14%

average annual revenue growth since FY20

➔ READ MORE **P40**

6

CUSTODIAN CULTURE

Led by the Board and the Global Leadership Team, the Dr. Martens culture has 'custodianship' at its core. We understand we are a part of the brand's history and that our primary role as custodians is to ensure we protect the legacy of a cultural brand icon through long-term decision-making and an overarching desire to 'do the right thing'. We are taking care of the brand now, for the benefit of the next generation.

➔ READ MORE **P8**

7

LEAVING THINGS BETTER

Dr. Martens products have embodied timeless design and durability for over six decades. As we continue our journey, we are committed to standing by our belief in leaving things better than we found them. Our sustainability efforts are focused on identifying and acting on the opportunities to add value. We are making the changes that are needed today, while also investing in the future of our business and industry. Read more about our 'Planet, Product, People' sustainability strategy on pages 68 to 95, our TCFD disclosures on pages 99 to 107 and visit **drmartensplc.com** for more information.

➔ READ MORE **P62**

REFLECTIONS ON THE *PAST YEAR*

> WE ACHIEVED ANNUAL REVENUE OF £1BN FOR THE FIRST TIME. REACHING THIS MILESTONE IS TESTAMENT TO THE STRENGTH OF OUR BRAND, OUR LONG-STANDING DOCS STRATEGY AND THE HARD WORK AND DEDICATION OF OUR FANTASTIC PEOPLE GLOBALLY.

KENNY WILSON
CHIEF EXECUTIVE OFFICER

Reaching the revenue milestone of £1bn this year, with growth of 10% (4% CC), is an achievement everyone at Dr. Martens can be proud of. As well as the passion and hard work of our people, it is testament to the strength of our iconic brand and the success of our DOCS strategy.

Brand equity is strong. All our brand indicators confirm that the slower pace of growth this year is not a reflection of weakening brand momentum, but rather a combination of execution and macro factors. Our most recent brand surveys report metrics ahead of, or in line with, last year; our growing DTC mix (up 3%pts to 52%) gives us more brand control as we reach more consumers directly; and our EMEA DTC performance in the year, with growth of 20%, shows what we can achieve when we execute our DOCS strategy well.

EMEA saw strong performances across its conversion markets and a very good year in the UK, our home market. We've also seen good momentum in Japan, where we transferred 14 franchise stores successfully to owned and operated towards the year end. Following these transfers, Japan will have a c.80% DTC mix.

Across our product categories, we saw good growth in shoes and sandals across all regions, although boots were down in the year. There were successes within our ongoing infrastructure investments, including the launch of an omnichannel trial in the UK, an important step in our journey to a seamless omnichannel capability. In sustainability, we made further good progress including the launch of a repair and resale trial on Depop in the UK and an investment in recycled leather company Gen Phoenix to support our sustainable materials strategy.

£1BN
revenue

10%
revenue growth

52%
DTC mix

However, we were held back in the year by the performance of our America region. The weather worked against us at times and the US consumer backdrop was challenging but as the year progressed, we concluded that the biggest driver of our weak performance in America was poor operational execution.

The move of our main west coast DC from Portland to LA was poorly implemented. We also made mistakes executing our marketing campaigns which were too focused on shoes and sandals, which grew well, but not focused enough on boots. This led to boots revenue declining in America and holding back overall boots sales for the Group. In addition, our ecommerce execution wasn't strong enough. This weaker than planned performance in America meant that at Group level the price increases we put through didn't offset fully cost inflation.

Finally, in hindsight, we ordered too much inventory for America given the tough environment and our poor execution. However, the inventory in America is predominantly best-selling, continuity, black boots and shoes so, while it will take until H2 to right-size inventory levels, there is minimal markdown risk.

Following the appointment of our new America President in FY22, we identified a need to strengthen the leadership team in America and the FY23 performance reinforced this conclusion. We have made new hires to lead digital, marketing and HR, and we are currently recruiting a new Head of Operations. This stronger team will support the America President in turning around performance. Getting America back into growth is our number one business priority and we have confidence in our plans to correct and revitalise the marketing programme, and to improve our technology implementation and website trading, with improvements expected from H2 FY24.

The LA DC issues and reaching the £1bn revenue milestone have also led us to re-evaluate the investment in capability and infrastructure across the company that is required to de-risk future growth. Dr. Martens has been on a professionalisation journey with an 'invest to grow' mindset for a number of years. In FY24, we will increase investment in specific areas, namely global product and marketing teams, ecommerce development, supply chain capability (both people and IT systems) and wider talent within the business.

The opex elements of these investments will total c.£20m in FY24 and will be made alongside our ongoing brand marketing investment and new store investment. While there will be further incremental investment in FY25, it will be materially less than FY24.

While these investments mean margins in FY24 will be held back, I am confident this further professionalisation of the business is the right response to the issues of FY23 and that it will be the catalyst for future growth towards the next milestone of becoming a £2bn global footwear brand.

PERFORMANCE SUMMARY

We delivered a resilient revenue performance in the year, reaching the revenue milestone of £1bn for the first time. At £1,000.3m, revenue grew 10%, or 4% CC with DTC mix up 3%pts to 52%. We sold 13.8m pairs in the year, down 2% on the previous year with a good performance in EMEA and Japan, but a weaker result in America. Without the impact of planned, strategic volume reductions to distributors, pairs sold were up 2%.

THE DOCS STRATEGY

The framework within which we will make these investments to strengthen our resilience and underpin future growth is our long-standing DOCS strategy, which consists of four main pillars:

Our strategy has four pillars, 'DOCS', which are:

D

DTC FIRST
Through increasing the number of own stores and growing ecommerce we aim to build brand equity and drive margin expansion. We are also working on building a profitable resale, repair and end of life business model.

O

ORGANISATIONAL AND OPERATIONAL EXCELLENCE
Investing in and improving our organisation, operations and IT to enable growth and unlock value.

C

CONSUMER CONNECTION
We are focused on acquiring new consumers and driving loyalty. Our marketing initiatives, product innovation and sustainability work sit within this pillar.

S

SUPPORT BRAND EXPANSION WITH B2B
This focuses on our B2B business, which is made up of wholesale and distributors. We will continue to partner with fewer and better B2B partners to reach more consumers and grow the brand further. Our conversion market strategy is also included within this pillar.

➔ OUR STRATEGY **P30 and 31**

Channel performance

DTC revenue was £520.7m, up 16% and 11% CC.

This was led by a very strong performance from retail which grew 30%, 25% CC, to £241.7m. Retail growth was driven by our accelerated store opening programme, the ongoing post-pandemic return to physical shopping and a 5% price increase on average. We opened 52 new own stores in the year, including 14 franchise transfers in Japan, offset by three closures and three location upgrades. We expect to achieve the full financial benefit from these new stores through FY24.

We also grew ecommerce with an accelerating growth trend seen through Q4. Ecommerce revenue was £279.0m, up 6% or 1% CC. Revenue grew well in EMEA but was behind the previous year in CC in America, due to a tough consumer environment and execution mistakes. In APAC, Japan growth was offset by weakness elsewhere, mainly in China, where we had zero revenue in Q1 due to Covid-19 lockdowns.

Our wholesale channel achieved revenue of £479.6m, up 4% but down 3% CC. In CC, wholesale revenue was up in EMEA but down in America and APAC, with the latter impacted by the planned ending of sales to our China distributor, as we move to full DOCS strategy implementation. The number of wholesale accounts globally was reduced by 5%. To protect our brand equity further in EMEA, as previously disclosed we will reduce supply to etailers by 4%pts of group revenue, equivalent to around 0.5m pairs, in FY24.

Regional performance

EMEA

Performance in EMEA was reflective of a well-executed DOCS strategy. Revenue grew 11%, 10% CC, to £443.0m. Both DTC and wholesale grew with retail particularly strong and all channels accelerating in Q4. DTC growth was 20%, 19% CC, with retail up 36%, 34% CC, and ecommerce up 7%, 8% CC. Wholesale revenue grew 3% or flat CC. The UK, our home market, grew revenue 12%. Revenue and DTC mix grew in all our other key EMEA markets and DTC mix was up 5%pts in France, 8%pts in Germany, 11%pts in Italy and 24%pts in Spain. We opened 13 new stores.

America

It was a disappointing year in America. Revenue was £428.2m, up 12% but down 1% CC. As described above, against a challenging consumer backdrop, we made execution mistakes in marketing and ecommerce, and we were impacted by the LA DC operational issues, which affected Q4 wholesale shipments. DTC growth was 15%, or 2% CC. We opened 14 new stores. Wholesale was up 9% but down 4% CC.

APAC

Revenue was £129.1m, up 2% but down 1% CC. DTC performed well with revenue growth of 9%, also 9% CC. We have good momentum going into FY24 with Q4 strong at 35% growth (34% CC). In the year, retail grew 18%, 19% CC while ecommerce was down 1%, also down 1% CC. Wholesale was down 7%, 12% CC, with distributor revenues down 9%, or down 19% CC, due partly to our ending of shipments to our China distributor ahead of the agreement end in June 2023.

Japan, our largest APAC market, traded well in FY23 and has a stronger platform for future growth following the successful transfer of 14 franchise stores to own retail during Q4. At the year end, DTC mix in Japan was 64%, up 6%pts, and on a pro-forma basis, DTC mix is c.80%. Other than the franchise transfers, we opened four new stores in Japan and a further seven elsewhere in the region.

Company performance

Gross profit was up 7% to £618.1m but margin declined 1.9%pts to 61.8%, due mainly to container costs at the LA DC and exchange rates. Operating expenses were up 18% to £373.1m. This was driven by our planned, long-term growth investment in new stores and marketing, but also warehouse and labour costs at the LA DC.

EBITDA was £245.0m, down 7% on the previous year and the EBITDA margin was 24.5%, down 4.5%pts, of which the LA DC impact was 1.5%pts.

Profit before tax was £159.4m, down 26%, impacted by lower EBITDA, increased depreciation from system investments, new stores and DC expansion, a £3.9m impairment charge and a £10.7m charge (against a benefit in FY22) from the FX translation impact on our Euro bank debt. Profit after tax was £128.9m, down 29% while basic EPS was also down 29% to 12.9p.

The Board retains its conviction in the future performance and cash generation of the business, and therefore it has proposed a maintained final dividend per share of 4.28p versus the previous year. This would take the full year dividend to 5.84p per share, up 6% and an earnings payout ratio of 45%. Going forward, we expect profit growth to return the payout ratio back to 35% over time. In addition, the Board will seek shareholder approval at the AGM to commence an initial share buyback programme of £50m.

BRAND AND MARKETING

We measure our brand equity across a number of different measures on a quarterly basis with an extensive annual survey in October and three check-ins over the rest of the year. Last October, we surveyed over 37,000 respondents across 14 markets. Each country's sample is nationally representative on the basis of gender and age.

Our brand equity continues to be strong. Compared to the annual October survey in 2021, Dr. Martens global brand 'awareness'[1] held at 72%, while 'familiarity'[1] also held at 47%. 'Ever purchased'[2] rose 1%pt to 18% while 'last 24 month purchased'[2] grew 2%pts to 10%. Similarly, 'unprompted awareness'[3] either held steady or improved across boots, shoes and sandals. We remain no.1 ranked for boots and no.9 for shoes, while we've moved up from 16th to 14th in sandals. Overall, brand sentiment[4] was up with all regions level or up on the previous year.

Our smaller, quarterly brand 'check-ins' provide us with a snapshot directional view. Our Q1 2023 'check-in' shows continued strong brand health.

We will continue to increase marketing spend in order to reach more consumers in our core markets. In FY23, as a percentage of revenue, marketing spend grew 0.4%pts. We will also make additional investments in strengthening our brand teams in FY24.

We ran a number of global marketing campaigns through the year with the highlights being the 'All Access Summer' campaign during Q1 and the 'Unpolished' campaign in September.

- 'All Access Summer' was aimed at getting people out and about and wearing DOCS in the first 'proper' summer since 2019. It was a product-led campaign, focused on growing both shoes and sandals. It highlighted newness in these categories and we activated the campaign at festivals and other key cultural moments over the summer.
- 'Unpolished' was the first of three campaigns for the AW22 season. This campaign was focused on the promotion of our original boots – it was launched on our own channels and through paid social and we used a new TikTok partnership around '#storiesmakeicons' that was linked to live events through the campaign.

We now have 10.6m followers across all social media channels, up 8% on the previous year. A significant majority engage with us through Facebook (4.9m) and Instagram (4.3m) while we have 0.5m followers on TikTok, with 3.4m likes to date.

During the summer of 2022, we carried out a detailed pricing study across our seven priority markets, including consumer testing and validation of potential pricing changes to calculate perceived value for money and elasticity of demand. The pricing study showed that consumers believe our products represent compelling value for money given their durability and quality and that there is further headroom globally to raise prices. Therefore, we are raising prices by 6% on average to cover supply chain cost inflation in the AW23 season. Increases will vary by region with a 3% increase in EMEA, 6% in America and 10% in APAC. These increases are within the headroom shown by the pricing study. Encouragingly, cost of goods inflation for the SS24 season, impacting FY25 mainly, is expected to be c.2%.

We measure our brand equity on a quarterly basis. We run an extensive annual survey in October with 37,000 respondents across 14 countries.

72%
Brand awareness

47%
Brand familiarity

18%
Ever purchased

10%
Last 24 months purchased

1. 'How familiar are you with the following brands of footwear?'
2. 'When was the most recent time you purchased footwear from the following brands?'
3. 'When you think of each of the following types of footwear, which three brands first come to mind?'
4. 'Overall, how do you feel about each of these brands?'

PRODUCT

Our product strategy is to sell boots, shoes and sandals with originals at the core. Within that, we are focused on continuing to drive growth in our big three – the 1460 boot, the 1461 shoe and the Chelsea boot.

Shoes and sandals revenue grew 51% and 54% respectively leading to a combined revenue share of c.30%. There is a significant and long-term growth opportunity in shoes and sandals and we continued to develop and improve our ranges as we grow our presence in this category.

At Group level, boots revenue declined 10%.In America, this was due to the LA DC issues and mistakes in our marketing approach, which have been corrected for H2 FY24. In EMEA, boots were up in DTC but down in wholesale, as expected, due mainly to the impact from broader product ranges in conversion markets. In APAC, the ending of shipments to our China distributor was the main driver of lower boots revenue.

We have been building out the brand's dimensions in terms of occasions, such as the Winterised range this winter, and the look and feel of our products, such as the growth in softer leathers and the broader range of colours used. We are excited about the pipeline of product innovation which should benefit from SS24 and AW24 seasons.

Collaborations and our AMP accounts are small in terms of sales mix, but they are important for 'brand heat' as they add freshness and excitement to our product strategy. We continue to work with some of the best design and AMP partners on both a regional and global basis. Successful collaborations in the year, promoted and sold in AMP accounts such as End Clothing in the UK and Kith in the US, included a Penton Loafer with Supreme, the Korean partner BT21 across our big three and platform boots with Rick Owens.

SUPPLY CHAIN AND IT

At the year end, we were manufacturing in seven countries, including the UK. Shipping times returned to normal by the year and we opened three new DCs in the year in the UK, the Netherlands and in LA.

We completed a successful implementation of our global ERP platform in Japan with c.95% of global revenue now on this single platform. Within EMEA, we implemented an order management system, which meant we could start testing 'click and collect' and 'return to store' in the UK in Q4. This is an important step on our journey towards a seamless omnichannel capability. Through FY24, and as part of our global systems transformation programme, we plan to launch a new product line management system that will drive the journey from 'idea to manufacture', and a new supply and demand planning system, while also starting the development of a customer data platform.

LA DC

While both the new UK and Netherlands DCs opened successfully, in LA, a series of people and process failures led to a bottleneck at the DC, leading to missed wholesale shipments and incurred costs. There were three main issues:-

1. Inventory was transferred from our Portland DC to LA faster than was planned originally
2. We accepted requests from some US wholesalers to store direct shipments at the LA DC
3. Inbound shipping times into LA improved significantly resulting in inventory arriving quicker than anticipated

In terms of resolving the bottleneck and creating a stronger distribution platform for the future in America, we instigated a number of actions:-

1. We sent our most experienced supply chain team to LA to take control of operations and implement a recovery plan
2. We opened three temporary warehouses to release excess shipping containers and store stock away from the LA DC
3. A third shift was added to focus on the additional work required to unblock the bottleneck and transfer excess stock to the warehouses
4. Work commenced on enlarging and reconfiguring our New Jersey DC on the US east coast, so it can store, pick and pack all product ranges for both DTC and wholesale channels in America

The recovery plans were implemented successfully and operationally, all issues have been fixed. Shipments returned to normal rates before the year end and wholesale pick and pack was tested successfully at the New Jersey DC in March.

We completed a detailed internal review which has led to a series of planned changes to our ways of working in America and across the company as a whole, including clearer lines of responsibility and control.

As announced at our Q4 update, costs associated with this LA DC issue were £15m in FY23 and are expected to be another £15m in FY24, mainly as a result of keeping temporary warehousing in LA for longer than anticipated originally.

This situation, combined with softer demand in America, means we didn't see the usual H2 reduction in inventory this year. We expect inventory to remain high in H1 FY24 ahead of the peak season and then for inventory to fall in H2 as we purchase less than we plan to sell.

SUSTAINABILITY – PLANET, PRODUCT, PEOPLE

We have made timeless, durable products for more than six decades and, in June 2022, we launched our new sustainability strategy – Planet, Product, People – which sets out our long-term vision to leave things better than we found them. This includes our long-term ambitions to reach Net-Zero, for all our footwear to be made from sustainable materials, our natural materials to be from regenerative sources and for all our products to have a sustainable end-of-life option. It also captures our DE&I strategy and continuing support for The Dr. Martens Foundation as a champion of social justice.

Good progress has been made in FY23:

Planet

With the support of the Carbon Trust, we submitted our Science-Based Targets to the Science-Based Targets Initiative for verification in December 2022, which set out our plan to become a Net-Zero business by 2040. We also continued to focus on transitioning our operations to renewables – 91% of our UK and European electricity supply now comes from renewable sources.

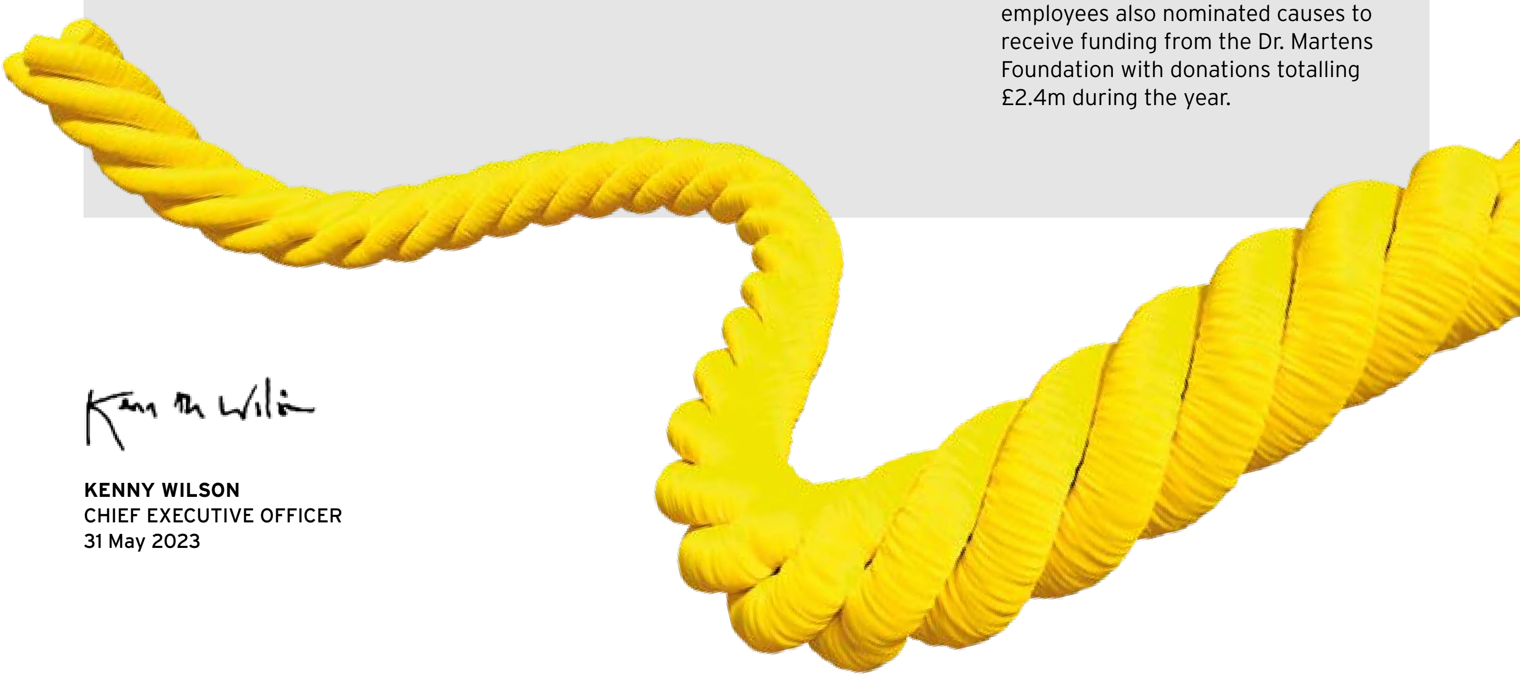
➔ SUSTAINABILITY **P62**

Product

In March 2023, we announced an investment in, and partnership with, Gen Phoenix, a leading producer of recycled leather at scale. During FY24, we plan to launch product containing its recycled leather material. We also launched our first 'recommerce' business model pilot in the UK. After being restored by our partner, The Boot Repair Company, the second-hand DM's are resold via our online Depop store, which is one of the most popular Depop shops globally. Following this success, we plan to launch 'recommerce' in America during FY24.

People

During the year, we made additional cost-of-living payments to all employees in the UK, Europe, the US, South Korea and Bangladesh, up to a defined earnings threshold in recognition of acute rises in living costs in these countries. In addition, we established a Hardship Fund, open to all employees, to help those who need financial help, irrespective of location or earnings. As part of our responsible supply chain management, we carried out third party audits of the factories in our supply chain and 100% of our suppliers across both Tier 1 and Tier 2 met our high standards. Our employees also nominated causes to receive funding from the Dr. Martens Foundation with donations totalling £2.4m during the year.



KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2023

MARKET TRENDS AND OPPORTUNITIES

MACROECONOMIC TRENDS

Trend

The macroeconomic environment in FY23 was a challenging one. Alongside Covid-19 still having an impact, there was increased geopolitical uncertainty led by the Russia/Ukraine war, abnormally high cost inflation across EMEA and America, rising interest rates and softer consumer spending. The war contributed to heightened global inflation through 2022 and into 2023, driving up both energy and food prices. To combat inflation, central banks have been increasing interest rates to levels not seen since the global financial crisis, which leads to less business investment and consumer spending.

Looking forward, inflation is believed to have peaked but remains stubbornly high in some of our core markets such as the US, the UK, Germany, France and Italy. This will delay potential future interest rate cuts, thereby delaying material improvements in consumer spending and so making the consumer environment in FY24 as challenging as FY23. Geopolitical uncertainty will also remain as the Russia/Ukraine war continues and the recent banking crisis reminds us of the fragility of the global financial system.

Inflation has impacted on our business. Cost of goods sold (COGS) inflation for the year was around 6% and, due to agreeing forward fixed price contracts with our factory partners, we have good visibility of future inflation. Our pricing strategy is to offset cost inflation through price increases without impacting materially on volume growth. Our detailed, annual pricing survey helps to determine the level of price inflation we can achieve. In both the 2021 and 2022 price surveys, consumers placed a higher value on our core products in our priority markets than the price increases we planned to implement.

Key takeaways

- Challenging consumer environment to continue into FY24
- Cost inflation of 6% in FY23 with continued inflationary environment into FY24
- Average price increase to broadly cover cost inflation again

6-9
MONTHS

we agree fixed-price contracts with factories 6-9 months prior to a season

A GROWING MARKET

Trend

We compete in the large and growing global footwear market. It is estimated to have achieved global revenues of $382bn in 2022, according to Statista, with an average annual growth of 4% expected up to 2028. This would take the total market size to $473bn, an increase of $91bn or 24%. The majority of Dr. Martens products are leather and in 2022, leather footwear was 33% of the global market, or $125bn. This ranked it the second largest category behind 'textile/other' and ahead of 'sneakers' and 'athletic' footwear categories. The leather footwear category is expected to achieve average annual growth of 3% to 2028, adding $21bn to the size of this category.

We sell boots, shoes and sandals to a consumer base that displays strong similarity across all of our priority markets. Overall, the combined value of our DTC sales and sales from our B2B partners to their customers represents less than 1% of the global footwear market.

While boots remains our biggest category by sales, both the global shoes and sandals categories are larger and represent a significant long-term growth opportunity for Dr. Martens. Our awareness is much lower in these categories, highlighting further the opportunity for growth. In our FY23 global brand survey, we again ranked 1st globally in terms of unprompted awareness for boots. For shoes we remained number 9 ranked while we moved up from 16th to 14th in sandals.

Key takeaways

- Large and growing global footwear market
- Opportunity to over-index growth from a small base by taking market share
- Significant opportunity to improve awareness and grow share in shoes and sandals

4%

forecast CAGR of global footwear market revenues by 2028

SOCIETAL TRENDS

Trend

Expressions of identity of today's consumers are more fluid than ever. Dr. Martens products continue to provide a blank canvas through which consumers can express themselves. We pride ourselves in being a democratic brand, empowering consumers as they go out into the world and express themselves. In recent years, there have been significant societal shifts including gender fluidity and the casualisation of dress codes with our products and brand well positioned against this backdrop. Our products are predominantly unisex and therefore inclusive to all gender identities. Furthermore, our timeless products are worn by all age groups and for both casual and formal occasions, making them extremely versatile.

Sustainability is also an increasingly important factor when consumers make purchasing decisions. Last year, we launched our new 'Planet, Product, People' sustainability strategy which supports our vision to leave things better than we found them. Over the past year, we have continued to collaborate and innovate with leaders across our industry to deliver a successful launch of our repair and resale 'recommerce' trial in the UK, which is a key step on our journey to Net-Zero. We are also investing in the future of our business and supporting the development of scalable sustainable materials through our investment in Gen Phoenix, a leading producer of recycled leather.

66%

of consumers agree our brand is inclusive and promotes diversity

Key takeaways

- Significant societal shifts including gender fluidity and dress code casualisation
- Product timelessness creates important versatility
- Investing in sustainable alternative materials and recommerce

RE-ENGAGEMENT WITH PHYSICAL SHOPPING

Trend

As the year progressed, Covid-19 restrictions eased further across our priority markets with western markets much further ahead than Asia. As restrictions eased, consumers returned increasingly to physical shopping, not just as an opportunity to engage with the brand but to purchase in retail stores as well. This re-engagement with physical shopping has coincided with the continued expansion of our own stores, as part of our DTC first strategy. Having begun the year with 158 stores, we opened a further 52 new stores, including the transfer of 14 franchise stores in Japan, and closed six. This took our total retail stores to 204 at the year end. We now have stores in 13 countries and 84% of our stores are in our seven priority markets.

We describe our stores, located in key cities across our largest markets, as 'profitable brand beacons'. This means we use them to showcase our brand and our product range, and allow our talented store teams to engage with consumers and bring the brand to life, while generating an attractive return on our investment in opening a store. On average, our stores payback in two years. In addition, we see our stores as driving incremental ecommerce sales in the vicinity of a store, demonstrating the important interplay between online and physical retail, as part of our developing DTC omnichannel.

In FY23, retail revenue grew by 30%, or 25% in constant currency, taking retail share of Group sales to 24%. We expect to roll out our retail stores further over the next few years as we open first stores in new cities and additional stores in larger existing cities in priority markets.

Key takeaways

- Consumers returning to physical shopping
- Growing retail store estate taking advantage
- Retail revenue grew 30% in FY23

30%

retail revenue growth in FY23

HOW WE CREATE VALUE

Doing the right thing for the long term is at the heart of our custodian mindset at Dr. Martens. This means focussing on creating long-term, sustainable value for our stakeholders.

CORE COMMERCIAL ACTIVITIES

DESIGNING

Based on our deeply-entrenched and unique Originals DNA, our product designers operate at the forefront of trends, designing ranges for sale up to two years into the future

SELLING

We segment our selling by both channel – Ecommerce, Retail and Wholesale – and by region – EMEA, America and APAC

PROTECTING

The intellectual property of our core DNA is protected by our passionate and highly talented IP team

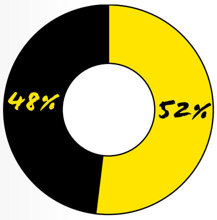
MARKETING

Our global, regional and local marketing campaigns are targeted increasingly at our core customer segments and can reach across all channels

MANUFACTURING

During FY23, we manufactured our products in nine countries with the majority manufactured in Vietnam and our Made In England range and most collaborations made in our Cobb's Lane factory in Wollaston, England

GLOBAL REVENUE CHANNELS



🟡 Direct-to-consumer
● Wholesale

DIRECT-TO-CONSUMER

Ecommerce
Our single most important store is our own .com websites, which cover the majority of our markets. In FY23, ecommerce generated 28% of revenue.

Retail
We operate 204 own stores globally and they provide the opportunity to showcase our brand and products in the best possible physical environment.

WHOLESALE

This encompasses wholesale partner relationships, together with country distributor models and franchised stores, giving the brand extra reach and awareness.

OUR FOUNDATIONS:

PEOPLE

Our 2,591 passionate, dedicated and professional people are the core building block of our long-term success

BRAND

Our iconic, global brand is the equity that drives sustainable, long-term growth

CONSUMERS

We are proud to play a role in our consumers' moments of Rebellious Self Expression

What we do

Dr. Martens is an iconic, global footwear brand. We make boots, shoes and sandals which we sell through our DTC channel via our ecommerce platforms and our stores, and through our business-to-business channel via both wholesalers and distributors.

We do business in three regions – EMEA, America and APAC – and have seven priority markets – US, UK, Germany, Italy, France, Japan and China. Our biggest selling products remain our 'Originals' including the 1460 boot, the 1461 shoe and the 2976 Chelsea boot.

READ MORE **P6**

WHO WE CREATE VALUE FOR

CREATING VALUE THROUGH INVESTMENT

52

new stores opened in FY23 including 14 franchise transfers in Japan

REGIONAL TEAMS

EMEA
Headquartered in Camden, London, and with offices in Milan, Barcelona, Paris and Düsseldorf. Our core EMEA markets are the UK, Germany, France and Italy.

America
Headquartered in Portland, Oregon, with offices in New York and Los Angeles, our America business runs our directly operated USA market and wholesale relationship in Canada.

APAC
Headquartered in Hong Kong with significant regional offices in Tokyo, Shanghai and Seoul. Japan, China and South Korea are directly operated, and there are a number of distributors for other key countries with Australia being the largest.

OWNERS

Long-term business success driving share price appreciation and a progressive dividend

OUR PEOPLE

Ongoing training and development within a supportive and inclusive working environment

CONSUMERS

Being able to buy a timeless, durable product for a fair price

PARTNERS

Working with an iconic, global brand that resonates strongly with their consumers

SUPPLIERS

Association with a strong, responsible brand that can generate long-term demand growth

ENVIRONMENT & COMMUNITIES

Reducing our environmental impact and leaving things better than we found them

PARTNERS

Our strong wholesale partner relationships provide support to our DTC expansion plans

SUPPLIERS

Our long-term supplier relationships ensure consistently high product quality around the globe

FINANCIAL

Strong margins, high cash conversion and a robust Balance Sheet support continued investment in long-term growth

MEETING THE NEEDS OF OUR STAKEHOLDERS

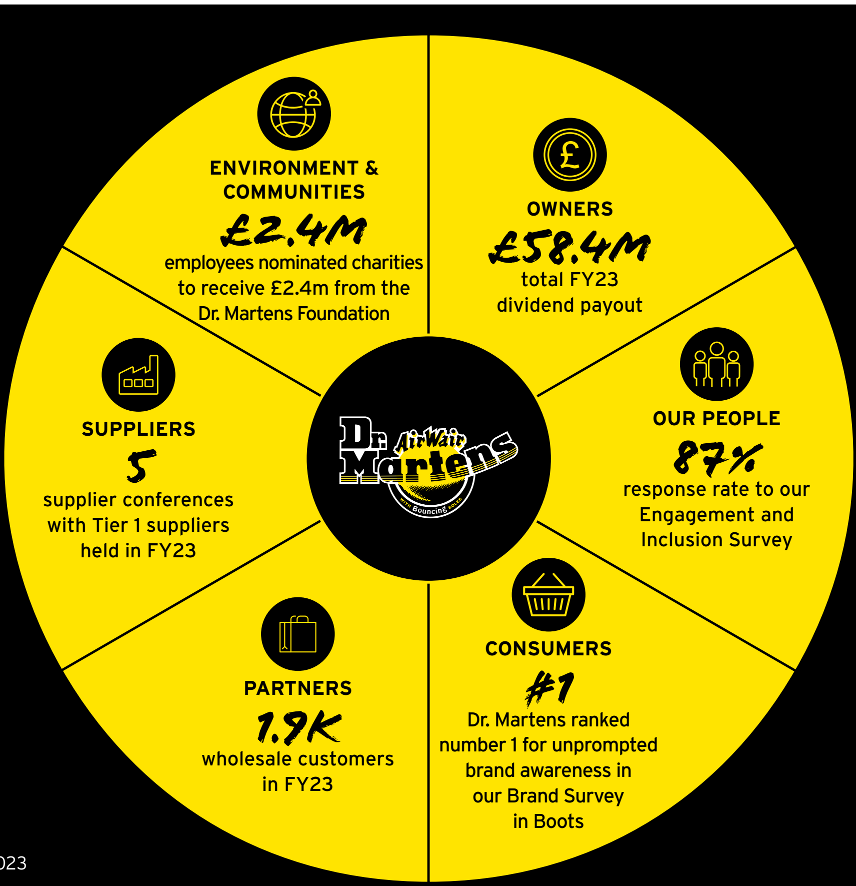
> **THE BOARD TAKES DECISIONS IT BELIEVES WILL MOST LIKELY PROVIDE RESULTS THAT DELIVER OUR STRATEGY IN THE INTERESTS OF ALL STAKEHOLDERS.**
>
> **PAUL MASON**
> CHAIR

The following pages identify each of our stakeholder groups and explain their interests, how the Board and wider business engages with them, some key associated metrics, the outcomes of that engagement and how it influences the Board's decision-making processes. Further information regarding how the principles underpinning Section 172 are reflected across the wider business are incorporated by cross-reference and in the table to the right.

S.172 PRINCIPLE	LOCATION OF MORE INFORMATION
The likely consequences of any decision in the long term	• Chair's statement (pages 4 and 5) • CEO's statement (pages 12 to 17) • Our business model (pages 20 and 21) • Our strategy (pages 30 and 31) • Key performance indicators (pages 40 to 43) • Effective risk management (pages 54 to 59) • Board activities (pages 118 and 119) • Viability assessment and going concern (pages 60 and 61)
The interests of the Company's employees	• Stakeholder engagement: Our People (page 25) • Sustainability report: People (pages 84 to 91) • Nomination Committee report (pages 130 to 135) • Whistleblowing (page 158) • Remuneration Committee report (pages 136 to 138)
The need to foster business relationships with suppliers, customers and others	• Our business model (pages 20 and 21) • Our strategy (pages 30 and 31) • Our strategy in action (pages 32 to 39) • Sustainability report (pages 62 to 98) • Anti-bribery and corruption (page 158)
The impact of the Company's operations on the community and the environment	• Stakeholder engagement: Environment and Communities (page 29) • Sustainability report (pages 62 to 98) • TCFD (pages 99 to 107)
The desirability of the Company maintaining a reputation for high standards of business conduct	• Effective risk management (pages 54 to 59) • Division of responsibilities (pages 120 and 121) • Audit and Risk Committee report (pages 151 to 158) • Directors' report (pages 159 to 163)
The need to act fairly as between members of the Company	• Stakeholder engagement: Owners (page 24) • Relationship with largest shareholder (page 162) • Annual General Meeting (page 162)

OUR KEY STAKEHOLDER GROUPS

The chart to the right identifies our six key stakeholder groups and highlights a number of metrics that indicate how their interests were served during FY23. Examples of how the interests of these stakeholders were considered and shaped key decisions taken during the year, specifically the provision of cost-of-living support to employees and our investment in sustainable leather, can be found on the page opposite.



ENVIRONMENT & COMMUNITIES

£2.4M

employees nominated charities to receive £2.4m from the Dr. Martens Foundation

OWNERS

£58.4M

total FY23 dividend payout

OUR PEOPLE

87%

response rate to our Engagement and Inclusion Survey

CONSUMERS

#1

Dr. Martens ranked number 1 for unprompted brand awareness in our Brand Survey in Boots

PARTNERS

1.9K

wholesale customers in FY23

SUPPLIERS

5

supplier conferences with Tier 1 suppliers held in FY23

SECTION 172 STATEMENT

A key responsibility of all directors of UK companies under the Companies Act 2006 (the Act) is their duty to promote the success of the company. Specifically, the Act requires that each of the Directors of Dr. Martens plc must act in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

Maintaining a long-term, custodian mindset
'the likely consequences of any decision in the long term'

and

'the desirability of the Company maintaining a reputation for high standards of business conduct'

Our People (page 25)
'the interests of the Company's employees'

Consumers, Partners and Suppliers (pages 26, 27 and 28)
'the need to foster the Company's business relationships with suppliers, customers and others'

Environment and Communities (page 29)
'the impact of the Company's operations on the community and the environment'

Owners (page 24)
'the need to act fairly as between members of the Company'

The Board recognises that maintaining strong relationships and healthy dialogue with the Group's stakeholders remains critical to our objective of delivering sustainable growth over the longer term. The needs of our stakeholders are closely considered by the Board when discussing matters of strategic significance. The Board also pays due regard to the potential impact on stakeholders of any proposals tabled for its approval. Furthermore, the Board has sought to establish a wider business culture that ensures the interests of stakeholders are at the heart of decision-making below Board level.

The Board therefore confirms that, throughout the year under review, it acted, and continues to act, to promote the long-term success of the Company for the benefit of shareholders, while having due regard to the matters set out in Section 172(1)(a) to (f) of the Act.

While the Board will always pursue outcomes that benefit all stakeholder groups where possible, it is mindful that achieving this is not always possible. Stakeholder priorities are wide-ranging and do, at times, compete and conflict. The Board therefore seeks to take decisions that it believes are most likely to provide results that deliver our strategy, thereby serving the interests of all stakeholders over the longer term. How stakeholders were considered in certain key decisions taken by the Board during the year can be found in 'Board activities' from page 118 of the Governance report.

The general principles set out in Section 172 are also intrinsic to how the Company operates below Board level and are firmly embedded within our culture. The interests of our stakeholders and the ways in which the actions we take as a business impact their interests are considered as part of decision-making processes across the Company. Some examples of these are provided below and more information can be found in our Strategic and Sustainability reports, located from pages 1 and 62 respectively.

KEY BOARD DECISIONS DURING FY23 AND HOW STAKEHOLDERS WERE CONSIDERED

1. Financial support payments to employees
In recognition of the increasing cost-of-living pressures that were impacting employees, the Executive Directors approved the following measures to provide targeted financial support to those most in need:

- Cash payments made to employees earning up to a defined threshold and based in countries where increases in the cost of living had been most acute. The earnings threshold was determined such that support was effectively targeted at employees most in need of support.
- Approved the establishment of a Hardship Fund which was open to all employees from October 2022 to March 2023, regardless of their location or salary, to apply for additional financial support based on their individual needs.

The proposals were supported fully by the Remuneration Committee and the Board and positive feedback was received from employees via the Employee Listening Group sessions.

Stakeholder considerations and impact on long-term sustainable success
The Board's decision endorsed one of Dr. Martens key values, 'show you care', and reinforced the value of Dr. Martens employees and culture to the business. Our culture helps to attract and retain talent, which in turn supports the operational excellence pillar of the DOCS strategy.

Stakeholders considered:

2. Investment in innovative materials
To accelerate the development of sustainable materials, the Board approved a strategic investment in Generation Phoenix Limited (Gen Phoenix), a leading producer of recycled leather at scale using leather waste, following a successful 18-month working relationship developing a material suitable for our products.

Stakeholder considerations and impact on long-term sustainable success
The demand for sustainable material solutions is growing rapidly. The partnership with Gen Phoenix will enable Dr. Martens to deliver innovative products to our consumers, who are increasingly demanding environmentally conscious products. We always seek to work with partners that can produce innovative materials that meet our durability standards while maintaining our products' unique DNA.

The strength of Dr. Martens' sustainability strategy is an important consideration for our investors, consumers, suppliers and employees alike. Investing in a leading innovative materials manufacturer supports this strategy while preserving the high product standards our consumers expect, and demonstrates our commitment to sustainable material development.

Stakeholders considered:

WHO ARE THEY?

All shareholders of Dr. Martens plc, be they large institutional investors, employees, private individuals or our largest single investor, IngreLux S.àr.l.

WHAT ARE THEIR PRIORITIES?

- Strong value creation, our business model and delivery of the DOCS strategy
- Our position and performance in respect of ESG matters
- Strength of leadership
- Clear articulation and effective management of risks
- Fair, balanced and understandable reporting of financial results and future prospects

WHY WE ENGAGE

- Our shareholders are the owners of our Company. Engaging with them is an essential and ongoing process for the Board and an important means through which it discharges its duty under Section 172 of the Companies Act 2006, conducted through a range of channels.
- Failing to understand our investors' priorities or retain their support exposes the Company to significant reputational risk and could jeopardise our ability to attract future investment.

HOW THE COMPANY ENGAGES

- Our Investor Relations function is focused on ongoing, open engagement with our shareholders through regular meetings and investor roadshows, including one-to-one sessions with our largest institutional shareholders, investor group meetings and meetings with prospective investors.
- The Director of Investor Relations is responsible for investor engagement and ensuring that the Board is kept apprised of investors' views.
- Regular in-depth feedback on investor views provided by our corporate brokers and following roadshows, our capital markets day and conferences.
- Trading updates announced via the London Stock Exchange Regulatory News Service in addition to our half and full year results.
- A wealth of information of relevance or interest to investors on topics, including governance and sustainability insights and our financial calendar, is available at **www.drmartensplc.com**.

HOW THE BOARD ENGAGES

- Board members are available at the AGM to answer questions submitted by email in advance or on the day of the meeting.
- Investor roadshows held post-financial results with our largest institutional investors by the Executive Directors and the Investor Relations team. An additional roadshow with the Chairman is also held at least annually.
- Additional meetings held either in-person or virtually. In FY23 a number of such meetings were held following our Q3 announcement, attended by the Chairman, Chief Executive Officer and Chief Financial Officer.
- The capital markets day, held in July 2022 and focusing on the topic of EMEA conversion markets, was attended by the Executive Directors, key members of the GLT and senior leadership, enabling direct engagement with investors on the growth opportunities presented by executing the DOCS strategy in these previously distributor markets.
- At least every three years, the Chair of the Remuneration Committee invites our largest investors to discuss the Company's Remuneration Policy.
- Ongoing close engagement with IngreLux S.àr.l. (owned by funds advised by Permira), our largest shareholder. Details of the relationship agreement with IngreLux S.àr.l., which ensures the Company continues to act fairly between shareholders, are provided in the Directors' report on page 162.

METRICS

- A total of 194 investor meetings covering 98 separate firms in FY23, 112 of which were attended by at least one of the Chief Executive Officer, Chief Financial Officer or Chairman.
- Regular qualitative feedback received from investors following results presentations.
- Movements in our share register and share price analysis reported to the Board at each meeting.
- AGM voting outcomes.

OUTCOMES

- The investor roadshow with the Chairman in February 2023 was repurposed to focus on the Q3 trading update, enabling investors to discuss questions and concerns with the Chairman directly.
- All resolutions passed at the 2022 AGM with at least 97% of votes in favour and over 80% of total voting capital instructed.
- Following the FY23 interim results, we refined our external reporting style to improve consistency and the clarity of key messages.

INFLUENCE ON THE BOARD'S DECISION-MAKING

Feedback and questions from investors received after our Q3 trading update were considered in advance of the subsequent internal review. This is addressed in more detail in the CEO's statement, from page 12.

Additionally, investors' priorities informed the Board's shaping of its progressive dividend policy and overall approach to capital allocation.

WHO ARE THEY?

All Dr. Martens employees globally, whether based in our own stores, offices, distribution centres or factories.

WHAT ARE THEIR PRIORITIES?

- A diverse, equitable and inclusive workplace
- Fair compensation
- Having opportunities to grow and develop
- Taking a position on climate, environmental and social justice issues
- Strong workplace culture that empowers them to be themselves

WHY WE ENGAGE

- Regular, high-quality engagement with our people drives high performance and a willingness to go above and beyond at all levels of the organisation, starting from the very top.
- Engaging with our people allows the Board and leadership to measure the 'mood music' of the organisation through constructive, two-way dialogue to understand what is working well and to identify areas for improvement.

HOW THE COMPANY ENGAGES

- Our annual Engagement and Inclusion and half year Pulse Check surveys are the primary method for gathering insight into the employee experience at Dr. Martens.
- Employee communications from the GLT and senior management sent by email, newsletter and video keep our people informed of key developments, milestones and matters of interest.
- Listening sessions hosted by the Chief Product Officer and other GLT members, such as those held in the USA in October 2022 and April 2023.
- Our annual management conference, 'Time 4 Tomorrow', brought leaders from across the global business together, in person, for the first time since the pandemic. Among other topics, this focused on building alignment around our newly articulated values and leadership framework.
- One-off cost-of-living support payments to employees in countries where cost-of-living pressures were most acute and established a Hardship Fund that any employee, regardless of salary, could apply to for financial support if needed.

HOW THE BOARD ENGAGES

- Global and regional 'town halls' including open, unscripted Q&A sessions with the Executive Directors and GLT where employees' views can be raised and discussed directly.
- Contributions to diversity and inclusion initiatives and events such a Black History Month, during which Ije Nwokorie joined an online 'fireside chat' to provide insight into how his career has been shaped by his identity.
- Market visits to Milan and New York deepened the Board's understanding of those markets and allowed members to spend time with local employees.
- Our Employee Representative Non-Executive Director, Robyn Perriss, held a number of listening groups with employees from across the business. The Remuneration Committee Chair joined several of these to engage on the topic of remuneration. The themes from these discussions are then discussed at the start of the following Board meeting.

EMPLOYEE LISTENING GROUPS: WHAT THE BOARD HEARD IN FY23

The themes raised at the Employee Listening Groups held in FY23 and fed back to the Board included: high workloads and the volume of concurrent projects, increasing cost-of-living pressures and IT investment required to replace some manual processes. The Dr. Martens culture and an ability for employees to be their authentic selves at work were highlighted as strengths and there was a consensus that the business should continue to prioritise future growth through investment in the brand and product engines.

METRICS

- Six Employee Listening Groups with Board members held in FY23 covering employees from all regions and Group functions, with the themes raised reported to the following Board meeting.
- 87% response rate to the FY23 Engagement and Inclusion Survey.
- Employee engagement is a strategic bonus target for the Executive Directors, linking effective engagement with the potential remuneration of the Company's most senior leaders.

OUTCOMES

- The Board strongly supported the provision of support payments and the establishment of the Hardship Fund to assist employees most impacted by cost-of-living pressures.
- The engagement strategic bonus target was not met in FY23 (see page 145 of the Remuneration report). The Executive Directors and GLT took the decision to waive payouts under the remaining two strategic bonus targets, which were achieved during the year.
- Feedback from the Employee Listening Groups is an essential source of direct insight into a range of issues on which the Board is focused, for example outdated business critical systems or any recruitment or retention issues impacting particular regions or functions.
- Town halls and email communications from the Chief Executive Officer were essential in ensuring that employees were kept informed on the implications of the disappointing Q3 trading update and in addressing their concerns.

INFLUENCE ON THE BOARD'S DECISION-MAKING

Feedback from employees on the topics of most importance to them, including those raised through the Employee Listening Groups, were reflected in decisions made by the Board during the year and have helped to inform its strategic priorities for FY24. These included the continued prioritisation of headcount investment in the Product and Marketing teams, the planned investment in IT infrastructure and key data platforms in FY24 (particularly those relating to customer data and the supply chain) and in supporting the measures put in place during the year to ease cost-of-living pressures.

WHO ARE THEY?

The patchwork of groups and individuals who support our brand and buy our products, through any channel.

WHAT ARE THEIR PRIORITIES?

- Innovative, great quality, durable products
- Value for money
- A great end-to-end customer experience, be it in-store or online
- Availability of the products they want
- Socially and environmentally responsible purchasing decisions
- A product with which they have an emotional connection

WHY WE ENGAGE

- Engaging with, and acting in the interests of, our consumers is critical to the health of the Dr. Martens brand and the long-term success of the Company. Without them, our Company would not exist. As such, it is essential that the business, led by the Board, understands what matters to them so that we can continue to provide a product offer that is relevant and appealing while remaining true to our brand DNA.
- Improved understanding of our global consumer segments through qualitative research, helping to drive more targeted brand initiatives.
- An ongoing commitment to ensuring our brand represents all of the myriad communities who wear our products. For example, during FY23 we produced a Pride product offering to pay tribute to the LGBTQIA+ community and donated over £178k to support a number of global LGBTQIA+ charities.

HOW THE COMPANY ENGAGES

- A continuous connection between the business and consumers through social media provides an essential source of actionable insight.
- The expertise of our retail colleague network enables us to establish direct relationships with consumers through our retail stores and emerging digital platforms.

HOW THE BOARD ENGAGES

- Consumer insights and progress in key consumer focused strategic projects are reported to the Board through updates from the Strategy team and Chief Executive Officer. These inform future initiatives and ensure we are focused on driving improvements to the experience of our consumers. Consumer panels attended by the Executive Directors, such as the event held in Berlin during FY23, provide an important opportunity for direct, face-to-face engagement and to obtain consumers' views of our products, current trends and their developing priorities.
- Periodic Board visits to key markets, such as those to Milan and New York in FY23, and regular visits by the Chief Executive Officer, Chief Financial Officer and the GLT, provide essential insight into regional operations, consumer segments and priorities.
- Quarterly marketing updates which include detailed information on planned consumer engagement activities.
- Updates provided by the Chief Executive Officer and Sustainability team cover matters including progress in the area of sustainable materials and consumers' views on the recommerce trial.

METRICS

- Brand equity is a strategic target within the bonus scheme for the Executive Directors, linking long-term brand health with the potential remuneration outcomes of the Company's most senior leaders.
- Insights from the annual and quarterly consumer surveys into the relative performance of our brand and products, including brand awareness, familiarity, Net Promoter Score and value for money perception.
- Extensive qualitative research into our consumer segments, including demographics, purchase behaviour, interests, attitudes and values.
- The engagement rate of our various social media channels is tracked as a measure of how we are connecting with our consumers and audience.

OUTCOMES

- Enabling more direct communication with consumers was a key driver behind the decision to convert 14 franchise stores in Japan into owned stores.
- A growing and highly engaged social community (with engagement above the majority of our competitive set), demonstrating the continued strength of the brand with consumers.
- Consumer feedback on the importance of repairing and reselling our products led to the launch of our recommerce trial in the UK in FY23. Learnings from this will be critical for any potential future upscaling of this model and the recommerce project we will launch in the USA to trial recommerce at scale.

INFLUENCE ON THE BOARD'S DECISION-MAKING

- Consumers are central to the Board's discussions and building closer, stronger connections with them was a significant influence on the strategic decision to prioritise DTC operations.
- Insights acquired through consumer engagement inform the Board's thinking around marketing and future pricing strategies. In FY23, the Board agreed to increase marketing spend to enable the brand to reach more consumers globally.
- Strong consumer support for improving the sustainability of our products was an important driver for the Board in deciding to pursue initiatives such as the investment in recycled leather and the launch of the successful recommerce trial in the UK.

WHO ARE THEY?

The key B2B partners supporting the expansion of our brand across new and existing markets.

WHAT ARE THEIR PRIORITIES?

- Driving awareness of brands within multi-branded retail to capture new consumers
- Providing a top-quality end-to-end customer experience online and in store
- Clear understanding of their consumer base, offering a range of products that meet their needs
- Building long-term relationships with partner brands

WHY WE ENGAGE

- As the source of just under half of total annual Group revenue, it is imperative that we continue to foster close, strong working relationships with our key B2B partners and ensure our brand is showing up in an authentic way, with the quality experience and product assortments our consumers expect.
- In large geographically dispersed markets such as the USA, the wholesale channel allows us to reach more consumers to introduce them to our Dr. Martens brand.
- To ensure that appropriate inventory and product mix is planned for the right times of year, with an assortment that supports the consumer that shops in those stores.

HOW THE COMPANY ENGAGES

- Regional B2B functions manage and maintain relationships with our wholesale partners, including regular communication and engagement.
- Engaging with our key B2B partners on the end-to-end go-to-market process ensures that our brand and products are presented in the right way, in line with our seasonal strategies and brand stories.
- We review, evaluate and implement our product segmentation strategy within the B2B marketplace, ensuring we get the right product into the right locations to serve the needs of our partners and consumers.
- Close management of our B2B orderbook ensures we deliver goods on time to our partners and review opportunities to upsell to partners based on our inventory.
- Twice yearly product showcases held in our showrooms globally to present our seasonal product ranges directly to our key partners.
- Collaboration between our Marketing teams and B2B partners enables us to implement consistent marketing strategies at scale in multiple locations.

HOW THE BOARD ENGAGES

- B2B performance is regularly reported to the Board through updates provided by the Chief Financial Officer.
- The Board receives regular updates from each of the Group's regional businesses on local B2B operations, progress in key strategic initiatives such as the Japan franchise transfers and future growth opportunities.
- The Executive Directors review distributor, franchise and concession opportunities at monthly Real Estate Committee meetings, the activities of which are reported to each Board meeting.
- The Board visits stores operated by our partners on each of its market visits. In FY23, this included visits to stores in New York and Milan. Additionally, the Executive Directors visited a significant number of partner-owned stores during their numerous market visits, including Berlin, Tokyo, Seoul and in various locations across the USA.

METRICS

- Improvements in wholesale partner quality assessed with reference to wholesale revenue growth, which was 4% in FY23, and the total number of wholesale accounts, down 5% to 1.9k accounts in total as at 31 March 2023 from 2k in FY22.
- Reviews of inbound shipments and analysis of sell through data.

OUTCOMES

- Steps taken during the year to reduce our B2B account base and refocus on fewer, higher-quality partners to expand the reach of our brand, increase our control of brand presentation and improve the overall consumer experience.
- Continued investment in the refurbishment of distributor and franchise stores to enhance the consumer experience and ensure brand presentation is in line with our standards.
- Development of 'shop in shop' displays in key wholesale doors enables us to showcase our products and brand more extensively.
- The local expertise of our distributors allows us to take advantage of short-term opportunities to increase brand awareness and test the DTC potential of new markets through 'pop-up' stores.

INFLUENCE ON THE BOARD'S DECISION-MAKING

- Ensuring the availability of the right products at the right time to meet wholesale partner demand was a key factor in the supply chain strategy for the year, following a period of supply chain challenges in prior years.
- Fulfilment of wholesale partner orders, sell through and inventory levels are reviewed monthly by the Executive Directors through regular reporting. On occasion when delayed production and transit times would result in products arriving late, the Executive Directors have agreed to additional costs to air freight products to ensure delivery was on time.

WHO ARE THEY?

Product manufacturers, tanneries and other producers of the materials used in Dr. Martens products, logistics carriers and distribution centre partners.

WHAT ARE THEIR PRIORITIES?

- Long-term collaboration
- Responsible supply chain assurance (including environment, modern slavery and broader human rights)
- Opportunities for further growth
- Socially and environmentally responsible operations
- Prompt payment and fair terms and conditions

WHY WE ENGAGE

- Our supply chain is fundamental to the ability of the business to operate effectively and deliver our DTC first strategy, enabling the sourcing, manufacture, storage and distribution of our products to consumers globally and at the scale needed to support our growth ambitions.
- Our suppliers are closely involved in the most resource and energy intensive aspects of our business and, as such, are critical partners in realising the objectives of our sustainability strategy. Embedding our environmental principles and practices across the supply chain is only possible through constructive engagement with them.
- Through close engagement and working in partnership with our suppliers, we committed to ensuring that the rights of workers across our supply chain are respected.

HOW THE COMPANY ENGAGES

- Regular supplier conferences hosted by our Chief Operating Officer and monthly supplier meetings facilitated by the Global Supply Chain leadership team.
- An ongoing process of regular assessment of manufacturing facilities, including periodic inspections, improvement activities and CSR audits conducted through the CSR monitoring programme, which focuses on managing human rights risks in the supply chain.
- The Dr. Martens Supplier Code of Conduct is communicated to all suppliers, who are required to comply with it at all times.
- The supply chain function is responsible for delivering many aspects of the sustainability strategy and works with suppliers to drive a sustainable, responsible supply chain. The Chief Operating Officer is a key member of the Sustainability Committee, providing oversight of this process.

HOW THE BOARD ENGAGES

- The Board discusses Company performance at each Board meeting and received regular updates on the supply chain during the year, including the work with suppliers to unlock value and enable growth.
- The Board received reports, including from the Chief Operating Officer, on the internal review of the issues impacting the LA distribution centre, including the underlying causes, lessons learned, the short-term remedial action taken and a longer-term action plan.
- The Board, supported by the Chief Operating Officer, reviews the long-term needs of the supply chain network, particularly in terms of increased production and logistical capacity, in the context of its future growth plans.

METRICS

- Data acquired through the CSR monitoring programme provides insight into levels of compliance with relevant labour laws, regulations, industry standards and our own Supplier Code of Conduct.
- Environmental data requested from Tier 1 suppliers to enable us to understand our Scope 3 emissions.
- Monitoring payment processes to ensure that suppliers are paid within agreed terms.
- Direct engagement with individual Tier 1 suppliers through five conferences held during the year, led by the Chief Operating Officer.

OUTCOMES

- Close monitoring of our payment performance ensures our suppliers are paid in full and in a timely fashion, providing assurance in a challenging economic environment.
- Long-lasting, strong relationships established with key suppliers which encourage high standards of delivery and constructive ways of working.
- A good level of supplier alignment with our sustainability priorities through the adoption of a range of relevant policies and standards, including the Supplier Environmental Standard and General Material Requirement Policy and sustainable leather commitments.

INFLUENCE ON THE BOARD'S DECISION-MAKING

The feedback, insights and outcomes from engagement with suppliers have a significant impact on how the Board shapes the Group's strategic priorities, from decisions relating to the Group's logistical capacity or determining the jurisdictions from which we source materials or base our manufacturing, through to the selection of our Key Tier 1 and 2 suppliers. During FY23, the Board considered the global footprint of manufacturing and distribution capacity to optimise lead times and the spread of risk across the business by ensuring there was no over-reliance on any single market.

WHO ARE THEY?

The environment on which our activities have an impact and the communities in which the business operates globally.

WHAT ARE THEIR PRIORITIES?

- → The environmental impact of our business and products, including our impact on the climate
- → Use of sustainable materials and energy from renewable sources
- → Diversity, equity and inclusion
- → Playing a positive role in society both at a local and global level

WHY WE ENGAGE

- As a footwear retailer we have to be mindful of the impact of our manufacturing, distribution and retail operations on the environment. We have therefore developed a clear strategy that will allow us to measure, manage and reduce our carbon footprint to achieve our Net-Zero emissions ambitions while embedding sustainability principles across the global business and supply chain.
- We believe in supporting people to stand up for what they believe in and are committed, through the Dr. Martens Foundation, to do more for communities facing social injustice.

HOW THE COMPANY ENGAGES

- Our 'Planet, Product, People' sustainability strategy captures the Company's environmental and social impact commitments.
- The Sustainability Committee oversees the sustainability strategy and monitors sustainability initiatives across the business to drive further improvements.
- Online training is provided by the Company to employees on human rights and CSR themes.
- Two paid volunteering days a year are provided to employees to enable them to support local community initiatives.
- The work of the Dr. Martens Foundation is shared with employees via internal communication channels, including at global town halls and by email, to encourage employees to participate by nominating charities to receive grassroot grants.
- Direct engagement with non-governmental organisations, industry associations and experts, to ensure our sustainability strategy continues to deliver value and addresses relevant social and environmental issues.

HOW THE BOARD ENGAGES

- The Board receives reports on the key initiatives considered by the Sustainability Committee and the activities of the Dr. Martens Foundation from members of the Senior Leadership Team and updates from the Chief Executive Officer, who chairs the Committee.
- The Board oversees the Company's broader sustainability reporting within the Annual Report and, through the Audit and Risk Committee, assesses the quality of the Company's TCFD disclosures.
- Dedicated 'horizon scanning' updates on environmental, social and governance issues provided to the Board quarterly ensure it is kept up to date on regulatory changes and other developments in this area.

METRICS

- The sustainability of the materials we use. 98% of our leather was sourced from Leather Working Group (LWG) certified tanneries while 91% of the electricity used by our DTC operations in the UK and EMEA was from renewable sources in FY23.
- The charitable organisations that, through the Dr. Martens Foundation, the Company and our employees help to fund, with a total of £2.4m awarded to 34 organisations by the Dr. Martens Foundation in FY23.
- Sustainability is a strategic target within the bonus scheme for the Executive Directors, linking performance in this area with the potential remuneration of the Company's most senior leaders.

OUTCOMES

- Significant progress made in each of the sustainability strategic pillars of 'Planet, Product, People', detailed in the Sustainability report from page 66.
- Identified and established a set of clear Science-Based Targets to reduce carbon emissions, which were approved by the Board.
- Approved a new partnership with recycled leather producer Gen Phoenix, with plans to incorporate this material into Dr. Martens products during FY24.
- Five of six targets within the sustainability strategic bonus target were met in FY23; however, the Executive Directors and GLT took the decision to waive any payouts under all strategic elements of the FY23 bonus scheme.

INFLUENCE ON THE BOARD'S DECISION-MAKING

The data, reports and updates described on this page and in greater depth in the Sustainability report enable the Board to monitor the impact of the business across numerous environmental indicators and guide its broader decision-making.

The Board is also focused on ensuring the business continues to support the communities in which Dr. Martens operates through initiatives that aim to deliver lasting societal impact, in line with our values. During FY23 the Board approved the long-term funding arrangements for the Dr. Martens Foundation, securing its ability to continue to focus on building charitable partnerships that advance social justice and have a meaningful impact on local communities.

DELIVERING AGAINST OUR STRATEGY

Our strategy is grounded in **Rebellious Self Expression.**

We want the world to wear DM's when they have their moments of Rebellious Self Expression.

Our DOCS strategy is about selling more pairs of boots, shoes and sandals, to more people, through our own DTC, in our seven priority markets.

UK / US / FRANCE / GERMANY / ITALY / JAPAN / CHINA

OUR PRIORITIES

D

DTC FIRST

Build brand equity and drive margin expansion

WHAT IT MEANS

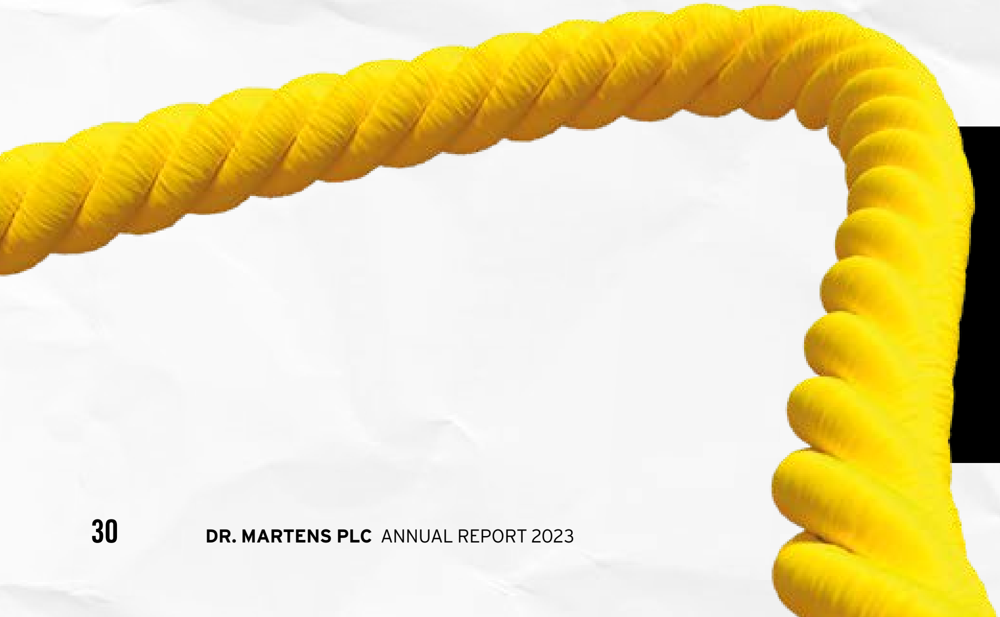
Drive revenue growth and margin expansion via direct-to-consumer channels which means expanding and improving our owned retail stores and ecommerce platforms. We want to develop frictionless and brand-enhancing omnichannel consumer journeys. We also want to build a profitable resale, repair and end of life business model.

HOW WE PERFORMED IN FY23

- Increased our DTC mix by 3%pts to 52%
- Grew revenue from our DTC channel by 16%
- Opened 52 new retail stores including the transfer of 14 Japan franchise stores to retail – pro-forma Japan DTC mix of c.80%
- Successful launch of repair and resale in the UK – average review score of 4.9 out of 5
- Omnichannel trial in six UK stores; 'click and collect', 'return to store' and 'store stock look-up'

NEXT STEPS FOR FY24

- Further growth in DTC mix from DTC growth and reduction in pairs sold through etailers in EMEA
- Open another 25-35 retail stores across the world
- Expansion of our repair and resale programme into the US following successful UK trial
- If omnichannel trial successful, roll out to the rest of UK and EMEA initially



OUR DOCS STRATEGY IS UNDERPINNED BY OUR PLANET, PRODUCT, PEOPLE SUSTAINABILITY STRATEGY

O

ORGANISATIONAL AND OPERATIONAL EXCELLENCE

Enable growth
and unlock value

WHAT IT MEANS

Drive DM's culture with a focus on organisational engagement and developing our people for growth. We want to build a best-in-class, resilient, sustainable and scalable supply chain and continue to transform data and technology into a key business enabler, strengthening organisational resilience and information security.

HOW WE PERFORMED IN FY23

- Successful launch of global ERP solution in Japan meaning c.95% of revenues are now on one platform
- Order management system implemented in EMEA
- Opened new larger DC's in the Netherlands, the UK and LA
- Resolved all operational issues at the LA DC
- Hired new Head of Talent and implemented a leadership framework assessment

NEXT STEPS FOR FY24

- Expansion and reconfiguration of our New Jersey DC so it can pick, pack and ship both DTC and wholesale orders
- Trial customer data platform, allowing us to understand our consumers better
- Implement product lifecycle management system allowing us to manage our product development process from inception to manufacture
- Implement best-in-class demand/supply planning system

C

CONSUMER CONNECTION

Acquire new consumers
and drive loyalty

WHAT IT MEANS

Ignite the brand engine to inspire Rebellious Self Expression. Our product innovation is grounded in icons and year-round relevance. We aim to lead in sustainability through durability and innovation. Finally, we will harness insights and a digital-first mindset to drive cut-through marketing initiatives.

HOW WE PERFORMED IN FY23

- Ran successful marketing campaigns including 'Unpolished', focussing on our icons
- Continued to drive our newest category, sandals, with 54% growth year-on-year while continuing to focus on boots and shoes
- Invested in recycled leather company Gen Phoenix to support industry-wide adoption of sustainable materials

NEXT STEPS FOR FY24

- Committed to increasing marketing investment to reach a target of 7-8% of revenue
- Increasing investment in product innovation and collaborations
- Launch products with recycled leather following partnership with Gen Phoenix

S

SUPPORT BRAND EXPANSION WITH B2B

Manage B2B holistically
and purposefully

WHAT IT MEANS

We aim to partner with fewer and better B2B partners to reach more consumers with greater brand presence. We will continue to improve our brand presentation and increase controlled spaces to enhance the consumer experience. Finally, this pillar includes our conversion market strategy, which enables us to implement our DOCS strategy in more geographies.

HOW WE PERFORMED IN FY23

- Improved quality of our wholesale partners; revenue per account[1] up 15%
- Continued success in our conversion markets – in Italy's first full year of operation, we opened three new stores and increased DTC mix by 11%pts to 33%
- Improved our wholesale presence with more branded shop-in-shops, particularly in EMEA

NEXT STEPS FOR FY24

- Refocus EMEA etailer product range from Originals to Fusion and Casual
- Continue to drive growth in EMEA conversion markets; multi-year growth opportunity
- Work closely with leading wholesale customers on inventory management

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1. Revenue per account is calculated as revenue divided by average number of accounts in the year, excluding Italy due to the impact of its FY22 conversion.

PLANET

• Climate • Operations

PRODUCT

• Materials • Packaging • Lifecycle

PEOPLE

• DE&I • Human rights • Community

BUILDING BRAND EQUITY AND DRIVING MARGIN EXPANSION

DTC FIRST

HOW OUR SUSTAINABILITY STRATEGY IS SUPPORTING DTC FIRST
Recommerce presents a significant commercial opportunity for Dr. Martens while also helping us meet our sustainability commitments, including our long-term Net-Zero ambition. In April 2022, we launched our first repair and resale trial in the UK, and are finalising plans to launch a similar initiative in the USA.

→ READ MORE **P83**

39%

of APAC revenue comes from Japan

40

owned and operated stores in Japan

+19%

Japan DTC revenue

GROWING DTC IN JAPAN, OUR THIRD MOST IMPORTANT MARKET, DRIVEN BY FRANCHISE STORE TRANSFER

Japan is our third key market globally and contributes 39% currently to APAC revenue.

Historically, we have worked very closely with franchisees in Japan to ensure we have a brand presence in as many key cities as possible. At the start of the year therefore, we had 22 own retail stores and 31 franchise stores in Japan.

The opportunity to grow revenue and profit in Japan is significant. With a population of 126 million and 12 cities with a population greater than one million, the runway for future growth is long and we believe the way to best capture this opportunity is to improve our operational and brand control within this market. At the start of the year, pairs per capita in Japan was four, compared to eight in Italy, 15 in Germany and 32 in the UK, for example.

Given this opportunity, we decided to approach our franchisees with a plan to transfer 14 of the 31 franchised stores, all in and around the Tokyo and Osaka metropolitan areas, with a combined population of 53m that over indexes a younger population, in order to convert them into owned and operated stores. At the same time, we agreed with them that they could open a number of additional franchise stores in other cities across Japan.

The seamless transfer of these stores to our retail estate took place in Q4. Alongside opening four additional owned and operated stores, it meant we ended the year with 40 owned and operated stores and 16 franchised stores. As a result, DTC mix in Japan will be a pro-forma 80%, the highest level in any of our priority markets and a trailblazer market for future DTC expansion elsewhere. We believe this is the platform for many years of attractive growth and improved brand awareness.

ENABLING GROWTH AND UNLOCKING VALUE

ORGANISATIONAL AND OPERATIONAL EXCELLENCE

MAKING STEPS TOWARDS A SEAMLESS OMNICHANNEL EXPERIENCE

In the last quarter of our financial year, we trialled our first omnichannel offerings of 'click and collect', 'store stock look-up' and 'return to store' in some of our UK stores.

These features aim to give the consumer a more seamless purchasing journey. Once the trials have succeeded, we will look to roll out functionality across the rest of EMEA, America and APAC.

Store stock look up

This feature allows online consumers to check if a product is in stock before heading to store. The feature was added in March, initially targeting London-based website users, providing an in-stock or out-of-stock view of a product and size. After a successful trial, this has now been expanded to cover all UK store locations.

Click and collect

This gives the online consumer the option of collecting in store where there is stock availability. This feature was offered in one UK store in March and a number of new stores have been added to the trial in April. We are continuing to collect data relating to return volumes and repurchase rates.

RETURN TO STORE

This allows a consumer who purchased a product online to return it to store, thereby reducing significantly the cost of return for consumers. Six UK stores are now able to accept returns of products purchased online. Since going live, we have processed over > 400 return orders and have received positive feedback from consumers. Our next step is to gradually roll this out to more UK stores.

6

UK stores launched in omnichannel trial

HOW OUR SUSTAINABILITY STRATEGY IS SUPPORTING OPERATIONAL EXCELLENCE

We are building a sustainable and resilient supply chain. This includes collaboration with our suppliers to implement more responsible practices including waste reduction and improving traceability.

→ READ MORE **P75**

CONSUMER CONNECTION

C

No.1

ranking globally in boots for unprompted awareness

ACQUIRING NEW CUSTOMERS AND DRIVING LOYALTY

GENERATING 'ORIGINALS' HEAT THROUGH OUR 'UNPOLISHED' CAMPAIGN

Ahead of the start of our peak trading season, in September, we launched a global marketing campaign called 'Unpolished' which was focused on increasing brand awareness and familiarity of the Dr. Martens icons: the 1460 boot, the 1461 shoe, the 2976 Chelsea boot and the Jadon boot.

The campaign featured a 3D interpretation of our iconic yellow stitch thread and was present in key cities across the world including London, Paris, Amsterdam, New York and Hong Kong.

For the 'Unpolished' digital experience we created four landing pages for each product which allowed us to dive deeper into the silhouettes, their history, product details and ways to wear, and allowed consumers to shop the wider range.

HOW OUR SUSTAINABILITY STRATEGY IS SUPPORTING CONSUMER CONNECTION

Our consumers connect with the timelessness and durability of our products. As brand custodians, we want to retain these characteristics while we are moving towards our long-term vision of a regenerative and circular product lifecycle. At the same time, we are standing up for the issues our consumers care about as part of Rebellious Self Expression.

➔ READ MORE **P77**

MEASURING OUR SUCCESS

Elevating our iconic stitch through the Unpolished creative allowed us to create huge impact by connecting all digital and physical consumer touchpoints seamlessly across the globe. This campaign allowed us to drive our commercial objectives while ensuring simultaneously that our brand, through our distinctive IP, was front and centre.

>1m

reached through social media

MANAGING B2B HOLISTICALLY AND PURPOSEFULLY

SUPPORT BRAND EXPANSION WITH B2B

IMPROVEMENT IN WHOLESALE PRESENCE/ SHOP-IN-SHOPS

During the year, we continued to improve our wholesale customer base. We are focused on working with the right strategic partners for the business and therefore look at how we can improve the overall quality of wholesale partners by changing the customer mix constantly and adding new relationships with higher-quality partners. While our strategy is to reduce the share of revenue from the wholesale channel over time, we do still expect it to play an important role in reaching new consumers and to grow revenue and profit going forward. At the year end, we had 1.9k wholesale accounts, down from 2.0k in FY22.

1.9k

wholesale accounts

WHOLESALE PRESENCE

9

additional shop-in-shops invested in across the EMEA region

As part of our working relationship with higher-quality partners, we are looking to elevate our brand presence further with more shop-in-shop experiences, particularly in EMEA initially. Shop-in-shops require investment from Dr. Martens and allow us to control how our brand looks in the wholesale market. A shop-in-shop gives our consumers a better Dr. Martens experience and raises brand awareness significantly.

During the year, we invested in an additional nine shop-in-shops across the EMEA region including in stores such as La Rinascente and Printemps and in cities such as Milan and Paris respectively.

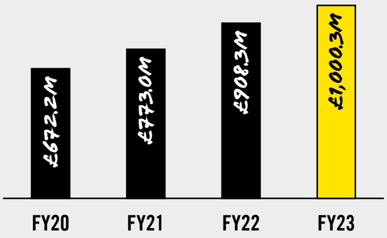
> **WE HAVE CONTINUED TO IMPROVE THE OVERALL QUALITY OF OUR WHOLESALE PARTNERS.**
>
> **MIKE STOPFORTH**
> PRESIDENT, EMEA

MEASURING OUR PERFORMANCE

FINANCIAL

Revenue

£1,000.3m



What are we measuring?
Revenue arises from the sale of products to consumers and is stated excluding value added tax and other sales-related taxes.

Why is it important?
Revenue growth is crucial for sustainable long-term growth and is driven through increasing the number of pairs sold, attracting and retaining customers and the shift to DTC.

Performance
Revenue increased by 10% in FY23, driven by the 3%pts DTC mix improvement, new retail stores and higher prices. Wholesale growth was held back by operational issues at the LA DC.

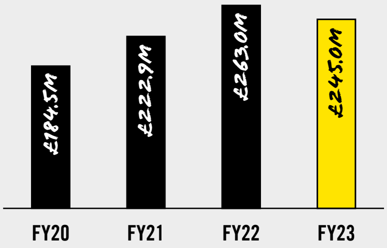
Key associated risks

- Brand and product
- People, culture and change
- Supply chain

Links to strategic pillar:
D O C S

EBITDA[1,2]

£245.0m



What are we measuring?
EBITDA is the Group's key profit measure to show performance from operations.

Why is it important?
EBITDA demonstrates our ability to grow cash profits and deliver a return on our revenue.

Performance
EBITDA fell by 7%, due in part to increased investment in long-term growth and costs related to resolving the LA DC issues.

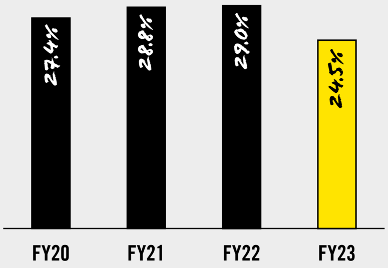
Key associated risks

- Brand and product
- Supply chain
- Financial

Links to strategic pillar:
D O C S

EBITDA margin[1,2]

24.5%



What are we measuring?
EBITDA margin expresses EBITDA as a percentage of revenue.

Why is it important?
Our EBITDA margin demonstrates how effective we are at converting revenues into profits, and assessing operational performance and efficiencies.

Performance
EBITDA margin declined by 4.5pts to 24.5% due to lower than expected revenue, increased investment in future growth and costs associated with the LA DC.

Key associated risks

- Brand and product
- Supply chain
- Financial

Links to strategic pillar:
D O C S

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1. Alternative Performance Measures as defined in the Glossary on pages 227 and 228.
2. Before exceptional items.

The Group monitors several key metrics to track the financial and non-financial performance of its business. APMs[1] are used as we believe they provide additional useful information on underlying trends. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs.

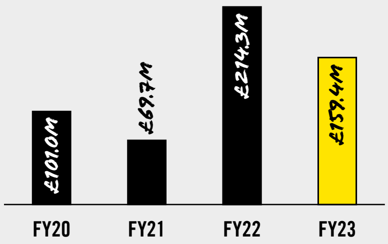
Links to strategy:

D Direct-to-consumer first
O Organisational and operational excellence
C Consumer connection
S Support brand expansion with B2B

→ OUR STRATEGY **P30**

PBT

£159.4m



What are we measuring?
PBT shows the Group's profit performance before exceptional costs and after financing costs.

Why is it important?
PBT includes depreciation, amortisation and net interest costs and therefore provides another view of our profitability.

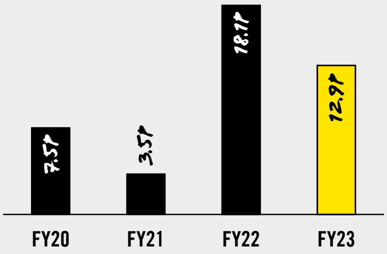
Performance
PBT declined by 26% due to lower EBITDA, higher depreciation from new stores and FX losses.

Key associated risks
- Brand and product
- People, culture and change
- Supply chain
- Financial

Links to strategic pillar:
D O C S

Basic EPS[1,2]

12.9p



What are we measuring?
EPS is profit after tax per share in issue and indicates how much profit a company generates for each share of its stock.

Why is it important?
EPS represents the earnings achieved for each share and over time growth of this metric should result in increased shareholder value.

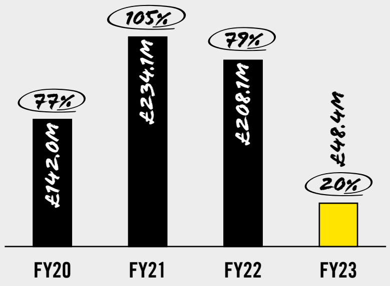
Performance
Basic and underlying EPS declined by 29% and 26% respectively. This was due to the lower profits achieved in the year.

Key associated risks
- Brand and product
- People, culture and change
- Supply chain
- Financial

Links to strategic pillar:
D O C S

Operating cash flow[1,3]

£48.4m



What are we measuring?
Operating cash flow shows the Group's cash from operations after capital expenditure.

Why is it important?
The level of operating cash flow generated by the business is important in assessing the underlying quality of performance and the sustainability of growth.

Performance
Operating cash flow as a percentage of EBITDA was 20%, a 59% decline compared with FY22. This is predominantly due to the significant working capital outflow in the year due to investment in inventory.

Key associated risks
- Brand and product
- Supply chain
- Financial

Links to strategic pillar:
D O C S

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1. Alternative Performance Measures as defined in the Glossary on pages 227 and 228.
2. Refer to Finance review and note 10 of the consolidated financial statements for further information on EPS and diluted EPS.
3. Before exceptional items.

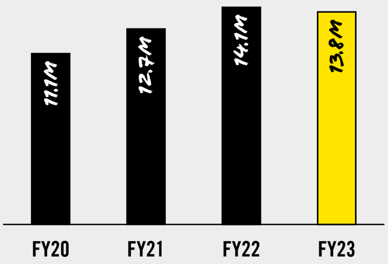
Links to strategy:

D Direct-to-consumer first O Organisational and operational excellence C Consumer connection S Support brand expansion with B2B

NON-FINANCIAL

Pairs

13.8m



What are we measuring?
The number of boots, shoes and sandals sold during the year, through all channels.

Why is it important?
We have a volume-led growth strategy given the under penetration of our brand, and therefore pairs is a key metric for our business.

Performance
In FY23, we sold 13.8m pairs, a 2% decline compared with FY22.

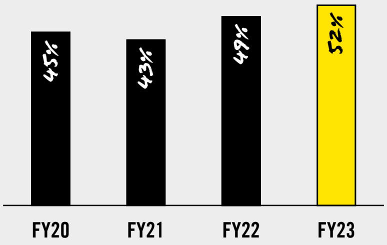
Key associated risks
- Brand and product
- Supply chain
- Financial
- Social and environmental

Links to strategic pillar:

D O C S

Direct-to-consumer mix

52%



What are we measuring?
DTC mix shows the combined ecommerce and retail revenues as a percentage of total revenue.

Why is it important?
We aim to grow DTC revenue to at least 60% mix in the medium term, and this metric therefore demonstrates our progress against this target.

Performance
DTC mix improved by 3pts to 52% driven by strong retail growth.

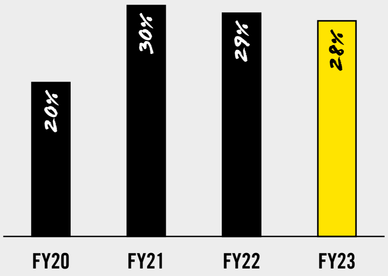
Key associated risks
- Brand and product
- People, culture and change
- Supply chain

Links to strategic pillar:

D O C S

Ecommerce mix

28%



What are we measuring?
Ecommerce mix shows the total ecommerce revenue as a percentage of total revenue.

Why is it important?
We aim to grow ecommerce revenue in the medium term and this metric therefore demonstrates our progress against this target.

Performance
Ecommerce mix declined by 1% compared with FY22 due to the stronger recovery of retail post Covid-19.

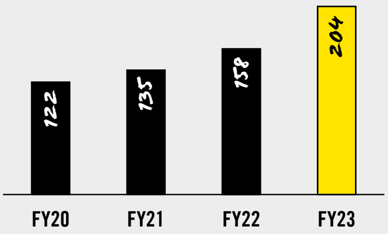
Key associated risks
- Brand and product
- People, culture and change
- Information and cyber security

Links to strategic pillar:

D O C S

Own stores

204



What are we measuring?
Own stores show the total number of retail stores the Group directly operates globally.

Why is it important?
Increasing our store estate drives retail and ecommerce revenue growth and is therefore a key driver to increase DTC mix.

Performance
During FY23, we opened 52 new stores including 14 franchise transfers in Japan.

Key associated risks

- Brand and product
- People, culture and change
- Supply chain
- Social and environmental

Links to strategic pillar:

D O C S

LINKAGE TO REMUNERATION

Metrics directly linked

We measure profitability both within our short-term incentive, the Global Bonus Scheme (GBS) and also our Long Term Incentive Plan (LTIP). 75% of the GBS is assessed on stretching PBT growth targets and the LTIP is based on underlying EPS growth targets. Both PBT and EPS are comprehensive profitability measures which are closely aligned with shareholder value creation.

REMUNERATION REPORT **P139**

Key drivers indirectly linked

Of the key financial drivers, revenue growth, EBITDA, EBITDA margin and cash flow all help to drive profit and long-term sustainable business growth. While these are not directly identified as metrics within the GBS and LTIP, they feed into the metrics of PBT and EPS used in our incentive arrangements.

Pairs indicate the success of our volume-led growth strategy. Growing ecommerce mix, DTC mix and opening more own stores are also indirectly incentivised within remuneration. Progress against these targets, which are more profitable channels of revenue, will enhance our profitability and underlying shareholder value, when considered alongside absolute revenue growth.

CONTINUING TO INVEST

JON MORTIMORE
CHIEF FINANCIAL OFFICER

> **REVENUE REACHED THE KEY MILESTONE OF £1BN IN THE YEAR, BUT OVERALL FY23 WAS CHALLENGING.**
>
> **JON MORTIMORE**
> CHIEF FINANCIAL OFFICER

Revenue reached the key milestone of £1bn in the year, but overall FY23 was challenging due to the supply chain issues at the Los Angeles distribution centre (LA DC) and a softer trading performance in America. However, we are encouraged by strong DTC volume led growth in EMEA and Japan resulting in good DTC mix expansion.

As a growing brand, we need to continue to invest in infrastructure (primarily marketing, people and systems) to underpin our increasing scale and support our long-term growth ambitions. During the year, we made targeted investments in these key enablers and therefore, as revenue growth slowed through the year, the Group EBITDA margin structure was diluted. We remain committed to continued focused investment as we know that remains important to support the long term growth and resilience of the Group.

The economic background in FY23 was challenging with high inflation, rising interest rates and an uncertain geopolitical landscape, which weakened consumer demand in some of our core markets, in particular America. We do not expect this to change materially through FY24.

The Group remains in a strong financial position and we remain confident in our long term growth and cash generation potential. In recognition of this, the Board has proposed, subject to shareholder approval, a final dividend of 4.28p taking the total dividend to 5.84p (FY22: 5.50p). Given the Board's confidence in the Group's prospects we will also seek approval to undertake a share buyback programme of £50m.

HIGHLIGHTS

Revenue

£1 billion

EPS

12.9p

EBITDA

£245m

Cash

£158m

Profit Before Tax

£159m

Dividends

5.84p

- → DTC revenue mix 52%, majority of revenue now high margin own channels
- → Challenging year: LA DC, weak America trading
- → Inventory high, minimal markdown risk and will right size by end of FY24
- → Need to continue to invest to underpin increasing scale and growth ambitions
- → Strong balance sheet, dividend maintained, initial share buyback announced

RESULTS – AT A GLANCE

		FY23 £m	FY22 £m	% change Actual	% change CC[4]
Revenue	Ecommerce	**279.0**	262.4	6%	1%
	Retail	**241.7**	185.6	30%	25%
	DTC	**520.7**	448.0	16%	11%
	Wholesale[3]	**479.6**	460.3	4%	-3%
		1,000.3	908.3	10%	4%
Gross margin		**618.1**	578.8	7%	
EBITDA[1]		**245.0**	263.0	-7%	
Profit before tax		**159.4**	214.3	-26%	
Earnings per share (p)		**12.9**	18.1	-29%	
Dividend per share (p)		**5.84**	5.50	6%	
Key statistics	Pairs sold (m)	**13.8**	14.1	-2%	
	No. of stores[2]	**204**	158	29%	
	DTC mix %	**52%**	49%	+3pts	
	Gross margin %	**61.8%**	63.7%	-1.9pts	
	EBITDA[1] margin %	**24.5%**	29.0%	-4.5pts	

1. EBITDA - Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.
2. Own stores on streets and malls operated under arm's length leasehold arrangements.
3. Wholesale revenue including distributor customers.
4. Constant currency applies the same exchange rate to the FY23 and FY22 non-GBP results, based on FY23 budgeted rates.
5. APMs are used as we believe they provide additional useful information on underlying trends.

Total revenue grew by 10% to £1,000.3m (FY22: £908.3m) and was up 4% on a constant currency (CC) basis. Growth was led by DTC which was up 16% to £520.7m (FY22: £448.0m), up 11% on a CC basis. Volume (measured by pairs) was down 2% and reduced revenue by 3%. We made the strategic decision to cease supply to distributors in South America and China, and excluding these volumes (0.6m pairs), FY23 volume was up 2%. This was partly offset by aggregate price increases of 5% and DTC mix expansion of 3%pts to 52%. The strong DTC trading was driven predominantly by retail which grew 30% (25% CC) from both underlying traffic growth and increased revenue from investment in new space (both new and maturing stores) with ecommerce up 6% (1% CC). Wholesale was up 4% to £479.6m (down 3% CC) and was impacted primarily by lower wholesale shipments in America and cessation of supply to a China distributor prior to the non-renewal of that contract.

Ecommerce revenue was up 6% to £279.0m (FY22: £262.4m) and was up 1% on a CC basis which represented a revenue mix of 28%, down 1%pt vs FY22. Growth strengthened through H2 in EMEA and Japan but was offset by continued soft trading in America particularly in H2. During the year, we implemented an order management system in EMEA giving us the platform to trial, an omnichannel offer of ‘click and collect’, ‘return to store’ and ‘in-store inventory lookup’ functionality. This trial is underway and, if successful, will be rolled out across the UK and subsequently globally. As part of our omnichannel strategy, we now plan to begin work on a Customer Data Platform (CDP) in FY24 to ensure we understand all our customers no matter how they interact with the brand.

Retail had an impressive year with revenue up 30% to £241.7m (FY22: £185.6m), growing 25% on a CC basis. Underlying growth was led by continued post Covid-19 traffic recovery (although traffic remains meaningfully below FY20 levels in all our markets) together with increased revenue from more retail space. During February, we successfully converted 14 franchise stores in Japan to own stores and, including these converted stores, have opened 52 new stores and closed six stores to end the year with 204 own stores. Across the year, the average store profitability metric of ‘4-Wall Return on Sales’ (which is inclusive of rent) was 37%.

Wholesale revenue was up 4% to £479.6m (FY22: £460.3m), down 3% on a CC basis. Wholesale revenues were impacted by the LA DC shipment bottleneck in Q4 (which limited our capacity to pick, pack and ship wholesale orders) in America and also in China from our decision to not renew the distributor contract, resulting in the cessation of shipments to that distributor in H2.

Gross margin decreased by 1.9%pts to 61.8% (FY22: 63.7%). The dilution in margin was mainly due to higher cost of goods sold (COGS) which increased by 18% per pair to £27.7 (FY22: £23.4) and cost 4.0%pts of margin. Of this increase, underlying inflation of 6% cost approximately 2.1%pts of margin, and increased costs of containers relating to the LA DC bottleneck cost approximately 0.7%pts of margin with the balance mainly increased cost of purchasing product denominated in USD for EMEA and Japan. Price increases in the year (of 5%) improved margins by 1.7%pts. The lower than inflation price increase was all due to a lower benefit from price increases in America on the overall Group than planned, due to the softer than expected performance in the market.

Operating expenses increased by 18% to £373.1m (FY22: £315.8m) with the increase explained as follows:

	% Increase YoY
Retail stores[1]	7%
DC’s[1,2]	7%
Marketing[3]	2%
Other investments	2%
	18%

1. Increase is mainly the annualisation of prior year new store openings and current year new store openings.
2. Including c.£7.9m of cost in relation to LA DC bottleneck, see below.
3. Increase of 0.4%pts.

The total costs associated with the LA DC were approximately £14.5m and were represented by costs of containers and additional late collection from port fees of £6.6m (included in COGS), property related costs from three satellite warehouse locations of £3.7m and handling costs from implementing a third shift, increased volume movements between warehouses and under recovery of fixed costs of the main facility (due to operating below optimal capacity) of £4.2m. We have now fixed the operational issues at the LA DC and we are on track to have the expansion and reconfiguration of the New Jersey DC (to allow full product availability for all channels from both east and west coasts) for AW23 shipments. Learning from the operational issues of our LA DC will result in further targeted investments across the new financial year and beyond as we improve our operational resilience to support the growth and scale of the business.

EBITDA decreased by 7% to £245.0m (FY22: £263.0m) resulting in EBITDA margin decline of 4.5%pts to 24.5% explained as follows:

	% pts YoY
Price net inflation	-0.5
Net new space[1]	-0.4
Marketing spend	-0.4
DC expansion[2]	-1.0
Other investments[3]	-0.7
LA DC bottleneck	-1.5
	-4.5

1. Incremental opex from new stores net gross margin benefit from space. During the year we opened net 46 new stores compared to 23 in the prior year. In the year of opening, a store takes approximately six months to break even EBITDA, as a result a doubling of store opening increases the cost base faster than revenue in the year of the store opening before positive returns are generated, broadly in year two.
2. During the year we invested in much larger 3PL DCs in Netherlands, UK and LA.
3. Represented by investment in underlying, infrastructure, IT and people.

Analysis by half year

Revenue in H2 grew 8% to £581.7m (FY22: £538.4m) (up 2% CC) with EBITDA down 10% to £156.2m (FY22: £174.2m).

		First half				Second half			
		FY23	FY22	% change Actual	% change CC	**FY23**	FY22	% change Actual	% change CC
Ecommerce		**88.8**	82.6	8%	1%	**190.2**	179.8	6%	-
Retail		**91.0**	65.9	38%	33%	**150.7**	119.7	26%	20%
DTC		**179.8**	148.5	21%	15%	**340.9**	299.5	14%	8%
Wholesale[3]		**238.8**	221.4	8%	1%	**240.8**	238.9	1%	-6%
Revenue		**418.6**	369.9	13%	7%	**581.7**	538.4	8%	2%
Gross margin		**257.8**	226.6	14%		**360.3**	352.2	2%	
Opex		**(169.0)**	(137.8)	-23%		**(204.1)**	(178.0)	-15%	
EBITDA[1]		**88.8**	88.8	-		**156.2**	174.2	-10%	
Profit before tax		**57.9**	61.3	-5%		**101.5**	153.0	-34%	
Key statistics	Pairs sold (m)	**6.3**	6.3	-		**7.5**	7.8	-4%	
	No. of stores opened[2]	**21**	13	+8		**25**	10	+15	
	DTC mix %	**43%**	40%	+3pts		**59%**	56%	+3pts	
	Gross margin %	**61.6%**	61.3%	+0.3pts		**61.9%**	65.4%	-3.5pts	
	EBITDA[1] %	**21.2%**	24.0%	-2.8pts		**26.9%**	32.4%	-5.5pts	

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.
2. Net own stores on streets and malls operated under arm's length leasehold arrangements.
3. Wholesale revenue including distributor customers.

The Group typically generates approximately 60% of total revenue in the second half, reflecting the peak Q3 DTC trading period and, as a result of the stronger gross margin structure of DTC compared to wholesale, EBITDA margins are higher in the second half of the year. In the second half, DTC revenue mix was +3%pts resulting in second half EBITDA margin of 26.9%, 5.7%pts higher than first half. H2 EBITDA margin was impacted by 2.4%pts due to costs associated with the LA DC bottleneck. The following table explains the year-on-year movement by half:

	DTC mix			EBITDA[1] % margin		
	FY23	FY22	FY21	**FY23**	FY22	FY21
First half	**43%**	40%	34%	**21.2%**	24.0%	27.1%
Second half	**59%**	56%	50%	**26.9%**	32.4%	30.0%
FY	**52%**	**49%**	**43%**	**24.5%**	**29.0%**	**28.8%**
H2 v H1	**+16pts**	+16pts	+16pts	**+5.7pts**	+8.4pts	+2.9pts

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.

Exchange

The profit and loss figures are prepared on an average actual currency basis for the year. These exchange rates are calculated monthly and applied to revenue and profits generated in that month, such that the actual figures translated across the year are dependent upon monthly trading profiles as well as exchange movement. In addition, all distributor revenues are invoiced in US$. To aid comparability of underlying performance, we have also calculated constant currency performance for revenue. This is calculated by translating non-UK revenues at the same exchange rate year on year.

We have a natural GBP/Euro vs USD hedge. The UK is our second largest market after the US but only represents 18% of global revenues. Due to our balanced global trading footprint with 43% of revenues in America and 27% in Continental Europe, we have a strong natural hedge which protects Group EBITDA should the USD strengthen against GBP and Euro. Approximately 95% of COGS purchases are paid in USD such that an appreciation of USD compared to GBP and Euro leads to higher purchase costs in EMEA but is broadly offset by a corresponding translation benefit from US derived cash flows, such that US revenue and EBITDA is higher and funds lower EMEA EBITDA. This hedge effect also operates should the USD depreciate against GBP/Euro.

To reduce the exposure of exchange movements, the Group has a policy of hedging non-UK currency denominated transactions by using derivative financial instruments. The principal derivative instruments used are forward exchange contracts to hedge highly probable cash flows in relation to future sales.

The major exchange rates that impact the Group are £/$, £/€ and £/¥. The following table summarises average exchange rates used in the year:

	£/$			£/€			£/¥		
	FY23	FY22	%	**FY23**	FY22	%	**FY23**	FY22	%
H1	**1.22**	1.39	(12%)	**1.17**	1.17	–	**163**	152	7%
H2	**1.19**	1.34	(11%)	**1.14**	1.19	(4%)	**163**	154	6%
FY	**1.21**	1.37	(12%)	**1.16**	1.18	(2%)	**163**	153	7%

Region analysis

The results can be further analysed by region as follows:

£m		**FY23**	FY22	% change Actual	% change CC
Revenue:	EMEA	**443.0**	398.5	11%	10%
	America	**428.2**	382.7	12%	-1%
	APAC	**129.1**	127.1	2%	-1%
		1,000.3	908.3	10%	4%
EBITDA[1]:	EMEA	**146.1**	143.8	2%	
	America	**100.1**	120.0	-17%	
	APAC	**33.8**	32.6	4%	
	Support costs[2]	**(35.0)**	(33.4)	-5%	
		245.0	263.0	-7%	
EBITDA[1] margin by region:	EMEA	**33.0%**	36.1%	-3.1pts	
	America	**23.4%**	31.4%	-8.0pts	
	APAC	**26.2%**	25.6%	+0.6pts	
	Total	**24.5%**	29.0%	-4.5pts	

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.
2. Support costs represent Group related support costs not directly attributable to each region's operations and including Group Finance, Legal, Group HR, Global Brand and Design, Directors and other Group only related costs and expenses.

EMEA

Revenue grew by 11% to £443.0m (FY22: £398.5m) and was up 10% on a CC basis. The revenue growth was driven by strong DTC trading which grew 20% with very strong retail growth and good ecommerce growth. Wholesale was marginally up. DTC mix expanded by 4%pts with material increases in Germany (up 8%pts), Italy (up 11%pts) and France (up 5%pts). The UK grew revenue by 12%.

During the year we opened 13 new stores including three stores in Italy, three stores in Spain, two stores in France, two stores in Germany, two stores in UK and one store in Ireland. Included in the new store openings were three stores that were closed and relocated to more prominent positions in Dublin, London and Glasgow.

EBITDA was up 2% to £146.1m (FY22: £143.8m), with margin dilution mainly due to infrastructure investments in an OMS system, omnichannel trial and annualisation of prior year investments in relation to the conversion of Italy and Spain to subsidiary markets. EMEA margin was also negatively impacted by exchange on goods purchased in USD. At a Group level this is offset by the natural USD hedge we have due to America trading and associated cash flows.

America

Trading was disappointing and was due to a combination of a challenging consumer environment coupled with poor execution of the DOCS strategy. Revenue grew by 12% to £428.2m (FY22: £382.7m) but was down 1% on a CC basis. DTC was very strong in Q1 but trading weakened from Q2 and through H2. On a CC basis, DTC was up 2% in the year and was driven by new retail space. Traffic recovery stalled through H2 in retail with ecommerce trading variable and soft. Wholesale shipments were impacted negatively by the LA DC bottleneck (see earlier comments). In the year DTC mix improved 1%pt.

During the year we opened 14 new stores, double the prior year (FY22: seven stores) including four in Texas and three in LA.

EBITDA was 17% lower at £100.1m (FY22: £120.0m) mainly due to costs in relation to the LA DC issue (£14.5m), higher marketing spend and annualisation cost of current year new store openings being double the prior year.

APAC

Revenue grew by 2% to £129.1m (FY22: £127.1m) and was down 1% on a CC basis. Regional performance was impacted by lower revenue in China due to our decision to fully implement the DOCS strategy in full (focused around Shanghai) and therefore the decision not to renew the legacy distribution agreement, resulting in a cessation of supply and reduced revenue by £8.9m. We have begun to see a recovery in trading in China through Q4, which has steadily built momentum, however in the financial year this strength did not offset zero revenue in Q1 due to the Covid-19 lockdown in Shanghai. Excluding the China distributor reduction, revenue grew 9%.

Japan, our third largest market, grew by 13% on a CC basis, driven by very strong DTC trading, up 26%, expanding DTC mix by 7%pts. Through February, we successfully completed the transfer of 14 franchise stores to own stores (located in Tokyo and Osaka) to end the year with 40 stores. It is estimated Japan will have a DTC mix of around 80% following this transfer in FY24.

EBITDA was up 4% to £33.8m (FY22: £32.6m) and EBITDA margin up 0.6%pts driven by good growth from Japan which has a superior margin structure to the APAC average.

Support costs

Group support costs were up 5% to £35.0m (FY22: £33.4m).

Retail development

During the year, we opened 52 (FY22: 24) new own retail stores (via arm's length leasehold arrangements) and closed six stores as follows:

		31 March 2022	Opened	Closed	**31 March 2023**
EMEA:	UK	35	2	(4)	**33**
	Germany	15	2	-	**17**
	France	14	2	-	**16**
	Italy	3	3	-	**6**
	Spain	1	3	-	**4**
	Other	12	1	(1)	**12**
		80	13	(5)	**88**
America:		41	14	(1)	**54**
APAC:	Japan	22	18	-	**40**
	China	2	3	-	**5**
	South Korea	7	4	-	**11**
	Hong Kong	6	-	-	**6**
		37	25	-	**62**
Total		158	52	(6)	**204**

At the year end the Group also traded from 28 (FY22: 37) concession counters in department stores in South Korea and a further 119 mono-branded franchise stores around the world, with 55 in China (FY22: 87), 16 in Japan (FY22: 31), 20 across Australia and New Zealand (FY22: 18), 21 across other South East Asia countries and the balance in the Nordics and Canada.

Leases

The Group operates its own retail stores via arm's length leasehold arrangements (apart from one property which is freehold) and also leases one warehouse (in the UK) and its offices. At 31 March 2023, the average lease term remaining across all property related leases to end of term was 5.1 years (FY22: 5.1 years), and only 3.0 years (FY22: 3.4 years) to tenant only break. The annual rent commitment was £34.3m (FY22: £24.9m) and the undiscounted total lease commitment was £173.5m (FY22: £127.3m), reducing to £102.8m (FY22: £84.6m) to lease break.

At 31 March 2023 the Group has right-of-use (ROU) assets of £144.1m (FY22: £105.5m) and lease liabilities of £152.4m (FY22: £112.9m).

As described in the Viability and Going Concern statements, we reviewed all stores for impairment and concluded four stores had future cash flows lower than the ROU asset and accordingly expensed a £3.9m (including £0.6m impairment charge for property, plant and equipment) impairment charge. The majority of the charge relates to three stores in America where footfall recovery, in their locality, was weak.

Earnings

The following table analyses the results for the year from EBITDA to profit before tax.

£m	**FY23**	FY22
EBITDA[1]	**245.0**	263.0
Depreciation and amortisation	**(54.2)**	(36.7)
Impairment	**(3.9)**	(0.2)
Exchange (losses)/gains	**(10.7)**	3.2
Net interest cost on bank debt	**(10.8)**	(10.3)
Amortisation of loan issue costs/interest on lease liabilities	**(6.0)**	(4.7)
Profit before tax	**159.4**	214.3
Tax	**(30.5)**	(33.1)
Earnings	**128.9**	181.2

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.

Profit before tax declined by 26% to £159.4m (FY22: £214.3m) with profit after tax of £128.9m (FY22: £181.2m).

Depreciation and amortisation charged in the year was £54.2m, compared to £36.7m in FY22, and is analysed as follows:

£m	**FY23**	FY22
Amortisation of intangibles[1]	**8.4**	4.7
Depreciation of plant and equipment[2]	**13.6**	9.5
	22.0	14.2
Depreciation of right-of-use assets[3]	**32.2**	22.5
Total	**54.2**	36.7

1. Mainly represented by IT related spend with the average term of 3 to 7 years.
2. Mainly represented by new store fit out costs with the average term of 5 years.
3. Mainly represented by depreciation of IFRS 16 capitalised leases with the average term of 5.1 years and 229 properties (FY22: 7.5 years and 182 properties).

In the year we recognised an exchange loss of £10.7m (FY22: gain £3.2m) which was predominantly due to the revaluation of Euro denominated bank debt and working capital.

The Group's net interest cost on bank debt was £10.8m (FY22: £10.3m). The increase of £0.5m compared to the prior year was mainly higher interest costs on bank debt of £2.3m with average interest rate of 3.6% (FY22: 2.8%). This was offset by a £1.8m gain on higher interest receivables from cash investments. In addition, we incurred higher interest costs on lease liabilities of £1.3m due to new stores opened in the year.

The tax charge was £30.5m (FY22: £33.1m) with an effective tax rate of 19.1% which is slightly higher than the UK corporate tax rate of 19.0%, due mainly to non-UK tax rates and deferred tax on temporary differences.

	FY23	FY22
UK effective tax rate	**19.0%**	19.0%
Non-UK tax rate differences	**+0.5%**	+0.5pts
Deferred tax on temporary differences	**-0.4%**	-
Before prior year adjustments	**19.1%**	19.5%
Prior year adjustments	**-**	-4.1%
Reported tax rate	**19.1%**	15.4%

We make a significant contribution to the public finances in all our markets and take seriously our responsibility to the wider society through the payment of taxes and other government revenue-raising mechanisms. In FY23, this totalled £171.1m (FY22: £138.4m), an increase of 24%.

Earnings per share was 12.9p (FY22: 18.1p). The total number of diluted shares is detailed in note 10 in the financial statements. The following table summarises these EPS figures:

		FY23 pence	FY22 pence	% change
Earnings per share	Basic	**12.9**	18.1	-29%
	Diluted	**12.9**	18.1	-29%

EPS and diluted EPS for the current and prior year are presented as the same amount due to the minimal dilutive impact of share schemes on the total diluted share number.

Operating cash flow[2]

Operating cash flow[2] is summarised below:

£m	**FY23**	FY22
EBITDA[1]	**245.0**	263.0
Increase in inventories	**(133.2)**	(18.3)
Increase in debtors	**(6.6)**	(23.3)
(Increase)/decrease in creditors	**(5.6)**	11.7
Total change in net working capital	**(145.4)**	(29.9)
Capital expenditure	**(51.2)**	(25.0)
Operating cash flow[2]	**48.4**	208.1
Operating cash conversion[2]	**20%**	79%

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and impairment.
2. Alternative Performance Measures as defined in the Glossary on pages 227 and 228.

Operating cash inflow was £48.4m (FY22: £208.1m) representing a cash conversion of EBITDA of 20% (FY22: 79%).

The principal driver of lower cash generation was increased inventory due in part to our decision to increase inventory ahead of peak trading to improve availability, primarily America and Japan (which were both weak in the prior year due to Covid-19 related supply restrictions), and was compounded by softer than planned DTC trading in America and the LA DC issue which impacted wholesale shipments. The vast majority of the inventory is continuity in nature with minimal markdown risk, and we plan to right size inventory through FY24 by purchasing a lower amount than we plan to sell, such that inventory is broadly right sized by March 2024 year end date. The impact of this will be a material cash inflow through FY24, predominantly in H2.

Trade debtor days increased from 42 days to 52 days and was due primarily to customer mix with a higher proportion of EMEA debtors (with payment terms closer to 60 days) than America (with payment terms closer to 30 days).

Capex was £51.2m (FY22: £25.0m) and represented 5.1% of revenue (FY22: 2.8%) and was higher than the prior year due mainly to retail store openings (opened 52 in FY23 vs 24 in FY22), racking fit out costs in two new distribution centres and IT/Tech spend as follows:

£m	**FY23**	FY22
Retail stores	**18.9**	8.7
Supply chain	**19.2**	6.3
IT/Tech	**13.1**	10.0
	51.2	25.0

Net cash flow after interest

Net cash flow after interest costs is summarised below:

£m	**FY23**	FY22
Operating cash flow[1]	**48.4**	208.1
Net interest paid	**(5.6)**	(10.8)
Investment	**(1.0)**	-
Payment of lease liabilities	**(33.9)**	(24.0)
Taxation	**(22.3)**	(41.2)
Exceptional items[2]	**-**	(7.5)
Dividends paid	**(58.4)**	(12.2)
Net cash (outflow)/inflow	**(72.8)**	112.4
Opening cash	**228.0**	113.6
Net cash exchange translation	**2.3**	2.0
Closing cash	**157.5**	228.0

1. Operating cash flow and free cash flow are Alternative Performance Measures as defined in the Glossary on pages 227 and 228.
2. All exceptional items paid were in relation to the IPO and refinancing event.

Net interest paid was £5.6m, lower than FY22 by £5.2m due to the timing of interest payments on the debt partially offset by an increase in interest received from cash investments.

On 16 January 2023, as part of our sustainability strategy, we made an investment of £1.0m in the share capital of Generation Phoenix Ltd (GP), a company that specialises in recycled leather products using part processed offcuts. The investment is equivalent to 3.35% of the share capital of GP and will help drive our sustainability strategy.

The increase in lease liabilities was due mainly to the increased number of retail stores opened in the year under lease arrangements.

Tax paid was £22.3m compared to £41.2m in FY22 due to lower taxable profits and timing of payments made on account in multiple jurisdictions.

At 31 March 2023 the Group had cash of £157.5m compared to cash at 31 March 2022 of £228.0m.

Funding and leverage

The Group is funded by cash, bank debt and equity. Further details on the capital structure and debt are given in note 18 of the financial statements. The Group's bank debt is denominated in Euros to reflect the excess Euros the Group generates from trading in Continental Europe to fund interest costs (with USD revenue generated broadly funding USD purchase of inventory and GBP generated broadly funding GBP related costs). The bank debt falls due for repayment in full on 2 February 2026. The Group also has a revolving credit facility of £200.0m which also expires on 2 February 2026, with £3.7m utilised in relation to certain guarantee arrangements. Bank debt at the 31 March 2023 was £296.8m compared to £285.6m at 31 March 2022 with the difference all exchange of £/€ at the Balance Sheet date (£1: €1.14 at 31 March 23 compared to £1: €1.19 at 31 March 22).

The Group financing arrangements have a total net leverage covenant test every six months. The total net leverage test is calculated with a full 12 months of EBITDA[1] and net debt being inclusive of IFRS 16 lease liabilities at the Balance Sheet date.

At 31 March 2023 the Group had total net leverage of 1.2 times (31 March 2022: 0.7x) giving us significant headroom against our covenant test. If this test was calculated using average cash throughout the year (reflecting the Group's intra-year cash swing), average gearing would be approximately 1.1x.

Pensions

Dr Martens Airwair Group Limited and Airwair International Limited (subsidiaries of the Group) operate a defined benefit pension scheme in the UK, which was closed to new members in 2002, and provides both pensions in retirement and death benefits to members. At the most recent triennial valuation date (June 2022), on an actuarial funding valuation basis as agreed with the Trustees, the scheme had assets with a value of £55.4m and estimated future liabilities (technical provisions) of £48.5m, resulting in a surplus of £6.9m.

A detailed description of all pension commitments, including the IAS 19 accounting valuation (which is prepared on a different valuation basis of liabilities to the actuarial funding valuation basis, the latter being used to agree with the pension trustees whether cash contributions are or are not required to be made and the former being purely for accounting purposes), is given in note 29 to the accounts. The surplus under the scheme is not recognised as an asset benefitting the Group on the Balance Sheet on the basis that the Group is unlikely to derive any economic benefits from that surplus. At 31 March 2023, the scheme has assets of £49.5m (31 March 2022: £68.6m).

The Group also operates a defined contribution scheme for its employees and during the year the Group contributions to this scheme were £4.7m (FY22: £6.0m). At 31 March 2023, this scheme had assets of £23.3m (31 March 2022: £20.4m).

Balance Sheet

The Balance Sheet is summarised below:

£m	31 March 2023	31 March 2022
Freehold property	**7.4**	6.1
Right-of-use assets	**144.1**	105.5
Other fixed assets	**78.8**	53.6
Inventory	**257.8**	123.0
Debtors	**92.2**	86.0
Creditors[2]	**(133.7)**	(134.7)
Working capital	**216.3**	74.3
Other[1]	**5.2**	13.8
Operating net assets	**451.8**	253.3
Goodwill	**240.7**	240.7
Cash	**157.5**	228.0
Bank debt	**(296.8)**	(285.6)
Unamortised bank fees	**3.4**	4.7
Lease liabilities	**(152.4)**	(112.9)
Net assets	**404.2**	328.2

1. Other includes investments, deferred tax assets, income tax assets and provisions.
2. Includes bank interest of £6.0m (FY22: £0.8m).

Net financing is summarised below:

£m	31 March 2023	31 March 2022
Bank debt	**(296.8)**	(285.6)
Cash	**157.5**	228.0
Net bank debt	**(139.3)**	(57.6)
Lease liabilities	**(152.4)**	(112.9)
Net financing	**(291.7)**	(170.5)

Inventory

Given the high proportion of continuity products we sell and strong product margin structure, we have minimal mark down risk below cost. Inventory levels are higher than optimal at March 2023 (and reflected our decisions to restock in America and Japan due to Covid-19 related supply constraints in prior year, which meant inventory levels were too low at March 2022). We plan to right size inventory through the year and have a more optimal level of inventory to support demand by March 2024. Due to the lead time lengths, the majority of the inventory right sizing will be achieved through H2 as we purchase less than we plan to sell.

This is summarised below:

	31 March 2023	31 March 2022
Inventory (£m)	**257.8**	123.0
Turn (x)[1]	**1.5x**	2.7x
Weeks cover[2]	**35**	19

1. Calculated as historic LTM COGs divided by inventory.
2. Calculated as 52 weeks divided by stock turn.

Equity of £404.2m can be analysed as follows:

£m	31 March 2023	31 March 2022
Share capital	**10.0**	10.0
Hedging reserve	**(0.5)**	(0.1)
Merger reserve	**(1,400.0)**	(1,400.0)
Non-UK translation reserve	**12.5**	7.0
Retained earnings	**1,782.2**	1,711.3
Equity	**404.2**	328.2

Dr. Martens plc (the Company) has distributable reserves of £1,377.5m.

Returns to shareholders

Our capital allocation philosophy guides our view of returns to shareholders and usage of excess cash. The first priority for investment is into the business and we will continue to invest in a targeted manner to support long term growth and resilience of the Group. This is mainly represented by investment into marketing, logistics, people and systems. Beyond this, our priority is to return excess cash to shareholders, through a regular dividend and, when possible, further returns.

The Board recognises, and is confident, that the strong year end cash position, and significant cash generation expected during H2 of FY24 from purchasing less inventory than we plan to sell, coupled with future growth, will normalise both the dividend payout ratio towards 35% of earnings and the excess cash ratio (represented by average leverage) towards less than one times over time. As a result, the Board has approved, and the Group has proposed, the following distributions which are both subject to approval at the AGM on 13 July 2023.

(i) Dividends

A final dividend of 4.28p per share (FY22: 4.28p). This will bring the total interim and final dividend for FY23 to £58.4m (5.84p), and represents an increase of 6% vs FY22, with a payout ratio of 45%. The dividend will be paid to shareholders on the register as at 9 June 2023 with payment on 18 July 2023.

£m	**FY23**	FY22
Earnings	**128.9**	181.2
Interim dividend (declared and paid): 1.56p (FY22: 1.22p)	**15.6**	12.2
Final dividend (proposed): 4.28p (FY22: 4.28p)	**42.8**	42.8
Total dividend (paid and proposed): 5.84p (FY22: 5.50p)	**58.4**	55.0
Payout ratio %	**45%**	30%

(ii) Share buyback

A share buyback programme of up to £50.0m, to commence following shareholder approval.

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2023

EFFECTIVE RISK MANAGEMENT

> EFFECTIVE RISK MANAGEMENT DRIVES BETTER COMMERCIAL DECISIONS, PROTECTS OUR ASSETS, REPUTATION AND BRAND, AND SUPPORTS DELIVERY OF OUR STRATEGY AND SUSTAINABLE BUSINESS GROWTH.
>
> **MATT KETTEL**
> HEAD OF INTERNAL AUDIT AND RISK

Risk management approach

Our approach to risk is an integrated part of the overall governance and management of the Group, as set out in more detail in the Governance section, particularly the Audit and Risk Committee report on page 151. Throughout FY23, we have continued to mature and embed our risk management process, which is set out in more detail below.

In setting our strategic priorities, we take into account horizon scanning and external thinking and these insights also feed into how risk is identified, assessed and managed, including for emerging risks. We consider risks over different timeframes, which also influences response and priority for undertaking further analysis and potential action.

The Group follows the 'three lines model' to risk, internal control and assurance. Operational management and our people are the Company's first line, as they are primarily responsible for the direct management of risk and ensuring that appropriate mitigating controls are in place and operating effectively. The second line is formed by the internal compliance and oversight functions such as Finance, Legal and Compliance, Technology and Human Resources. The third line includes internal and external audit, reporting to the Audit and Risk Committee.

The diagram opposite shows the key elements of the Dr. Martens approach to risk governance, including the 'bottom-up' and 'top-down' aspects to the approach. In identifying risks, we consider four broad categories of risk, being strategic, operational, financial, and legal and compliance.

Risk appetite

We recognise the need for informed risk-taking in order to deliver sustainable and profitable business growth, and our risk appetite varies across different principal risks, which are set out on pages 56 to 59. Our risk appetite across different areas informs the Group's risk and control framework and day-to-day control activities.

Examples of these activities include:

- Adherence to delegation of authority, including commercial, financial and legal decisions and approvals
- Ongoing business performance monitoring, including monthly reviews
- Strategy and planning (annual and five-year plans)
- Development of contingency plans and consideration of best and worst case scenarios
- Identification and ongoing monitoring of risk through Group and Regional Risk Committees
- Analysis of appropriate insurance cover against risk appetite
- Financial controls defined and built into key systems, including developing these to meet potential future requirements such as 'UK SOx'
- Compliance policies, guidance and training

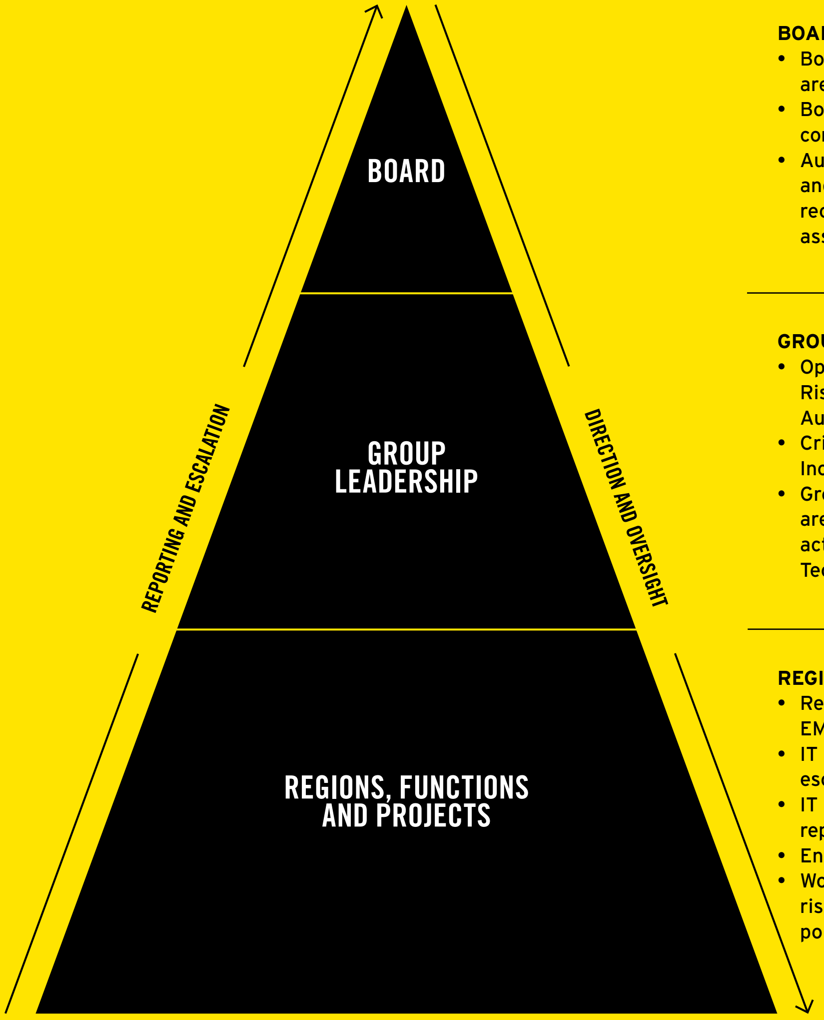
Principal risks

The Board confirms that it has carried out a robust assessment of the Company's emerging and principal risks. Through the Board and Audit and Risk Committee reviews, no new principal risks were identified.

Set out below is the Board's view of the principal risks currently facing the Company, along with examples of how they might impact us and an explanation of how the risks are managed or mitigated. We also indicate the link to our strategic priorities on pages 30 to 39. An explanation of how the Company manages financial risks is also provided in note 22 to the financial statements.

We recognise that the Group is exposed to risks wider than those listed. However, we have disclosed those that we believe are likely to have the greatest impact on the Group delivering its strategic objectives.

RISK GOVERNANCE AND OVERSIGHT KEY COMPONENTS



BOARD

- Board has oversight responsibility for ensuring risks are identified and managed
- Board's robust assessment of principal risks, considering emerging risks and overall risk appetite
- Audit and Risk Committee supports Board on risk and assurance, including 'risk deep dives', and receives independent reports from third line assurance activities – external and internal audit

GROUP LEADERSHIP

- Operational Risk Committee (ORC) oversees Group Risk Register. Chaired by Head of Risk and Internal Audit, with membership including majority of GLT
- Crisis Management Framework with specific Cyber Incident Management playbook
- Group leadership has executive ownership of key risk areas and leads the key first and second line activities, including Finance, Legal and Compliance, Technology and Human Resources

REGIONS, FUNCTIONS AND PROJECTS

- Regional Risk Committees (America, APAC and EMEA) with reporting into ORC
- IT and Cyber Risk Registers with reporting and escalation to Group Risk Register
- IT project management office coordinates and reports on risk at portfolio level and individual projects
- Enterprise project management office set up
- Working groups established with focus on specific risk areas, including counter-fraud, third-party risk, policies and training

CLIMATE RISK

In FY22, we worked with external advisers to go through a rigorous process to identify the risks posed to Dr. Martens by climate change. In FY23, we built on that analysis and our second report in line with the guidance from the Task Force on Climate-related Financial Disclosures (TCFD) is set out on pages 99 to 107. Having carried out this analysis, which is summarised below and in more detail on page 106 in the Risk management section of our TCFD report, we continue to consider climate risk as a key component of the social and environmental risk, rather than a separate principal risk. We also recognise that climate change is one of the drivers of other principal risks, including brand and product, supply chain, and legal and compliance.

The approach to identifying and assessing climate risks and opportunities is broadly consistent with the way we identify and prioritise all risks, considering impact and likelihood of a number of potential risk events. However, we recognise that for climate risks the timeframes are often longer than many other risks. Therefore, as well as estimated likelihood of a risk event occurring, we considered the velocity of risks, i.e. the potential timeframe for when a risk event might occur. We used timeframes ranging from current through to longer term, which we considered as greater than ten years. Our priority climate-related risks and opportunities are set out in more detail in our TCFD section.

We have made progress in further understanding and modelling the potential impact of climate risks on our business, strategy and financial planning. Our TCFD disclosures include more information than last year on the details of the most significant climate risks and opportunities. However, we recognise that, like many companies, we still have more work to do in this area, taking advantage of evolving good practice and guidance from other companies, advisers and regulators. In particular, we plan to build on the initial risk analysis and more closely link it to our core assumptions used to model future business performance, including the drivers of revenues and costs.

Many mitigations are already built into how we create value and our business operating model. In FY23, we successfully launched our recommerce trial, Dr. Martens first repair and resale business model in the UK, and are now exploring options to launch this in the US. We are also developing a new authorised repair service which we are planning to offer for the first time in FY24. See page 83 for more details. Our recently announced partnership with Gen Phoenix, a leading producer of recycled leather at scale, will support our product innovation and industry-wide adoption of sustainable materials.

➔ READ MORE **P99 to 107**

CHANGES TO PRINCIPAL RISKS IN THE YEAR

Although we did not identify any new principal risks in the year, there are three risks where the potential impact has increased. We have indicated the trend for each risk, based on the changes from prior year, as well as looking forwards to future potential changes in risk.

PEOPLE, CULTURE AND CHANGE

The people, culture and change risk has been impacted by the continuing growth across the business, which has driven the need for ongoing business transformation and change. The challenge has been balancing the prioritisation of key projects and efficient utilisation of resources, without impacting 'business as usual'. While there have been significant positive improvements, including the transition to a new technology operating model to improve prioritisation, there remains the recognition of the need for an increased focus on talent development, including for key capabilities and critical roles.

SUPPLY CHAIN

The supply chain risk and activities have been impacted by Covid-19 related constraints, only normalising in Q2/Q3. In addition, the Los Angeles distribution centre disruption and capacity challenges impacted the ability to fulfil orders and resulted in increased operating costs.

FINANCIAL

The financial risk has been impacted by the external macro-economic uncertainty and financial trading performance, which have affected the share price. In addition, inflationary pressures have the potential to reduce consumer demand and spend, with cost inflation affecting commodity prices. Although there have been positive improvements, including a review of pricing strategy showing headroom, the heightened external pressures have raised the profile of this risk.

BRAND AND PRODUCT

We fail to develop and protect our brand and product

D O **C** S

Change from FY22

→ No change

Impacts of the risk

- Brand is no longer perceived as relevant with consumers
- Negative media or social media coverage damages our brand
- Counterfeit or lookalike product impacts our sales and brand
- Serious quality or product regulatory compliance issues resulting in product recall or compensation to consumers

Examples of how we manage the risk

- Research on consumer insights and trends
- Marketing activity to maximise brand value and exposure
- Product innovation to stay one step ahead and alleviate any counterfeit risk
- Monitoring and responding to social media and customer service issues
- Intellectual property expertise with robust enforcement strategy
- Robust quality and testing process on product

Risk appetite

- Balanced risk appetite in order to innovate, deliver our strategy and stay relevant with consumers
- Supported by processes to avoid or mitigate any brand and intellectual property protection risk, where possible

Where you can find more about this risk and how we manage it

- Our brand and products on page 6
- How we create value on pages 20 and 21
- Stakeholder engagement – Consumers on page 26
- Delivering against our strategy on pages 30 and 31
- Sustainability – Product on pages 76 to 83

Links to strategy

D Direct-to-consumer first O Organisational and operational excellence C Consumer connection S Support brand expansion with B2B

SOCIAL AND ENVIRONMENTAL

Our sustainability strategy and programme fail to deliver or do not meet stakeholder expectations

D O ● C S

Change from FY22

→ No change

Impacts of the risk

- Non-compliance or reputational concerns in supply chain potentially damage the brand resulting in lower sales
- Our product and business activities fail to keep pace with consumers' social and environmental expectations, resulting in lower sales growth
- **Emerging risk:** Climate change impacts upon our business or as a result of our business operations

Examples of how we manage the risk

- Wide range of stakeholders involved in developing and delivering sustainability programme
- External advice to ensure we adopt good practices
- External assurance over key third-party manufacturers, including human rights standards, modern slavery compliance and our Supplier Code of Conduct
- Environmental certification for Made In England factory
- Performing an assessment of climate risks and impact

Risk appetite

- Low risk appetite considering consumer expectations and climate change impacts
- Appreciation of the long-term nature of some sustainability risks and the level of uncertainty associated with their occurrence and impact

Where you can find more about this risk and how we manage it

- Stakeholder engagement on pages 22 to 29
- Sustainability section on pages 62 to 98

PEOPLE, CULTURE AND CHANGE

We fail to attract, retain and develop talent and capabilities required to deliver business strategy

D ● O C S

Change from FY22

↗ Slight increase

Impacts of the risk

- Failure to attract, retain and develop talent and capabilities required to deliver business strategy
- Safety and security issues affecting our staff or customers
- Level of ongoing transformation and change means that programmes and projects are not successful or business as usual activities are negatively impacted
- Culture does not successfully evolve as business grows

Examples of how we manage the risk

- Diversity, equity and inclusion programme with dedicated resources
- Regular engagement employee surveys with action plans
- All employee share scheme launched to allow employees to share in the future success of the business
- Talent management process
- Leadership framework assessment
- Senior leadership monitoring and oversight of all significant change programmes

Risk appetite

- Overall balanced risk appetite in order to grow, innovate and respond to new challenges and opportunities
- Very low risk appetite for people safety risks

Where you can find more about this risk and how we manage it

- Stakeholder engagement – Our People on page 25
- Sustainability – People on pages 84 to 93

SUPPLY CHAIN

We fail to deliver the supply chain activity required to support business growth and consumer demand

D **O** C S

Change from FY22

↗ Slight increase

Impacts of the risk

- Capacity restrictions in manufacturing and distribution
- Global trade restrictions and duties
- Logistics and shipping disruption causing an increase in operating costs
- Raw material prices increase our cost of production

Examples of how we manage the risk

- Diversified supplier base across different markets
- Effective partnerships with third parties
- Rigorous forward planning including contingency for unexpected events
- External assurance over key third-party suppliers
- Warehousing and distribution capacity adjusted to meet forecast demand

Risk appetite

- Moderate risk appetite for this risk, as a stable and resilient supply chain is necessary for delivering our core products to meet consumer demand and support business growth
- The risk is mitigated through a geographic spread of factories and management of stock. However, it is recognised there is a balance between the investment required to reduce risk and the amount of risk and uncertainty we accept due to external factors that are largely outside our direct control

Where you can find more about this risk and how we manage it

- Stakeholder engagement – Suppliers on page 28
- Sustainability – Responsibly managing our supply chain on pages 94 and 95

INFORMATION AND CYBER SECURITY

We fail to maintain the confidentiality, integrity and availability of key information

D **O** C S

Change from FY22

→ No change

Impacts of the risk

- Ecommerce or other key IT systems are target of cyber hacking or prolonged disruption with potential to negatively impact revenue and operating costs
- Theft or loss of sensitive Company, customer or employee data, resulting in negative reputational impact and potential fines and legal costs
- New ways of working, including remote/hybrid working, potentially increase risk of loss of data

Examples of how we manage the risk

- Dedicated Information and Cyber Security team
- Continued execution of the Cyber Security programme
- Active monitoring of core business applications and end-user devices
- Cyber risk maturity measured against recognised framework (NIST – National Institute of Standards and Technology) with targets to drive continuous improvement
- Cyber incident management process through playbooks and external partners
- Supplier information security reviews through vendor risk assessments

Risk appetite

- Low risk appetite for this risk as we seek to minimise the likelihood and impact of any business-critical technology failure
- It is recognised that there is a cost-benefit trade-off in mitigating cyber threats and we will therefore accept a low level of risk rather than attempting to eliminate all risk
- Very low risk appetite for data privacy, as we aim to protect our data robustly and in line with privacy regulations and recognised practice

Where you can find more about this risk and how we manage it

- Our strategy – Organisational and operational excellence on pages 34 and 35

Links to strategy

D Direct-to-consumer first **O** Organisational and operational excellence **C** Consumer connection **S** Support brand expansion with B2B

FINANCIAL

We fail to adequately forecast and manage financial risks, including meeting external reporting requirements

D **O** C S

Change from FY22

↗ Slight increase

Impacts of the risk
- Cost inflation negatively impacts commodity prices
- Inflationary pressures impact consumer demand and profitability
- Foreign exchange movements are unfavourable and impact liquidity and cash flow
- Interest rate risk on external bank debt with a potential risk of breach of covenants
- Potential increase in the risk of internal or external fraud
- Failure to meet forecasts and financial guidance to the market can negatively impact share price and investor confidence
- Non-compliance with financial reporting requirements and internal control attestations

Examples of how we manage the risk
- Robust financial management framework with detailed reporting and forecasting
- Detailed cash flow forecasting including monitoring compliance with covenants
- Single finance ERP system across majority of markets
- Selected hedging of foreign exchange
- Continued focus on internal controls over financial reporting in the internal audit plan
- Fraud risk assessment with accountability for key fraud risks

Risk appetite
- Low risk appetite for this risk and proactively manage it through a range of methods, including a robust financial management framework
- The potential negative impact on the business from a financial failure reinforces our commitment to implement and maintain strong financial reporting and internal control measures across the business

Where you can find more about this risk and how we manage it
- Finance review on pages 44 to 53
- Audit and Risk Committee report on pages 151 to 158
- Note 22 (Financial instruments) to the financial statements on pages 201 to 204

LEGAL AND COMPLIANCE

We fail to comply with key laws and regulations

D **O** C S

Change from FY22

→ No change

Impacts of the risk
- Potential increase in the risk of bribery or corruption
- Trade sanctions non-compliance
- Anti-competitive behaviour
- Data protection non-compliance
- Potential fines and reputational damage

Examples of how we manage the risk
- Positive tone from the top cascaded down to teams and employees
- Code of conduct (the DOCtrine) shared with all employees
- Policies, procedures and mandatory training covering key compliance risks
- Dedicated Compliance function
- Data privacy programme including compliance with applicable local laws

Risk appetite
- Very low risk appetite for compliance risks and we are committed to ethical and lawful behaviour in all we do
- Colleagues and business partners who support us or act on our behalf are expected to take appropriate steps to comply with applicable laws and regulations
- Personal information and privacy is respected and valued, as we seek to comply with laws, rules and regulatory requirements across all jurisdictions in which we operate
- Low risk appetite for legal risks, recognising there will be times when we take some commercial legal risks, provided we have appropriate internal legal approval, supplemented with external advice where required

Where you can find more about this risk and how we manage it
- Section 172 Statement on Meeting the needs of our stakeholders on pages 22 to 29
- Our Governance framework on pages 109 to 129
- Audit and Risk Committee report on pages 151 to 158

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 31 March 2026, which is longer than the 16-month period from the date of signing the consolidated financial statements ('the going concern period'). As part of this assessment, the Directors have analysed the prospects of the Group by reference to its current financial position, recent trading trends and momentum, detailed trading and cash flow forecasts including forecast liquidity and covenant compliance, strategy, economic model and the principal risks and mitigating factors described on pages 56 to 59.

The Directors also considered the Group funding arrangements at 31 March 2023 with cash of £157.5m, term loan of £296.8m, as well as available undrawn facilities of £196.3m. A bullet debt repayment of the term loan of £296.8m is not due until 2 February 2026.

The Group is operationally and financially strong and has a long track record of consistently generating profits and cash, which is expected to continue over the short and long term. Over the last three years, the Group has a CAGR% revenue growth of 14% to £1,000.3m, and 22% CAGR% over five years, with higher margin DTC channels growing three year CAGR of 25% (27% five year CAGR). In the current financial year, EBITDA was £245.0m. The principal measure of future strength is in relation to our brand. In our annual brand survey, the data indicated the brand is stronger than ever, with all key metrics either in line with or ahead of last year. These measures, taken together with our economic strength, give confidence in our future growth prospects.

TRADING OUTLOOK

FY23 experienced a steady deterioration in the global macro economy with differing impacts on several of our core markets. With the exception of China (which was closed due to strict Covid-19 related lockdowns during Q1) all our core markets had a strong Q1 trading period. However, from Q2 a more negative consumer sentiment, from weaker macro economic themes, began to emerge.

In EMEA, the war in Ukraine, expectation of higher inflation and significantly higher energy costs were compounded by increasing interest rates and resulted in variable DTC trading through the autumn. From November however, in part due to the benefit of a weaker base (from Covid-19 related trading restrictions in prior year), we experienced very strong DTC trading with Q4 growth, accelerating compared to Q3 growth. This momentum has continued into Q1 to date.

In America, aggressively increasing interest rates and higher 'gas' prices dampened consumer spending with the sale of boots also negatively impacted by unseasonably warm weather through the autumn and resulted in variable and soft DTC trading from September to the end of the financial year. This soft DTC trading is expected to continue through H1 FY24. Disappointingly, H2 was also significantly impacted by the LA DC supply bottleneck, which resulted in higher costs and slower wholesale shipments than planned. The operational issues at LA DC have now been resolved and the planned work to expand capability and capacity to ship to all channels from our New Jersey DC is on track, to be completed for the AW23 season. This will mean we will have the ability to ship to all channels from both west and east coast. Following a review to right size forward cover inventory, we now expect to maintain the three satellite warehouses in LA for the full financial year, with inventory right sized through H2 by buying less than we plan to sell. However, there will be a cost of renting the DCs to store the inventory of c.£15m which is included in the going concern period.

In APAC, Japan slowly recovered from Covid-19 through the year with the requirement to wear masks inside finally ending in March 2023. We expect Japan to steadily continue to recover from Covid-19 related restrictions through the new financial year. China and Hong Kong have very recently seen strong growth as Covid-19 restrictions were lifted at the turn of the calendar year and we expect to see these markets recover through the new financial year, albeit from a very small base.

The Directors remain vigilant and continue to monitor a number of consumer confidence metrics across all our core markets. While global expectations are for inflation to slowly fall by the end of the year, interest rates are still expected to rise, the global political climate is difficult, the war in Ukraine is expected to continue and together with recent banking volatility this results in the Directors adopting a cautious outlook for the new financial year.

Our central planning assumptions are:

Micro:
- The NJ DC in USA will be fully operational by the end of H1 FY24
- Store growth in key markets will continue to be led by traffic recovery back towards pre Covid-19 levels with a step improvement in ecommerce awareness also continuing in conjunction with new store openings
- AW23 price increases to not materially impact demand
- Inventory to be right sized for forward demand by March 2024: sales volumes to be higher than purchases through H2
- All DCs and factories remain open and operational throughout the year
- Share buyback proceeds
- Debt bullet repayment of £296.8m in February 2026 with a refinancing for the same amount included

Macro:
- No material changes to the global political situation/war in Ukraine
- Higher inflation to remain (with associated higher interest rates) with no marked step improvement in consumer confidence in EMEA or America

These conservative central assumptions form the base case for our FY24 budget, Viability Statement assessments, Going Concern Statement and store impairment analysis.

We have modelled the impact on one severe but plausible scenario represented by the realisation of the relevant principal risks as set out below. Under this scenario we did not model any planned cost or working capital mitigating actions (including dividend payments). The outputs of this scenario are described below.

Group planning process

Our normal planning process consists of a rigorous review of the DOCS strategy (described on pages 30 and 31) by the Global Leadership Team (GLT) on an annual basis, following which an updated long-term financial plan is derived and reviewed with the Board. Before the beginning of a new financial year, a detailed, bottom-up budget is prepared with thorough review and discussion between each region's President and CEO, CFO and COO, and presentation and discussion with the GLT, followed by the Board. We monitor our performance through the financial year against this budget and prior year actual performance with a formal re-forecast process conducted as required. The key assumptions considered in all reviews are:

- trading performance by channel;
- trading performance by product and geography;
- expenditure plans; and
- cash generation.

We also consider projected liquidity, Balance Sheet strength and potential impact on shareholder returns.

Assessment period

The Directors have assessed the viability of the Group over a three-year period to 31 March 2026, as this aligns to our internal planning cycle. The planning for this three-year period is assessed by month and includes investments, plans and actions.

Assessment of viability

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through further supply chain-related impacts, general economic uncertainty or other risks. This assessment has considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and the ability to appropriately manage any business risks.

Viability has been assessed by:

Where appropriate and practical, we assessed the impact of a number of risks, described on pages 56 to 59, crystallising and subsequent impact on trading, cash flows and covenant compliance. Specifically, the principal risk areas of supply chain, financial and cyber security risks were assessed as being most relevant to model. These could also be considered impacts from climate change and risks related to public health debate. The main risks and specific 'black swan' events assessed are given below and the Group continues to have satisfactory liquidity and covenant headroom under each risk modelled individually:

- the impact of all factories in one key production geographic area being out of operation for a period of around three months. This has been assessed for two separate countries of production;
- a website in a significant region out of action for a period of one month during peak trading;
- the impact of a large distribution centre being out of action for a period of around six months (being the estimated time to set up a new third-party operation); and
- weaker consumer sentiment and lower demand.

'Top-down' sensitivity and stress testing included a review of the cash flow projections and covenant compliance under a severe but plausible scenario in relation to the downside scenario described above. In the unlikely event of two of the above scenarios occurring together, there is a breach in covenant headroom in FY25 which can be remediated with mitigating actions, including cancellation of bonus, holding marketing investment in line with prior year percentage of revenue and delaying/cancellation of certain IT related capex spend. Under this scenario, dividends could be maintained, but would be reviewed if required. Experience through the two years of FY22 and FY23 indicated minimal wholesale bad debt risk and minimal margin risk with the principal risk being lower revenue. In the scenario modelled post mitigation, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

A more extreme downside scenario is not considered plausible.

A reverse stress test has also been modelled to determine what could break covenant compliance estimates and liquidity before mitigating actions. To model these reverse stress tests the impact on revenue of zero covenant headroom and zero liquidity was calculated at the end of FY24. Under the covenant breach test it is concluded that the business could weather extreme growth reductions without mitigation, -26%pts[1] to revenue growth in FY24 before covenants are breached. Similarly, the business would have to experience -61%pts[1] revenue growth reduction in FY24 before zero cash headroom is reached. Under both tests modelled, there were no mitigating actions (including dividend payments) modelled. The Directors have assessed the likelihood of occurrence to be remote.

We have assessed the qualitative and quantitative impact of climate-related risks on asset recoverable amounts and concluded that there would not be a material impact on the business and cash flows in the viability period.

We will continue to monitor the effects of global macro-economic considerations and geopolitical events on our Group and the economies and consumer confidence in the countries where we operate and we plan to maintain maximum flexibility to react, on a market-by-market basis.

Statement

Based on the analysis, the Directors have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period of this assessment.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors' assessment is based on detailed trading and cash flow forecasts, including forecast liquidity and covenant compliance. The period of management's assessment is from the date of the signing of the financial statements to 30 September 2024 and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period.

Based on the going concern assessment (discussed in note 2.5 of the financial statements), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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[1] On a constant currency basis, an Alternative Performance Measure 'APM' as defined in the Glossary on pages 227 to 228.

OUR SUSTAINABILITY JOURNEY

SUSTAINABILITY THROUGH LONGEVITY

Dr. Martens products have embodied timeless design and durability for over six decades. As custodians of the brand, we are clear in our vision to build a business which embodies sustainability and delivers long-term impact. In June 2022, we launched our new sustainability strategy: Planet, Product, People, which sets out our long-term commitment to leaving things better than we found them.

We are not afraid to stand up for what we believe in, which is why sustainability underpins our DOCS business strategy (pages 30 and 31) and is reflected in our brand ethos of Rebellious Self Expression (page 8).

This section of the report sets out our journey so far and our plans for the future.

OUR PROGRESS IN FY23...

PLANET

2040

Submitted our Science-Based Targets for verification which set out our plan to become a Net-Zero business by 2040

➔ P70

91%

Sourced 91% of the electricity for our owned and operated EMEA sites (including UK) from renewable sources

➔ P71

PRODUCT

35%

Removed non-recyclable plastic foam divider across 35% of the AW23 footwear volume

➔ P81

INVESTED

in a leading recycled leather producer, to support industry-wide adoption of innovative and circular materials

➔ P80

RECOMMERCE

Repair and resale trial successfully launched in the UK

➔ P83

PEOPLE

100%

100% of our Tier 1 and Key Tier 2 suppliers CSR audited met our high standards[1]

➔ P95

£2.4M

Dr. Martens Foundation launched the 'Right to Be' flagship programme and awarded 34 organisations a total of £2.4 million

➔ P92

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1. Audit results above 75% scoring for Tier 1, and above 70% for Key Tier 2, in line with Intertek Workplace Conditions Assessment scoring methodology.

WHAT'S IN THIS SECTION

MORE ONLINE

→ Our materiality assessment

→ Our impact on the Sustainable Development Goals (SDGs)

Find out more at: **drmartensplc.com**

A WORD FROM OUR SUSTAINABILITY LEADERS

TUZE MEKIK
GLOBAL HEAD OF SUSTAINABILITY

EMILY REICHWALD
CHIEF PEOPLE AND SUSTAINABILITY OFFICER

→ OUR SUSTAINABILITY JOURNEY SO FAR… AND WHERE WE WANT TO GET TO

2019
Launch of Dr. Martens first 5-pillar sustainability strategy

2021
Dr. Martens plc IPO

Dr. Martens has stood the test of time for over six decades. Our Planet, Product, People sustainability strategy was introduced last year with the guiding principle being 'to leave things better than we found them'. It is this approach which we believe will support the resilience of our brand into the next 60 years and beyond.

Sustainability is an evolving and ongoing journey, but one that we are proud to have made good progress on over the past year. A key focus has been on deepening our understanding of our environmental impacts, through our carbon footprint which we have measured for the second time and modelling our Net-Zero science-based targets. This has been a hugely educational process and we recognise the challenge ahead, but we are confident in our long-term destination.

We were excited to see the success of our first repair and resale trial in the UK. This is now ongoing and the learnings are being used to expand our recommerce offering into the USA, which is in the final stages of planning. We also made strides on our journey towards circularity with investment in our new materials innovation partner, Gen Phoenix.

This year, another key moment was the culmination of an extensive deep dive into our culture, looking into what Rebellious Self Expression means to us. We celebrated with the launch of our new values, which capture the true spirit of what it means to work for Dr. Martens: be yourself, act courageously and show you care. We are also delighted with the impact the Dr. Martens Foundation has had through the 'Right to Be' programme and grassroots grants.

This is our third Sustainability report – here we outline the key progress we have made over the past year. We hope you enjoy.

EMILY REICHWALD
Chief People and Sustainability Officer

TUZE MEKIK
Global Head of Sustainability

FOCUS

Linking Executive remuneration to the achievement of our sustainability commitments

Our Executive bonuses are linked to the achievement of specific sustainability initiatives that underpin our long-term sustainability commitments. Find out more in our Remuneration report on page 145.

2022
Launch of our current Planet, Product, People sustainability strategy

2023
Rollout of strategic roadmaps to support our sustainability strategy, led by cross-functional working groups

Net-Zero target submitted to SBTi for validation

LONG-TERM DESTINATION

Leaving things better than we found them:
This includes our long-term ambitions to reach Net-Zero, for all our footwear to be made from sustainable materials, our natural materials to be from regenerative sources and for all our products to have a sustainable end-of-life option.

It also includes our efforts to create a workplace in which all our employees feel supported, included and empowered to express themselves; as well as the ongoing development of a responsible and transparent supply chain. The Dr. Martens Foundation will continue to be a champion for social justice causes.

➔ See **P66 and 67** to find out more about our Planet, Product, People sustainability strategy and our related long-term commitments

OUR SUSTAINABILITY STRATEGY

Our sustainability strategy is focused on our three pillars: Planet, Product, People. It sets out our long-term sustainability commitments. We are delivering on our strategy through our robust governance structure and roadmaps.

	PLANET		PRODUCT
Focus areas	**Climate**	**Operations**	**Materials**
Our commitments WHERE WE WANT TO GO...	**Energy and climate** • Net-Zero target to be validated by SBTi (expected in FY24) • Renewable electricity across all owned and operated facilities by 2025	**Environmental impacts from supply chain manufacturing processes** • Environmental certification standard to all Tier 1 suppliers by 2025 **Waste management** • Minimise waste and ensure zero waste to landfill across the full value chain by 2028 **Chemicals management and product compliance** • Support suppliers to adopt best practice chemicals management by 2025	**Materials** • 100% of footwear made from sustainable materials by 2040 • Sustainable alternative to outsoles by 2035 • Sustainable vegan upper material by 2028 • Remove fossil-based chemicals from products (where scalable alternatives exist) by 2035 **Sourcing standards** • 100% of the natural materials in products from regenerative agriculture by 2040 • Zero deforestation by 2025 **Leather supply** • 100% leather traceability for all countries by 2024 • 100% upper leather from LWG tanneries by 2023

HOW WE'RE GETTING THERE...

Working groups
Our cross-functional working groups implement our roadmaps, through which we deliver on our commitments. These roadmaps include actions, roles, milestones and KPIs.

Operations working group

Materials working group

Supporting initiatives
Additional initiatives that support the delivery of our strategy.

Climate initiatives
Climate is a cross-cutting theme that feeds into and supports our Planet and Product working groups.

Relevant UN SDGs

➔ To find out more, see our SDG mapping exercise at: **drmartensplc.com**

	Planet	Product
Relevant UN SDGs	3 Good health and well-being 6 Clean water and sanitation 8 Decent work and economic growth 12 Responsible consumption and production 13 Climate action	12 Responsible consumption and production 15 Life on land

FOCUS

Embedding sustainability into our DOCS strategy

We are embedding key elements of our sustainability strategy into our DOCS strategy (see pages 30 and 31). These include our strategic repair and resale business model, the ongoing development of a sustainable, resilient and scalable supply chain and our product innovation and durability initiatives.

Beyond this, our sustainability strategy supports the DOCS strategy by:

- Demonstrating to our consumers that we stand up for what we believe in
- Supporting the active management of climate risks and opportunities
- Building a culture in which our people and our business can thrive

Our sustainability strategy is also integral to our brand ethos of Rebellious Self Expression (see page 8). We stand up for what we believe in and this includes taking urgent action on sustainability. This is about the next generation and leaving things better than we found them. It is also about being a business that people want to work for, work with and invest in.

Packaging

Packaging

- 100% packaging from recycled or other sustainably sourced material by 2028

Lifecycle

Useable life

- Sustainable design thinking and principles training by 2022
- All products align to sustainable design criteria by 2028
- Offer options and guidance for wearers to maximise useable life by 2025

End of life

- 100% products sold have sustainable end of life option by 2040

Packaging working group

Lifecycle working group

PEOPLE

DE&I

The following commitments are to be achieved by 2027:

Ethnicity

- 30% underrepresented communities in senior leadership roles (GLT and direct reports)

Gender

- 50% women in senior leadership roles (GLT and direct reports)
- Increase non-binary colleagues from 2% to 4% globally
- Increase male representation across our retail stores to 40%

Human rights

We are committed to respecting human rights. This is reflected in our DOCtrine (our business code of conduct), Supplier Code of Conduct, Migrant Worker Policy and Anti-Slavery and Human Trafficking Policy.

In addition, we plan to undertake a human rights risk assessment in FY24 to inform our management approach in this important area.

Communities

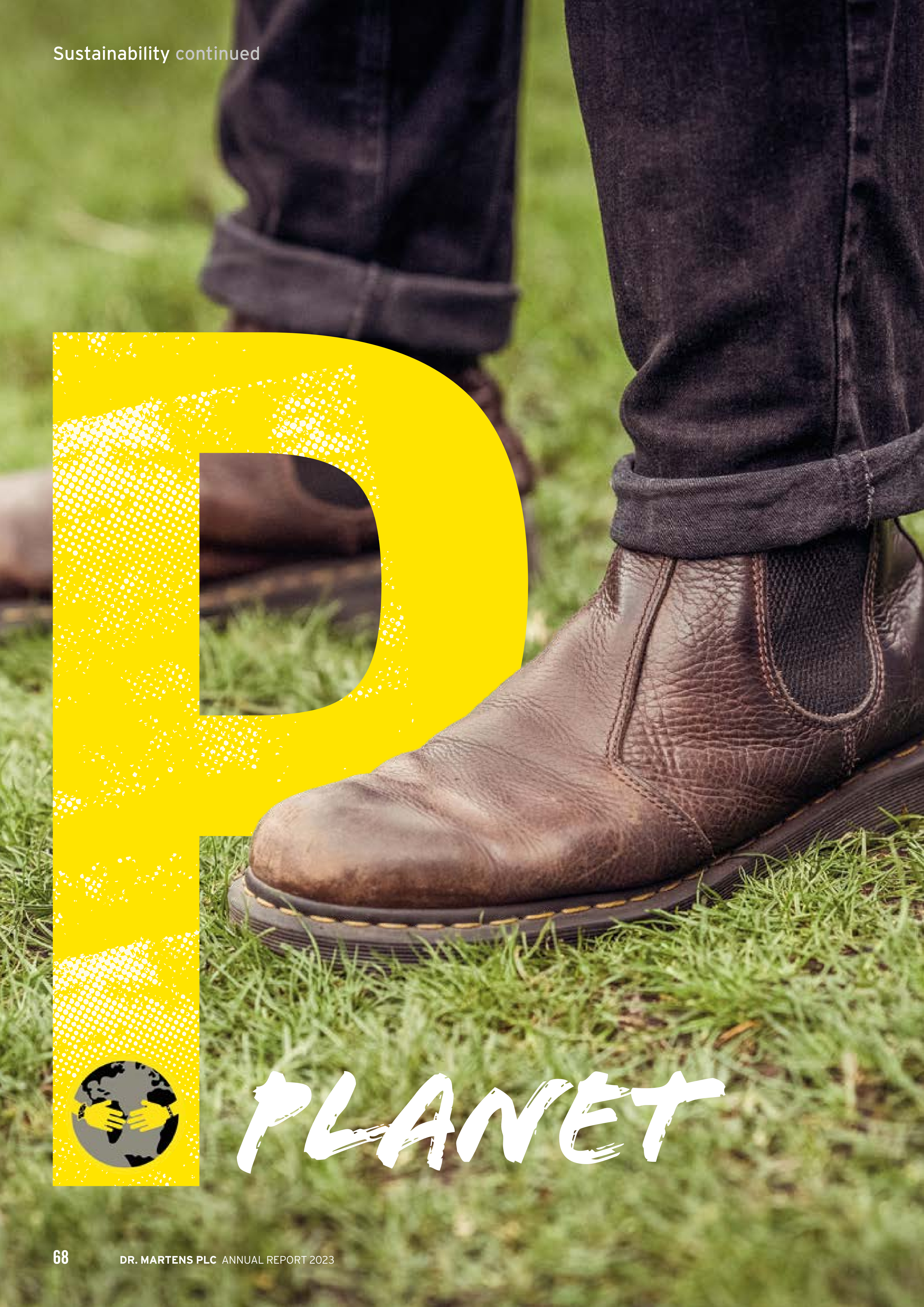
We are proud of our record of standing up for social justice. This includes supporting anti-racism, advancing LGBTQIA+ rights and promoting positive mental health.

In parallel, the Dr. Martens Foundation (an independent UK charity) implements a structured programme to help organisations pursue social justice.

DE&I Strategy

CSR monitoring & modern slavery programme

Dr. Martens Foundation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PLANET

We are working hard to reduce our impact on the planet. Much of our focus is on actively measuring, managing and reducing our carbon footprint. This reflects our commitment to helping address the climate crisis by achieving Net-Zero emissions. Similarly, we are embedding broader responsible environmental principles and practices across our own operations and supply chain.

FOCUS AREAS AND COMMITMENTS

CLIMATE

- Net-Zero by 2040 (target to be validated by SBTi)
- Renewable electricity across all owned and operated facilities by 2025

OPERATIONS

- Minimise waste and ensure zero waste to landfill across the full value chain by 2028
- Environmental certification standard to all Tier 1 suppliers by 2025
- Support suppliers to adopt best practice chemical management by 2025

For additional commitments, see **P70 and 74**

OUR PROGRESS

SET SCIENCE-BASED TARGETS

Submitted our Science-Based Targets to the SBTi for verification, outlining our ambition to reach Net-Zero by 2040

91%

Sourced 91% of the electricity for our owned and operated EMEA sites (including UK) from renewable sources

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RELATED UN SDGS

3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

To find out more, see our SDG mapping exercise at: **drmartensplc.com**

CLIMATE

WHY IT MATTERS…

Urgent collective action is needed to address climate change, with global ambitions to limit global warming to 1.5 degrees looking increasingly challenging. We have responded to the call from the Science Based Targets initiative (SBTi) for corporate climate action by committing to the Business Ambition for 1.5°C campaign.

OUR COMMITMENTS:

Energy and climate

- Net-Zero target to be validated by SBTi (expected in FY24)
- Renewable electricity across all owned and operated facilities by 2025

WHAT WE'RE DOING…

OUR JOURNEY TOWARDS NET-ZERO

Setting Science-Based Targets

In line with the requirements of the SBTi, we have committed to set near and long-term emissions reduction targets aligned with climate science and Net-Zero for our own operations and value chain.

Since agreeing our original Net-Zero ambition, additional relevant guidance was published (SBTi's Net-Zero Standard and Forest, Land and Agriculture Guidance (FLAG)). We therefore amended our ambition to ensure we follow the latest guidance and adhere to the science-based approach. Our Net-Zero targets were realigned and submitted to the SBTi in December 2022 with the support of the Carbon Trust.

We are awaiting verification of the following targets[1] from the SBTi:

Near-term 2030 Science-Based Targets (SBTs) aligned with a well-below 2˚C global warming target:

Reduce absolute…

- Scope 1 and 2 emissions by 90%
- Scope 3 **FLAG** emissions 30%
- Scope 3 Industry emissions 30%

Long-term 2040 SBTs aligned with a 1.5˚C global warming target:

Reduce absolute…

- Scope 1 and 2 emissions by 90% to Net-Zero
- Scope 3 **FLAG** emissions by 72% to Net-Zero
- Scope 3 Industry emissions by 90% to Net-Zero

We will report progress against each target once they have been verified and approved.

WE HAVE SUBMITTED ABSOLUTE REDUCTION TARGETS, WHICH IS THE MOST AMBITIOUS APPROACH AND AIMS FOR A REDUCTION IN TOTAL EMISSIONS.

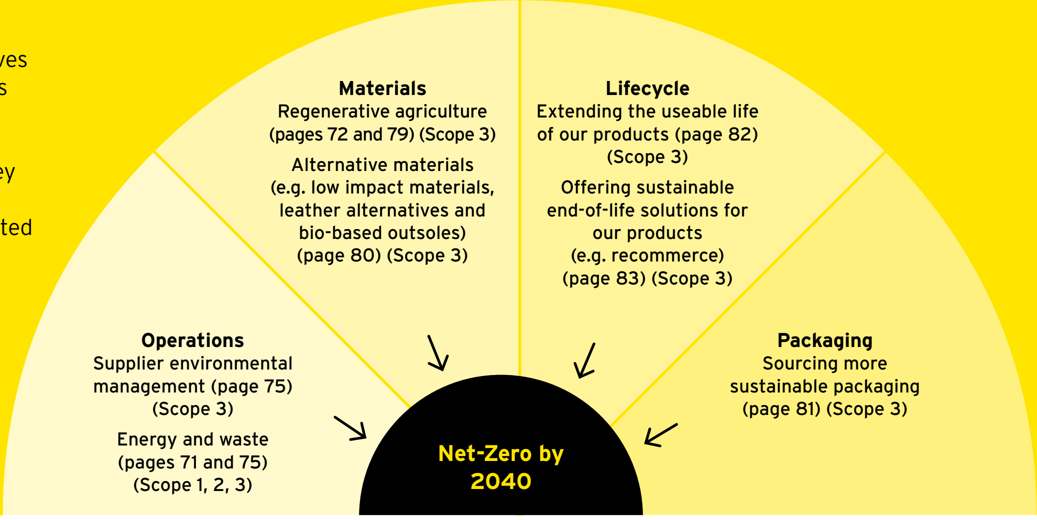
LEATHER IS ONE OF 11 MAJOR COMMODITIES UNDER THE SBTI FOREST, LAND AND AGRICULTURE (FLAG) GUIDANCE. LEATHER ACCOUNTS FOR A SIGNIFICANT PORTION OF OUR TOTAL EMISSIONS PROFILE SO WE HAVE SET SPECIFIC LEATHER EMISSIONS REDUCTION TARGETS ACCORDING TO THE FLAG GUIDANCE.

FOCUS

Achieving our Science-Based Targets

Key examples of our carbon reduction initiatives and the emissions scopes they impact.

These are some of the key actions we are taking to mitigate our climate-related risks and opportunities as outlined in our TCFD disclosure on pages 99 to 107.



Operations
Supplier environmental management (page 75) (Scope 3)
Energy and waste (pages 71 and 75) (Scope 1, 2, 3)

Materials
Regenerative agriculture (pages 72 and 79) (Scope 3)
Alternative materials (e.g. low impact materials, leather alternatives and bio-based outsoles) (page 80) (Scope 3)

Lifecycle
Extending the useable life of our products (page 82) (Scope 3)
Offering sustainable end-of-life solutions for our products (e.g. recommerce) (page 83) (Scope 3)

Packaging
Sourcing more sustainable packaging (page 81) (Scope 3)

Net-Zero by 2040

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1. FY20 used as the baseline.

Understanding our carbon footprint

This year, we undertook our second carbon footprinting exercise with the Carbon Trust, who mapped our emissions across our operations and full value chain. Figure 1 details the breakdown of our Scope 1-3 footprint. This is aligned to the Greenhouse Gas (GHG) Protocol and covers our updated FY20 baseline and the FY22 period (April 2021 – March 2022).

We use the most recent and accurate data available to conduct our carbon footprint. Due to the large quantity of data required to calculate Scope 3 emissions, we currently calculate our footprint one year in arrears. Further details on our FY22 and FY23 Scope 1 and 2 emissions can be found in our Streamlined Energy and Carbon Reporting (SECR) disclosure on page 73.

We use FY20 as a baseline year for our carbon footprint to avoid Covid-related disruptions, where the most significant disruptions were evident during FY21.

Between FY20 and FY22 the number of pairs sold increased by 26.3%[1]. As a result, our FY22 carbon footprint has increased from our FY20 baseline by 13.4%. We have committed to reduce our absolute Scope 1-3 emissions aligned with a 1.5˚C global warming target by 2040 and will continue to focus our efforts on this.

The absolute increase in emissions can be directly attributed to higher volumes of leather purchased due to the increase in products sold over this period. However, not all emission increases are linked to business growth. The quality of data used for our footprint improved this year and previously used methodologies were amended to provide better estimates where possible. This resulted in emission fluctuations across categories when compared to the baseline.

Measuring Scope 3 emissions with consistency and accuracy can be challenging due to the emissions sources occurring outside our direct control. We work with our supply chain partners such as tanneries, our Tier 1 factories, material suppliers and shipping partners to collect primary data on their GHG emissions. Scope 3 footprinting relies on industry best practice estimations and calculation methodologies such as lifecycle assessments (LCAs) to inform carbon accounting approaches. This is an iterative process and results in varying degrees of precision, but we hope to improve this year on year by eliminating uncertainties through working with our value chain partners to collect primary data.

We continue to focus on delivering the carbon reduction initiatives outlined in the diagram on page 70 which will result in emissions reductions in the future. Due to the lead time on a number of these projects, such as regenerative agriculture and materials innovation, the resulting emissions reductions will not be immediate. However, we are confident in our approach and will continue to work towards our goals. While we have disclosed our footprint results across Scopes 1-3, we will also report progress against our SBTs, including our FLAG targets, once our targets have been verified.

Figure 1: Updated FY20 baseline footprint and FY22 footprint for Scope 1, 2 and 3 emissions (April 2021 – March 2022)

Scope	FY20 Tonnes CO_2e	FY22 Tonnes CO_2e	FY22 % of total value chain
Scope 1	640	756	0.27%
Scope 2 (Location)	1,891	1,665	-
Scope 2 (Market)	1,936	1,285	0.47%
Scope 3[3]	240,355[2]	273,422	99.26%

Figure 2: FY22 Scope 3 emissions (tCO_2e)

Scope 3 emissions category	FY22 Emissions (tCO_2e)	Percentage contribution to Scope 3 emissions
Purchased Goods and Services	225,156	82.3%
Capital Goods	4,416	1.6%
Fuel and Energy Related Activities	511	0.2%
Upstream Transportation and Distribution	17,257	6.3%
Waste Generated in Operations	1,508	0.6%
Business Travel	1,242	0.5%
Employee Commuting	3,531	1.3%
Downstream Transportation and Distribution	3,509	1.3%
Use of Sold Products	1,140	0.4%
End-of-Life Treatment of Sold Products	14,918	5.5%
Franchises	233	0.1%

FOCUS

Renewable energy use at our European sites

In FY23, we focused on transitioning our EMEA operations to renewable energy, building on the successful transition of our UK sites. This means that 89% of our mainland European electricity supply now comes from renewables (FY22: 39%). Two UK sites currently have metering issues which unfortunately reduced our UK renewable electricity percentage to 95% for FY23 (FY22: 100%), however we are confident these will be rectified in FY24.

91%

of our UK and European electricity supply now comes from renewables

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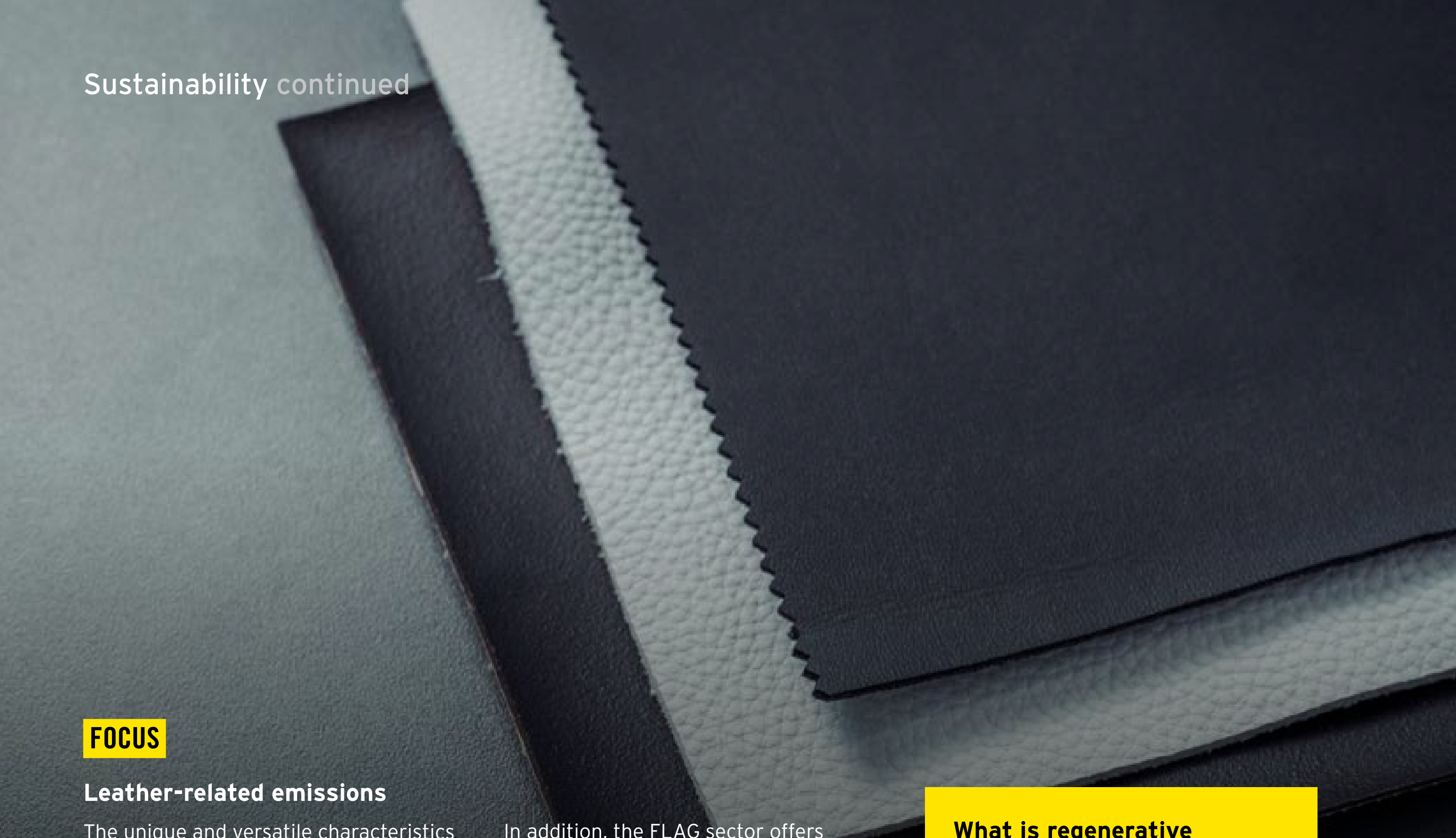
1. Pairs sold increased from 11.1 million (FY20) to 14.1 million (FY22).
2. This year, we were able to increase methodological accuracy in some of our Scope 3 categories to account for the emissions associated. Due to this we have updated the Scope 3 emissions of our FY20 baseline year to align with these alterations. These methodology improvements have led to a 3.8% increase in our FY20 baseline Scope 3 emissions.
3. The following GHG Protocol Scope 3 emissions are excluded because they are covered in another category or because they are not relevant for our business: (8) Upstream Leased Assets, (10) Processing, (13) Downstream Leased Assets and (15) Investments.



FOCUS

Leather-related emissions

The unique and versatile characteristics of leather mean it is a longstanding and important material for the footwear industry. According to our FY20 baseline, leather-related emissions made up 32.0%[1] of our carbon footprint[2]. This increased to 39.0% of our FY22 carbon footprint due to an increase in leather volumes purchased over the two years.

In reality, sector best practices around the calculation of the carbon footprint of leather are complex and still evolving. We are working with our peers and through the Leather Working Group (LWG, page 79) to develop a standard for this process. This includes the calculation of the full, cross-lifecycle carbon impacts of leather. For example, the LWG is working with external consultants to develop an updated LCA for leather to ensure the benchmark data which is often used in the LCA assessment of leather is up to date and reflective of current industry practices.

The hides used for the leather we source come from animals raised for the food industry. Despite the relatively far-removed upstream position of agricultural emissions, the significance of leather in our carbon footprint means that in order to meet our Net-Zero ambition it is important we work with the entire value chain and our leather suppliers to improve (or lower the impact of) related agricultural and land management practices (page 79).

In addition, the FLAG sector offers significant opportunities to not only reduce further carbon emissions, but also to increase levels of carbon sequestration. According to the Intergovernmental Panel on Climate Change (IPCC), stopping deforestation, applying regenerative agriculture and restoring peat and wetlands, among other FLAG-related activities, has the potential to deliver more than 30% of the global emissions reductions needed to keep global warming below 2˚C. As a result, we believe that regenerative agriculture has the potential to play a significant role in helping us achieve the emissions reductions we need to meet our Science-Based Targets.

It is in this context that we have committed to zero deforestation across our supply chain by 2025 and to source all of our natural materials from regenerative agriculture by 2040. This will play a direct role in helping us achieve our SBTs (see our TCFD disclosure on pages 99 to 107). We also engaged in the development of the Taskforce on Nature-related Financial Disclosures (TNFD) framework through our partnership with the Carbon Trust. This market-led, science-based framework aims to help companies and financial institutions integrate nature-related risks and opportunities into their decision-making. Dr. Martens assisted in the development of the latest framework through the contribution of our data.

What is regenerative agriculture?

Regenerative agriculture is a holistic set of farming practices that seek to have lower, or even positive, environmental impacts, such as practising soil cover or using non-synthetic fertiliser. This can include harnessing agricultural practices that promote healthy soil biology to capture and store greenhouse gases associated with raising cattle.

We are focusing on how it can be used to alleviate climate change, improve soil health and improve ecosystems and biodiversity. For further details see page 79.

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1. This figure has been updated in line with amendments to the FY20 baseline.
2. This calculation is based on the EU's Leather Product Environmental Footprint Category Rule (Leather PEFCR), as well as primary data from our tanneries.

FIGURE 3: Streamlined Energy and Carbon Reporting statement

Emissions data in respect of the FY23 reporting period is as follows:

		FY22 Emissions (tCO_2e)		FY23 Emissions (tCO_2e)	
GHG Protocol Scope	**Sub-category**	**UK**	**Global**	**UK**	**Global**
Scope 1	Gas and transport fuel	317.36	517.85	230.86	874.09
Scope 1	Fugitive emissions	–	238.03	83.40	174.68
Total Scope 1		**317.36**	**755.88**	**314.26**	**1,048.77**
Scope 2 (Location-based)	Purchased energy	406.84	1,665.08	457.95	1,505.34
Scope 2 (Market-based)	Purchased energy	26.60	1,284.83	88.35	1,135.75
Scope 1 and 2 (Location-based)		**724.20**	**2,420.96**	**772.21**	**2,554.11**
Scope 3	Grey fleet	5.34	13.37	12.01	78.69
Total emissions (Location-based)		**729.54**	**2,434.33**	**784.22**	**2,632.80**
Total energy use (kWh)		**3,471,181**	**7,404,496**	**3,640,359**	**9,540,330**
Turnover (£)		-	908,299,000	-	1,000,299,000
Intensity ratio (tCO_2e/£100,000)		-	0.27	-	0.26

- The reporting period for SECR is 01/04/22 – 31/03/23 and covers Dr. Martens plc and other Group companies.
- This includes limited Scope 1 and 2 emissions (gas and fuel used in transport; purchased electricity), except where stated. Scope 1 physical or chemical processing emissions are not applicable and Scope 2 steam, district heating and district cooling emissions are not applicable. Scope 3 emissions are limited to grey fleet in the UK and US. There are no grey fleet emissions in APAC. In EMEA, grey fleet emissions were unavailable and have been excluded. Our complete Scope 1-3 emissions are calculated one year in arrears due to the complexity of the data collection process; our FY22 footprint including full Scope 3 emissions can be found on page 71.
- The methodology used is based on the principles of the Greenhouse Gas Protocol, taking into account the 2015 amendment which sets out a 'dual reporting' methodology for reporting on Scope 2 emissions.
- Separate UK dual reporting has been conducted, in addition to mandatory global reporting, which encompasses all global data.
- GHG emissions have been assessed in accordance with HM Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting guidance', March 2019 update. In order to calculate location-based emissions '2022 UK Government GHG Conversion Factors for Company Reporting' have been used in line with the GHG Protocol Corporate Accounting and Reporting Standard.
- Conversion factors for UK market-based reporting have been provided by the respective supplier(s).
- Conversion factors for America, Europe and Asia were sourced from 'Carbon Footprint, Country Specific Electricity Grid Greenhouse Factors, 2023 update', open source conversion factors for company reporting.
- Scope 1 (Transport & Fugitive) and Scope 3 emissions (grey fleet) have been calculated using '2022 UK Government GHG Conversion Factors for Company Reporting'.
- Data has been sourced from a combination of half hourly readings and energy invoices. Where data was unavailable, energy consumption has been estimated for the respective meter and period.
- Estimation methods include calculating the average daily consumption (kWh) and applying to the period in question. Where data was unavailable, energy consumption for a different 12-month period has been used. This was very rare and only occurred where annual invoices had not been released. When only annual spend was available (for example at some landlord controlled sites), annual spend was divided by an average cost per kWh, then consumption calculated from there.

Energy efficiency initiatives:
Reducing Scope 2 emissions across our store network is essential to meet our Net-Zero ambitions. With that in mind, we implemented integrated technology to measure and manage energy consumption at two of our stores in Carnaby Street, London and Les Halles, Paris. Implementing smart metering and controls on energy consuming units allows for automated energy meter readings and simultaneously allows real-time improvements to energy efficiency.

Through setpoint optimisation and HVAC overnight switch off, we were able to achieve energy savings at both stores, resulting in 9.8% and 5.3% reductions at the London and Paris stores respectively. Both stores were of a similar size but differed in their architecture and equipment which resulted in varied energy savings. This project has helped to realise the role that energy management could have across our global store portfolio, and we will take the learnings forward in our approach to energy efficiency.

CLIMATE RISKS AND OPPORTUNITIES

We are working to better understand the nature of our climate risks and the related financial implications for our business. Our SBTs help us plan what action we need to take, the impact on our business and the degree to which these targets will mitigate climate-related risks. For further information, see our Task Force on Climate-related Financial Disclosures (TCFD) disclosure on page 99.

WHAT'S NEXT?

We will continue to monitor our annual carbon footprint and progress with our carbon reduction efforts. With the majority of our impact in the supply chain, a key focus is on supplier engagement. We are also planning to carry out modelling to enhance our understanding of our climate-related financial risks, including the impact of our Net-Zero targets.

OPERATIONS

WHY IT MATTERS...

Operational excellence is at the core of our DOCS strategy, which means building a best in-class, resilient and sustainable supply chain. When it comes to our direct environmental performance, we have a responsibility to manage our own stores, offices, distribution centres and our Made In England factory, as well as the impact of our products themselves. But it is also important to recognise that the majority of our environmental impacts are found in our supply chain. This is why it is important we work collaboratively with our suppliers to implement more responsible practices, including with respect to waste reduction, the management of chemicals and energy use.

OUR COMMITMENTS:

Environmental impacts from supply chain manufacturing processes

→ Environmental certification standard to all Tier 1 suppliers by 2025

Waste management

→ Minimise waste and ensure zero waste to landfill across the full value chain by 2028

Chemicals management and product compliance

→ Support suppliers to adopt best practice chemicals management by 2025

See **P94** for more information on how we responsibly manage our supply chain

WHAT WE'RE DOING...

OUR OWN OPERATIONS

While our own operations account for only 1% of our total carbon footprint, we take our commitment to combat climate change seriously and must do what we can to reduce our related emissions.

FOCUS

Made In England – a hub for sustainability innovation

Our Made In England factory is where we pursue manufacturing innovation and excellence. The factory, which is certified to ISO 14001, is constantly improving its environmental management performance. In FY23, optimisation of the digital cutter supported the development of our first 'deadstock' product line which is made from leather that would otherwise go to waste (page 75).

FOCUS

Sustainable store design

Our retail reimagined concept store in Carnaby Street, London represents our first 'test and learn' site for our sustainable retail initiatives. Learnings from the site will help inform the development of our future Sustainable Store Development Guidelines (which are informed by the BREEAM[1] standard). We are planning to test elements of these in two other European stores later in the year. Our Guidelines are primarily focused on:

- Sustainable material development
- Promoting circularity and prioritising reuse
- Increasing energy and water efficiency
- Minimising waste to landfill

In FY23, the store was certified to the BREEAM sustainable building standard, achieving a 'Good' rating. In addition, fixtures in the store received the Design Conformity mark, the first independent quality and sustainability design standard for retail display equipment. At the same time, we are establishing new regional supply chains for the fit out of our stores which will enhance our logistics and reduce our carbon footprint.

We have also established a regrind process where our shoe waste can be cast and formed into tabletops, the first of which will be seen in our upcoming Amsterdam showroom.

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1. Building Research Establishment Environmental Assessment Method.

OUR SUPPLY CHAIN

Waste

We continue to seek ways to minimise our waste as we work towards our commitment to zero waste to landfill across our full value chain by 2028. This approach, which will require industry-level change and innovation, applies both to our own operations and to our Tier 1[1] and Key Tier 2[2] suppliers. In some of our sourcing countries, waste disposal infrastructure is less developed and there is a lack of actionable data around disposal practices. We continue to collect environmental data including waste data from our Tier 1 suppliers and are investigating third-party certification and verification of this data.

Leather waste

Leather represents one of our most significant waste types by volume and we continue to work with external partners to explore how we can reduce our leather waste. In FY23, we launched a four-month-long leather waste innovation project through Deplastify the Planet. Deplastify the Planet is an educational programme delivered by Schoolab in collaboration with the University of California, Berkeley. It explores the processing of leather offcut waste for use in internal componentry. The results will be presented once the project concludes in FY24.

We also launched our first 'deadstock' product line in early 2023, which is made using leather left over from previous seasons and supports our ambition to reduce leather waste.

PVC waste

Our Asia-based outsole suppliers and our Made In England factory grind up waste PVC from the manufacturing process and reinject it into the process. In the UK, any remaining waste (e.g. mixed colour waste) is sent to a partner for recycling into footwear.

→ For more information on the development of a bio-based PVC outsole, see **P80**

Chemicals

We apply a rigorous chemical management system that helps ensure we remain in full compliance with all relevant chemical-related regulations, as well as a Restricted Substance List (RSL). This covers our own operation and our Tier 1 suppliers, who are required to cascade requirements to their own suppliers. In FY23, we initiated RSL audits of selected Tier 1 factories to further ensure their chemicals and RSL management practices meet our stringent standards.

We also require Tier 1 and Key Tier 2 suppliers to sign our General Material Requirement Policy (GMRP) to ensure our products comply with relevant product safety legislation and broader requirements. The GMRP is reviewed annually and is aligned with the legal testing requirements within all of the countries in which we operate.

Water

Tanneries represent a key area of impact in terms of water management (including water use and wastewater emissions). This is why we require our Tier 1 suppliers to only use leather from LWG certified tanneries in our products. This means tanneries that are compliant with the LWG audit protocol are aligned with the Zero Discharge of Hazardous Chemicals (ZDHC) requirements. The LWG audit process requires tanneries to manage their water consumption responsibly.

Meanwhile we collect water volume data (among other environmental indicators) from our Tier 1 supplier factories on a quarterly basis, ensuring we have a high level of insight into their water use.

→ For more information on leather, see **P78**

WHAT'S NEXT?

- Next, we plan to focus on supplier engagement and environmental certification to improve the measurement of environmental indicators including energy use and waste management
- We also plan to further roll out our Sustainable Store Development Guidelines with an initial focus on the EMEA region

FOCUS

Our journey to supplier environmental certification

Engaging and supporting our suppliers is key to our approach to environmental impact management. Our Supplier Environmental Standard sets out our expectations for how our suppliers manage their environmental impacts. We also request environmental data from our Tier 1 suppliers to better understand their impact.

We are developing our approach towards the rolling out of environmental certification standards for our Tier 1 suppliers. These standards will help us engage with our suppliers and reduce our supply chain environmental impacts. We are looking to address topics including energy, waste, water and chemical management. Supporting our suppliers to implement environmental standards will play a material role in our progress towards our Scope 3 SBTs and our other environmental sustainability commitments (see our TCFD disclosure on page 99 for more).

We have started to engage our suppliers on this topic to better understand where to focus our efforts. 25% of our Tier 1 suppliers have declared they have an environmental certification in place (ISO 14001 or FEM Higg).

→ For additional information on how we responsibly manage our supply chain, see **P94**

FOCUS

Our work with the Leather Working Group (LWG)

→ For further information on our ongoing work with the multi-stakeholder LWG, see **P79**

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1. We define these as suppliers that manufacture/assemble finished goods.
2. We define these as suppliers of 'strategic' components.

PRODUCT

For more than six decades, we have made iconic, timeless and durable footwear. As brand custodians, we want to retain these characteristics while we move towards our long-term vision of a regenerative and circular product lifecycle. We cannot achieve this alone. This year we invested in a leading producer of recycled leather which will help us to scale and expand our product innovation. We have also engaged with multiple suppliers of alternative materials and industry stakeholders (including industry bodies, NGOs and universities) and continue to develop promising partnerships on areas ranging from regenerative agriculture through to end-of-life product recycling.

FOCUS AREAS AND COMMITMENTS

MATERIALS

→ 100% of footwear made from sustainable materials by 2040

→ 100% of the natural materials in products from regenerative agriculture by 2040

→ Remove fossil-based chemicals from products by 2035

PACKAGING

→ 100% of packaging from recycled or other sustainably sourced material by 2028

LIFECYCLE

→ 100% of products sold have a sustainable end-of-life option by 2040

➔ For additional commitments, see **P78, 81 and 82**

OUR PROGRESS

RECOMMERCE

Successful launch of our recommerce business model pilot in the UK

INVESTED

in leading recycled leather producer, to support industry-wide adoption of innovative and circular materials

35%

Removal of non-recyclable plastic foam divider from 35% of the AW23 footwear volume

RELATED UN SDGS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

➔ To find out more, see our SDG mapping exercise at: **drmartensplc.com**

MATERIALS

WHY IT MATTERS...

The materials we use not only underpin the durability, look and feel of our footwear, but also influence our product lifecycle impacts. Because of this, we are sourcing more sustainable materials that are:

- Durable and deliver on the quality needed for our iconic footwear
- Recycled, renewable and/or regenerative
- Produced responsibly and meet our high environmental and social standards

This includes our efforts to source leather that meets best practice traceability and environmental standards, and to identify and develop regenerative leather supply options. Similarly, we are actively exploring bio-based and recycled thermoplastics for our outsoles, as well as more sustainable vegan upper materials, without ever compromising on durability or quality.

OUR COMMITMENTS:

Innovation in design and sustainable materials

- 100% of footwear made from sustainable materials by 2040
- Sustainable alternative to outsoles by 2035
- Sustainable vegan upper material by 2028

Land, biodiversity and ecosystems impacts of raw material production

- 100% of the natural materials in products from regenerative agriculture by 2040
- Remove fossil-based chemicals from products by 2035
- Zero deforestation by 2025
- 100% leather traceability for all countries by 2024
- 100% upper leather from LWG by 2023

See **P94** for more information on how we responsibly manage our supply chain.

WHAT WE'RE DOING...

We continue to focus on improving the sustainability of the materials we use, developing innovative new materials and building and embedding the management systems we need to support us on this journey. In FY23, we began the development of a new Product Lifecycle Management (PLM) system with support from external specialists. Once fully operational, this will deliver enhanced visibility across our product lifecycle. It will enable us to closely monitor, manage and report on our progress towards meeting our sustainability commitments and key performance indicators (KPIs), including those focused on deforestation and material traceability.

LEATHER

At Dr. Martens, we have been making leather footwear for over 60 years. The unique characteristics of leather contribute to the durable and long-lasting nature of our products. It is our most commonly used upper material and will continue to be a key material for us going forward. Through our sustainability commitments we are focused on sourcing traceable, deforestation-free and regenerative leather. Sourcing lower carbon alternatives to leather will also help us on our journey to Net-Zero.

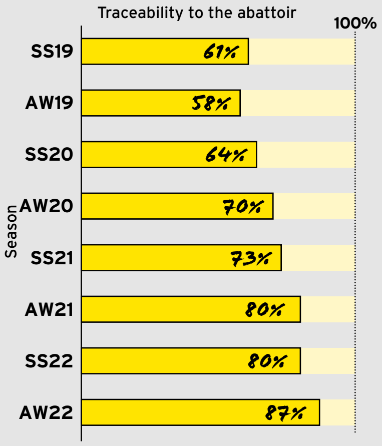
Enhancing traceability

The leather supply chain is complex and the hides used to create the leather we source are a by-product of the food industry. Being able to trace where our leather comes from is the starting point for ensuring it is not associated with deforestation or other negative environmental, social and animal welfare impacts. In AW22, 87% of our leather was traceable back to the abattoir[1].

We are working closely with our tannery partners to enhance their own traceability processes while reviewing our supplier base to meet our commitment for 100% leather traceability by 2024 (back to the abattoir). We are also investigating supply chain traceability platforms to support our longer-term aim of tracing individual leather purchases back to the farm.

We currently co-chair the LWG Traceability Working Group (see page 79), through which we support collective efforts to enhance traceability further across the leather value chain.

FIGURE 4[2]: Traceability to the abattoir for leather purchases (%)



KPI *IN PROGRESS*

87%

of our leather is traceable (AW22) (targeting 100% by 2024)

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1. Our traceability percentage is currently based on LWG audit data, which assesses each tannery on the basis of what proportion of their leather is traceable back to the abattoir.
2. Since our previous report, AW21, SS22 and AW22 traceability percentages have been updated using final leather volumes purchased (forecast data was used previously). We will continue to use actual leather volumes to report our traceability progress going forward to avoid amendments where possible.

Supporting regenerative agriculture

We have committed to 100% of the natural materials in our products coming from regenerative agriculture by 2040. In our FY20 baseline assessment, a total of 33.6% of our total carbon footprint related to leather production and while the leather we source is a by-product of the food industry, more than 70% of that figure is associated with the raising of cattle[1]. This is why regenerative leather sourcing presents a significant opportunity to enhance our decarbonisation efforts as we pursue Net-Zero emissions (see page 72).

In FY23, we began exploring partnership options for regenerative leather, including engagement with:

- UK-based suppliers to explore the development of traceable leather supply chains, including from regenerative farms in the UK through to our Made In England factory
- An existing international tannery partner to enhance their traceability systems and identify new and more sustainable farming sources for our leather

This work is inextricably linked to our commitment for zero deforestation by 2025, which in turn will support our pathway to Net-Zero (see page 72 and our TCFD disclosure on pages 99 to 107). As a baseline due diligence requirement, tanneries sourcing raw material from Brazil must provide additional traceability information to demonstrate they are not sourcing from deforested areas, but we are going further than this to improve traceability across the value chain. In FY23, we started working with the World Wide Fund for Nature (WWF) to map potential deforestation exposure in our leather supply chain. We also continued our partnership with the LWG plus other industry peers to develop industry standards for deforestation-free leather supply chains and explore models of farm-level support to cease cattle-driven deforestation and restore environments.

Beyond leather supply chains, other materials we source for packaging, store design and product components could also be at risk of contributing to deforestation. Therefore, we are working to integrate our zero deforestation requirements into our PLM system (see page 78) to enable deforestation-free sourcing across all of the materials we use.

Reducing processing impacts

We aim to source all our leather from LWG certified tanneries. In the Spring Summer 23 season, 100% of our upper leather came from LWG certified tanneries. In Autumn Winter 23, this dipped to 98%, because the LWG certification for one of our tanneries expired. This temporary lapse in certification falls short of our expectations for our nominated tannery base.

We remain fully committed to sourcing exclusively from LWG certified tanneries by ensuring all our tanneries get certified on time and remain compliant. In addition, all other specified leather (lining leather, leather goods, leather laces, footbeds) continues to come from LWG certified tanneries. Sourcing LWG leather is an ongoing journey and we remain focused on working closely with tanneries which are committed to continually improving their performance.

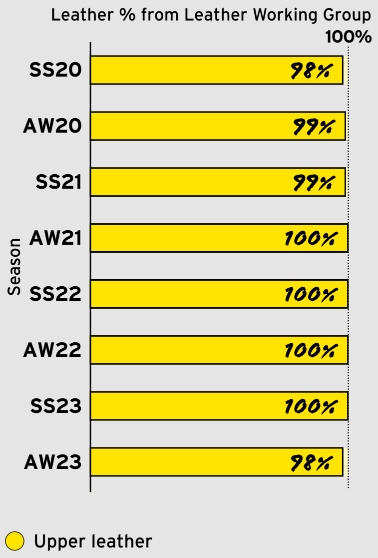
Tanneries with LWG certification have responsible environmental management practices in place and comply with LWG standards relating to energy use, water, chemicals and waste management. For more information on the LWG go to **www.leatherworkinggroup.com**

FOCUS

Embedding our DRP Sustainable Materials Criteria

Our DRP Sustainable Materials Criteria[2] ('DRP Criteria') provide a consistent framework to help guide our journey towards meeting our sustainable materials commitments. In FY23, we applied our DRP Criteria across a range of workstreams, including our ongoing efforts to source and test sustainable leather alternatives (see page 80).

FIGURE 5: Leather sourced from LWG certified tanneries (%)



KPI ONGOING ✓

98%

of our upper leather is from LWG certified tanneries.
In addition, all other specified leather, including linings, leather goods, laces and footbeds, now also comes from LWG certified tanneries.

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1. The apportionment of cattle raising emissions is taken from the EU's Leather PEFCR, which is the methodology followed for our FY20 baseline assessment.
2. We have developed a consistent framework to ensure materials selected consider all our sustainability requirements, rather than only looking at one sustainability aspect. We have called this our DRP Sustainable Materials Criteria, which evaluates if materials are 1. Durable, 2. Recycled, renewable and/or regenerative and 3. Produced responsibly. The full definition can be found on our plc website.

Exploring leather alternatives

Leather is a key material for us and will continue to be so as we focus on sourcing traceable, deforestation-free and regenerative leather which supports our ambition to leaving things better than we found them. It is also important we investigate and invest in leather alternatives, which forms part of our approach to achieving Net-Zero emissions.

In March 2023, we announced an exciting new partnership with Gen Phoenix, a leading producer of recycled leather. During FY24, we are planning to launch product which contains the recycled leather material made using leather waste from tanneries that was previously destined for landfill.

In addition, we continued to work with multiple partners to develop and test bio-based vegan materials. Our current vegan range is made from a synthetic PU (polyurethane) material and does not currently meet our DRP[1] Sustainable Materials Criteria. We are actively investigating alternatives in line with our commitment to have a sustainable vegan upper material by 2028. This included ongoing wear trials, as well as performance and manufacturing testing. We had planned to launch our first bio-based vegan material in our Spring Summer 2023 range. However, final testing showed that more development work is required to ensure the material meets our high durability and quality standards, which we will never compromise on.

PVC

Exploring bio-based outsoles

The majority of our outsoles are made using the hard-wearing and long-lasting plastic PVC, which has been our most commonly used outsole material for over 60 years. Due to the highly recyclable nature of PVC, our PVC outsoles have a level of post-production waste blended back in meaning the process is very low waste. But we recognise that the creation of PVC requires the use of fossil fuels and chemicals.

Because of this, we continue to investigate the use of lower-carbon, bio-based alternative outsole materials, in line with our commitment to develop a sustainable alternative outsole by 2035. In FY23, this included the commissioning of independent testing on a bio-based outsole alternative, with positive initial results. Further testing is being undertaken to ensure the material meets our DRP Criteria and is fully aligned to our sustainability strategy.

In addition, we continue to explore more sustainable alternatives to Ethylene-vinyl acetate (EVA), which is used in some of our outsoles, midsoles, footbeds and fillers. These efforts saw the integration of a new 50% bio-based EVA footbed into our Autumn Winter 2022 accessory range.

OTHER COMPONENTS

We are also working to increase the sustainability of our other components, including the adoption of recycled content rather than virgin materials, wherever possible. As a result of these ongoing efforts, we now have:

- 100% recycled polyester in standard heel loops
- Over 60% recycled content in metallic heel loops
- 100% recycled content in luxe faux fur
- 100% recycled polyester content in cushioned insoles
- 20% recycled polyester in standard round black laces

The testing, utilisation and consolidation of more sustainable materials in the componentry across our product ranges is an ongoing area of focus.

WHAT'S NEXT?

Next, we plan to:
- Commence the rollout of the first phase of our new PLM system in FY24
- Continue to explore potential partnerships with regenerative leather suppliers
- Continue to test alternative materials including bio-based vegan materials and recycled leather and put these into production once they have met our standards

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1. Durable, Recycled/Renewable/Regenerative, Produced Responsibly.

PACKAGING

WHY IT MATTERS...

Packaging is one of our top sourced materials and offers a significant opportunity to reduce our impact through material reduction and responsible sourcing. The majority is used in our supply chain to ensure our products are delivered without damage. This is why we are actively seeking ways to:

- Reduce the packaging we use
- Where it is required, replace it with recycled and/or more sustainable alternatives
- Ensure our packaging can also be recycled

OUR COMMITMENTS:

Packaging

→ 100% packaging from recycled or other sustainably sourced materials by 2028

WHAT WE'RE DOING...

OPTIMISING AND MINIMISING OUR PACKAGING

We continue to focus on minimising our packaging, including the removal of non-recyclable and difficult to recycle materials. Our Packaging Guiding Principles help guide our efforts towards the achievement of our packaging commitments, including for 100% of packaging to come from recycled or other sustainably sourced material by 2028.

For example, non-recyclable plastic foam inserts will be removed from all styles that do not require it for protective purposes. This will be carried out in a phased approach, first from 35% of the Autumn Winter 23 footwear volume, in line with our End-of-life Hierarchy (see page 82). We are investigating a sustainable alternative for products which require protection.

In FY23, we also rolled out optimised ecommerce shipping bags across our EMEA region, following their successful implementation in the UK during the previous year. The bags use 50% less plastic by weight, with 80% recycled content (up from 25% under the previous design).

WHAT'S NEXT?

Next, we plan to:

- Develop a sustainable protective insert for the remainder of our product range
- Roll out Forest Stewardship Certified cardboard inner boxes across our product range in FY24

LIFECYCLE

WHY IT MATTERS…

Timeless design, quality and durability are core to our brand and by promoting care and repair, we help support our consumers to extend the life of our footwear even further. But even DM's reach the end of the road eventually. When this happens, we want to make sure there are sustainable end-of-life solutions available. This includes repair and resale, or if this is not possible, recycling. Collectively, this is helping move our business towards a more circular model.

OUR COMMITMENTS:

Useable life

→ All products align to sustainable design criteria by 2028

→ Offer options and guidance for wearers to maximise useable life by 2025

End-of-life

→ 100% products sold have sustainable end-of-life option by 2040

WHAT WE'RE DOING…

In line with our lifecycle sustainability commitments, we continue to develop ways to extend the useable life of our footwear further. At the same time, we are pursuing a range of sustainable end-of-life solutions.

In FY23, we developed a new End-of-life Hierarchy (see below) to help guide these efforts. The framework prioritises our end-of-life solutions across all our waste streams, in line with relevant regional guidelines. It provides a framework as we work towards our commitment to zero waste to landfill by 2028 (for more see page 75).

CREATING FOOTWEAR THAT LASTS

Sustainable by design

At the end of FY23, we completed the development of a new training programme for teams involved in product creation including the design, development and product category teams. The programme focuses on two areas:

1. The environmental impact of design and the principles we can apply to reduce this impact.
2. How we can apply these principles at Dr. Martens by introducing an internal design handbook, which focuses on the core principles behind our product: timelessness, durability, functionality and sustainable material selection.

We will roll out this training programme to the product creation teams within the first quarter of FY24. Further to this, we will introduce the programme to other teams involved in the development of our products, such as our materials teams. This will help us continue to embed a 'sustainable by design' mindset across Dr. Martens.

Our End-of-life Hierarchy

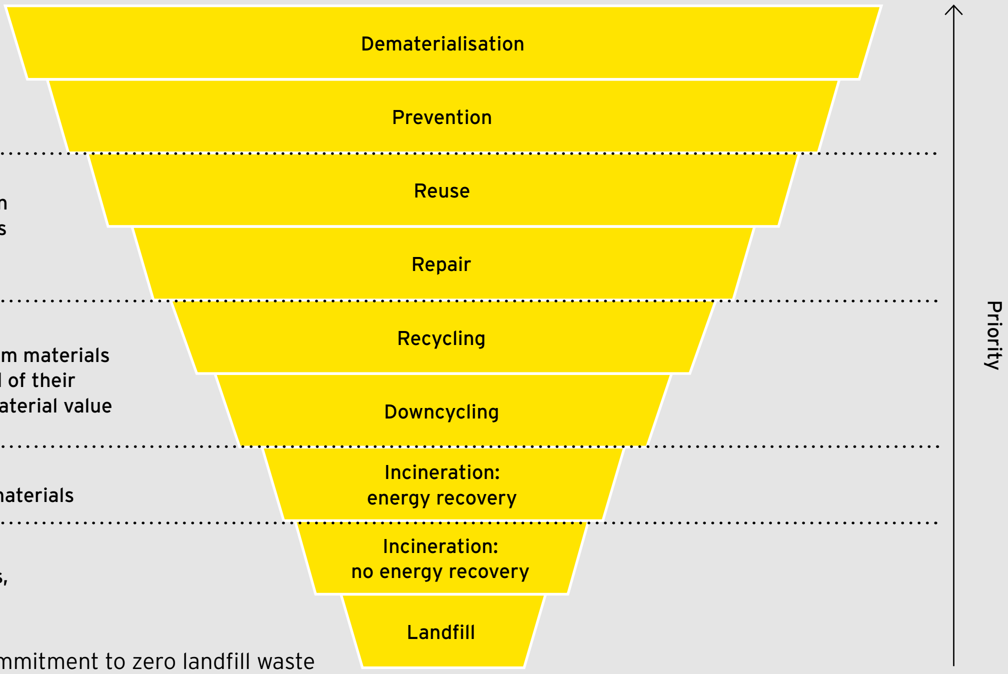
PREVENTION
Reducing materials reaching end of life, wherever possible

REUSE
Enabling reuse to maintain equal material value for as long as possible

RECYCLING
Creating new products from materials that have reached the end of their primary use, with equal material value

RECOVERY
Generating energy from materials

DISPOSAL
Final disposal of materials, with value lost



See **P75** for our commitment to zero landfill waste

FOCUS

Giving footwear a second life: The launch of our recommerce pilot in the UK

In April 2022, we launched our first recommerce business model pilot in the UK. The pilot focused on repairing and reselling previously worn DM's, helping to extend their useable life.

Recommerce is a key project under the DOCS business strategy (pages 30 to 31) and presents a valuable opportunity for Dr. Martens. The secondhand footwear market is growing rapidly. Launching repair and branded resale allows us to progress towards our sustainability objectives while also connecting with a core subset of consumers. Our brand survey has shown that 31% of Dr. Martens customers globally have purchased DM's secondhand and offering branded resale allows us to ensure the quality and authenticity of the customer experience.

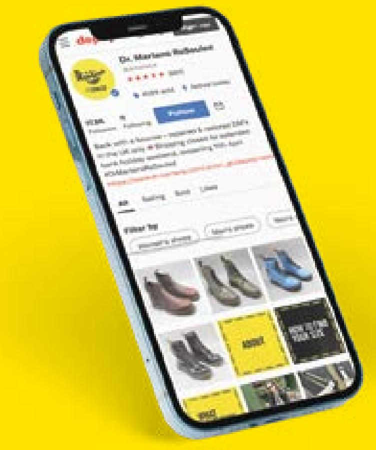
Recommerce has also been identified as a key opportunity to progress towards our Net-Zero ambition. More details on our wider approach to climate risk mitigation can be found in our TCFD report on pages 99 to 107.

DM's sold under the UK initiative are primarily sourced from worn consumer and wholesale returns that require repair and cannot be worn. They are restored by our partner, The Boot Repair Company, to a quality where they can be offered to consumers exclusively via our online shop on Depop. Our UK recommerce store is one of the most popular shops on Depop globally.

During FY23 (April – end February):

- Over 3,500 pairs of DM's have been purchased and given a second life via the initiative
- The average review score from consumers is 4.9 out of 5 (from a total of over 870 reviews on Depop)

Based on the success of the pilot, we are now in the final planning stage of launching recommerce in the US. We are also exploring launching the initiative in other international regions.



Care, repair and customisation

We help our wearers maximise the life of their DM's by sharing tips through our marketing, sales and social media channels on how to properly care for them, such as our 'Boot Doctor' content series.

We are also working on the launch of a direct-to-consumer repair service trial in the UK, as well as exploring direct-to-consumer repair in other regions, while being mindful of the importance of localisation for our carbon footprint.

KPI ACHIEVED ✓

TRAINING

on sustainable design thinking and principles was developed in FY23. It will be rolled out in FY24.

Customisation, creativity and self-expression are core to Dr. Martens. This is something we encourage through our in-store and online 'DIY Docs' campaigns which were included in our year-round Pride activations during FY23 (for more on how we support the LGBTQIA+ community, see page 90).

END-OF-LIFE RECYCLING

Eventually all our footwear will reach its end-of-life, at which point recycling is the best option.

In line with our commitment for 100% of products sold to have sustainable end-of-life options by 2040, we are continuing to work with external partners in the UK and Netherlands to recycle our footwear that cannot be repaired and resold into new material streams and products. Thanks to these partnerships, we now recycle all these products in the UK and EU. We are investigating solutions in America and APAC with the aim to establish similar partnerships.

WHAT'S NEXT?

Next, we plan to:

- Launch recommerce in the US following the success of our UK recommerce trial
- Launch a direct-to-consumer repair service trial in the UK to further maximise the useable life of our products
- Explore partnerships with universities and industry bodies to support the development and scale of footwear recycling infrastructure

PEOPLE

At Dr. Martens, we are committed to creating an environment in which all our employees feel included, accepted and empowered to express themselves. Our approach is underpinned by our respect for human rights which extends to the people working in our supply chain. We are also proud to stand together as a global community to support the causes challenging social justice issues around the world. This year, we have continued to focus on putting in place solid foundations to enable business growth and drive momentum through our people.

FOCUS AREAS AND COMMITMENTS

DIVERSITY, EQUITY AND INCLUSION

The following commitments are to be achieved by 2027:

Ethnicity:

→ 30% underrepresented communities[1] in senior leadership roles (GLT and direct reports)

➔ Further information on how we approach **Human Rights** and **Community**, the other two focus areas of People, are set out below

Gender:

→ 50% women in senior leadership roles (GLT and direct reports)

→ Increase non-binary colleagues from 2% to 4% globally

→ Increase male representation across our retail stores to 40%

OUR PROGRESS

REBELLIOUS SELF EXPRESSION

completed a deep dive to uncover the true spirit of Dr. Martens

100%

of our Tier 1 and Key Tier 2 suppliers CSR audited met our high standards[1]

£2.4m

Dr. Martens Foundation launched the 'Right to Be' flagship programme and awarded 34 organisations a total of £2.4 million

RELATED UN SDGS

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

➔ To find out more, see our SDG mapping exercise at: **drmartensplc.com**

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1. Audit results above 75% scoring for Tier 1, and above 70% for Key Tier 2, in line with Intertek Workplace Conditions Assessment scoring methodology.

HELPING OUR PEOPLE THRIVE

HARNESSING OUR CULTURE

At Dr. Martens, we are committed to building a culture in which our people and our business can thrive. In 2022, we completed a deep dive to uncover the true spirit of Dr. Martens. Over two years we took our time to understand the brand and the 'yellow thread' that unites us all. During this time, we spoke to over 500 of our people across the business as well as brand fans, investors, editors, cultural creators, friends and family. The result of this work was Rebellious Self Expression the DM Way.

Rebellious Self Expression is how we define what is unique about our brand and our culture. Crucially it works from the inside out. To be it externally we have to be it internally. As part of this work, we have identified three core values which work together to support what Rebellious Self Expression means:

BE YOURSELF

Nine or 90, flamboyant or quiet, every day or once in a lifetime, when someone has their moment of Rebellious Self Expression and says 'this is me', we want them wearing DM's.

ACT COURAGEOUSLY

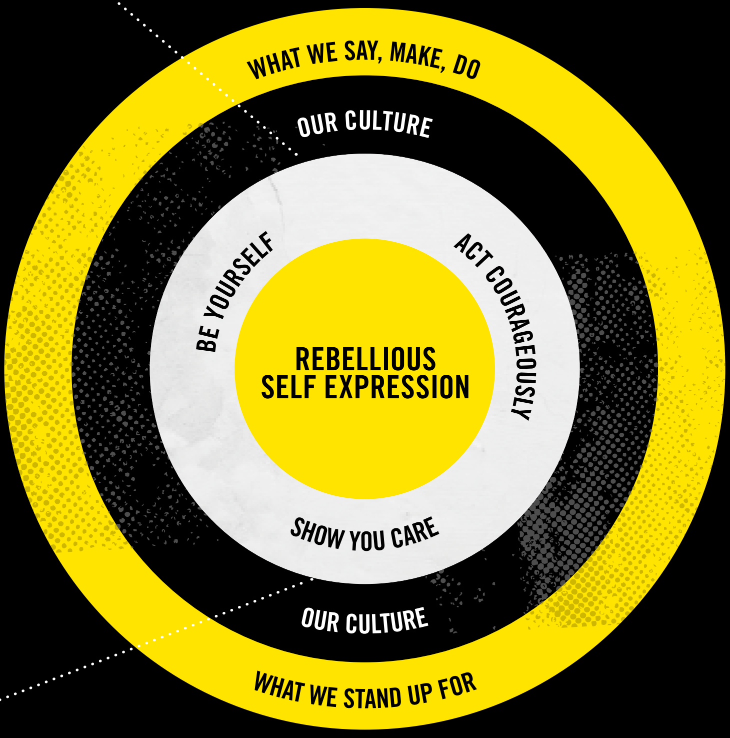
It takes guts to step out of our comfort zone, to help others do the same and to redefine what's possible for future generations.

SHOW YOU CARE

This is the balancing part – between the right to be and express ourselves, and the responsibility to use those rights for the greater good.

→ For more on our Culture and Values see **P8 and 9**

> BE A REBEL. STAND UP. BE WHO YOU ARE. DO WHAT YOU DO.



In September 2022 we launched Rebellious Self Expression and our values at Time for Tomorrow (T4T), our annual global leadership event. At T4T this year, c. 90 of our senior leaders from around the globe came together in person for a three-day event. This was a significant moment in the FY23 Dr. Martens calendar. This was the first time many of our leaders had the opportunity to meet their global peers in our leadership community. Read more about T4T as part of our employee engagement approach on page 25.

Since the launch of Rebellious Self Expression at T4T, our leaders have been playing a key role in the roll out of our values. They have been supporting their teams to understand and interpret what our values mean to them. To enable these conversations we launched a Rebellious Self Expression toolkit in 2023.

Next we plan to look at every aspect of our culture and ways of working to ensure Rebellious Self Expression and our values show up consistently throughout the employee experience at DM's.

→ For more on Rebellious Self Expression and what it means for our brand see **P8**

LISTENING TO AND ENGAGING OUR PEOPLE

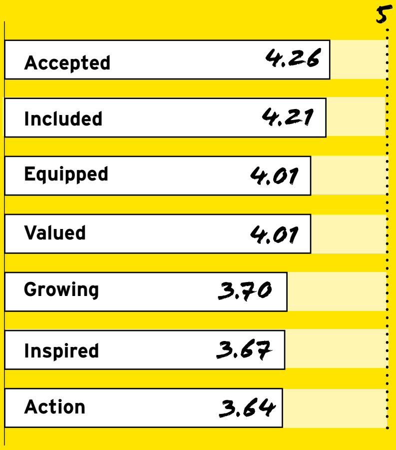
At DM's we work hard to make sure our people across the globe feel engaged about working for us. We carry out an engagement survey every year to understand the lived experience of our people across Dr. Martens. The survey forms part of our wider listening strategy and this year took place in March 2023. 87% of our people completed the survey (representing 2,999 people in total).

In addition to our engagement survey we also carry out an annual programme of NED Listening sessions with our Employee Voice NED Robyn Perris. For more on these sessions please see page 138.

FOCUS

Insights from our 2023 Engagement and Inclusion Survey

Our March 2023 Engagement and Inclusion Survey highlighted where we are doing well and where we need to do better. All areas of performance are scored on a 0 to 5 scale, where 5 is the best possible score.



Performance areas:

Accepted: Agree that Dr. Martens encourages diversity

Included: Feel you can express yourself at work

Equipped: Feel empowered and set up for success

Valued: Feel that your voice and contribution matters

Growing: Keep evolving in your work and as a person

Inspired: Inspired to be part of Dr. Martens' future

Action: Feel that positive action has taken place since the last survey

We are pleased to see that feeling Included continues to be a high scoring factor and a hallmark of our culture. Building on this, we continue to score highly in Accepting, which encompasses our diversity measures. This factor has improved from 4.13 in 2021 to 4.26 in the most recent survey. A strong upward trend that we are working hard to maintain.

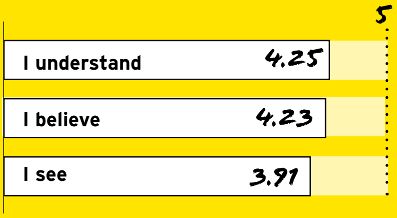
In addition, our Action measure has increased from 3.58 to 3.64. We believe strongly that engagement happens at a local level and will continue to work with our managers and teams so they feel empowered to take positive action to drive engagement in their areas.

For the first time this year, we have included questions to measure how well we are living our values (page 8) across the business:

This is a strong start to embedding our values across the business. The insight we have gained here will be used to further inform our approach to embedding our values consistently across all parts of our business in 2023 and beyond.

We recognise that we need to build momentum and improve how people feel about Inspiration and opportunities to Grow at Dr. Martens and will continue our efforts in this regard into the year ahead.

In summary, our overall engagement score was 3.98. This was a slight decrease on last year (4.03) and has meant that we have missed our Executive Directors' bonus target. For more information, see page 145.



Performance areas:

I have a good understanding of the values

I believe in the values

I see those around me living the values

HELPING OUR PEOPLE GROW

For our business to grow, we need to help our people grow. This means ensuring they are supported with direction and expectation, opportunities for development and tools and resources that will help them achieve their own long-term performance and development goals. It also means implementing our new Leadership Framework, to help us:

- Attract, engage and retain our best leaders
- Build a long-term talent pipeline
- Ensure effective succession planning

In FY23, we articulated what it means to be an exceptional leader at DM's and activated a pilot leadership group to test assessment, development and recruitment initiatives that will bring our framework and behaviours to life. We also continued to invest in our established global support of leadership skills development for our newest leaders and training to target personal effectiveness, difficult conversations and feedback.

SUPPORTING WELLBEING

We are committed to taking a holistic view towards the mental, social, physical and financial wellbeing of our people. This includes the ongoing implementation of our voluntary global Mental Health Network, as well as our free and confidential Employee Assistance Programme. These initiatives are supplemented by our regular educational events around mental wellbeing, our annual volunteering allowance and our learning and development programmes.

FOCUS

Future Ready Workplace

Following the Covid-19 pandemic, the world has changed, and so have we. Our blended Future Ready Workplace lets people get the job done wherever they are. Our office-based people now spend between 40% and 60% of their time in our office 'hubs', meaning they can enjoy the best of flexible working with the cohesion, connection and culture that comes from working face to face with colleagues.

FOCUS

Addressing the impact of rising living costs on our people

In the last quarter of 2022, we made additional cost-of-living payments to all employees in Bangladesh, Europe, South Korea and the United States up to a defined earnings threshold. This was in recognition of an acute rise in living costs in these countries, including heating costs in particular. In addition, we established a Hardship Fund open to all employees around the world to help those who need it, irrespective of location or earnings. For more information see our s172 Statement on page 23.

DIVERSITY, EQUITY AND INCLUSION

WHY IT MATTERS...

Diversity, equity and inclusion (DE&I) is the foundation of cultivating an environment in which we can all be our best. This not only aligns with our values, but also supports our efforts to develop passionate, creative and resilient teams. It ensures that our brand reflects the communities in which we work; and means we can attract great talent. Above all, it is about ensuring that everyone who works for us feels accepted, included and valued.

OUR COMMITMENTS:

The following commitments are to be achieved by 2027:

Ethnicity

→ 30% underrepresented communities[1] in senior leadership roles (GLT and direct reports)

Gender

→ 50% women in senior leadership roles (GLT and direct reports)

→ Increase male representation across our retail stores to 40%

In FY22, we achieved our target to increase non-binary colleagues from 2% to 4% globally and we aim to maintain this in future years.

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[1] Black, Asian & Latinx.

WHAT WE'RE DOING...

A FAIR, MORE INCLUSIVE WORKPLACE

We want to make sure Dr. Martens reflects the communities in which we work. We also want to learn from evolving peer best practice when it comes to race, gender and leadership. This is why we take part in a range of external initiatives, including Diversity in Retail, Change the Ratio, CEO Action and the Diversity and Inclusion in Asia Network.

Additional initiatives included:

- Implementation of a new playbook to help diversify the pool of candidates looking to work with us and to inspire them to grow with us.
- The ongoing development of our underlying Human Resources systems including in relation to our reward structure, benchmarking capabilities and talent attraction, as well as the scope and comprehensiveness of our DE&I data.

> **WHAT DO WE STAND FOR? RACIAL AND ETHNIC EQUITY. SEXUAL ORIENTATION EQUITY. GENDER EQUITY. SOCIAL MOBILITY. SUSTAINABILITY.**

FOCUS

Our DE&I strategy

Our DE&I strategy guides our ongoing efforts to develop a fair, more inclusive workplace. This section sets out some of the key initiatives we are implementing to deliver on this strategy.

DE&I strategy

Training
Offer training and education across the business

Talent attraction
Attract talent from the widest possible base

Process
Understand impact by applying measurable policies and practices

Gender
Achieve equitable gender representation across the business

Data
Use data to generate representation insight and drive change

Race
Promote racial fluency and ensure people of colour are represented in leadership roles

FOCUS

Our DE&I Learning programme

FY23 was the first full year in which we implemented our DE&I Learning programme, which is available to all our senior leaders and those working in our Human Resources team. This includes a focus on conscious and unconscious bias, inclusive language and the promotion of an inclusive mindset. In addition, our Human Resource Leadership Team and America Leadership Team implemented learnings they took from their FY22 participation in inclusive leadership pilots, with the same training to be rolled out to our UK and EMEA Leadership Teams in FY24. Beyond this, all new employees are encouraged to complete DE&I training.

FOCUS

Making sure our stores in the US reflect the communities they serve

We are conducting DE&I listening sessions with our store managers in the US to discuss how we can be more inclusive and reflective of the communities that shop in our stores. This includes localised approaches to store design such as locally relevant murals and other approaches.

HOW WE'RE DOING[1]

Our DE&I commitments are to be achieved by 2027.

Ethnicity:	**Gender:**		
30% underrepresented communities[2] in senior leadership roles (GLT and direct reports)	50% women in senior leadership roles (GLT and direct reports)	Increase non-binary colleagues from 2% to 4% globally	Increase male representation across our retail stores to 40%
↗ FY23	↘ FY23	✓ FY23	↘ FY23
22%	36%	6%	27%
(FY22: 20.6%)	(FY22: 43.6%)	(FY22: 4%)	(FY22: 29%)

1. These values are based on voluntary disclosure in accordance with regional regulations.
2. Black, Asian & Latinx.

Ethnicity

In addition to encouraging open conversation, learning and understanding around issues of ethnicity, we continued to address potential biases and enhance our racial fluency. This included the holding of the following events to celebrate Black History Month in October 2022:

- A fireside chat with Ije Nwokorie, our independent NED, regarding his journey as a black British leader.
- A presentation from the Foundation for Women's Health, Research and Development (FORWARD), a charity supported by the Dr. Martens Foundation.
- A talk from the European Network Against Racism (ENAR), one of the five new Right to Be programme partners of the Dr. Martens Foundation (more on page 92), on how to best support anti-racism efforts.

Gender

In FY23, we continued working with non-profit organisation Catalyst to make sure we are supporting women in our workplace. On 8 March 2023, we celebrated International Women's Day (IWD) across our global locations by championing women in our business. Catalyst hosted an educational webinar for our people on 'Positive change by embracing equity'. We also hosted our first-ever external-focused content series around IWD, hosting an open conversation between women working in the music industry on representation and how to create a safer, more nurturing environment for everyone. We closed out the month with a Male Allies Workshop and Leadership Panel discussion featuring women from different functions within the business.

During FY23 in the US, we introduced the Reproductive Healthcare Programme following the overturning of Roe v. Wade. Dr. Martens believes that employees should have a choice in their reproductive healthcare options, as well as access to such options. The programme offers a cash benefit and paid time off to assist eligible employees who need to travel out of state to access reproductive healthcare (or to accompany an immediate family member) that is unavailable in their home state.

LGBTQIA+

The foundations of our brand are built on the communities that wear our products. The LGBTQIA+ community has been integral in shaping Dr. Martens into what it is today, which is also reflected in our employee base as almost a third of our people identify as LGBTQIA+. Through collaboration and partnership, we are committed to ensuring that the LGBTQIA+ community continues to be part of shaping and inspiring our future through our year-round Pride activations. Examples of activations in FY23 include:

- Co-creation: The four-part 'Pride Generations' film series showcasing the coming together of cross-generational LGBTQIA+ communities.
- Partnerships with charities and organisations: Donating over £178,000 in financial support to global LGBTQIA+ organisations (for further details see page 92).
- Education and learning from the community: Three episodes were shared on TikTok in partnership with Rainbow History Class to educate the DM's audience about the history of DM's and the LGBTQIA+ community. This was hugely successful, breaking our engagement benchmarks and driving 254K total engagements.

We also continued to produce a Pride product, this time in the 1461 silhouette, to pay tribute to those who engage and support the Pride movement. The DM's Anti-Hate Social Policy was also updated to outline our approach to managing Pride questions and hateful comments.

Social mobility

We believe that everyone should be able to achieve their full potential. That is why we are implementing recruitment and selection practices that support social mobility by focusing on people's potential, rather than their past experiences. An example of this can be found in our Made In England apprenticeship scheme, where the only prerequisite is eagerness to learn and a passion for DM's. A total of 54 people have graduated from the scheme with six new apprentices entering the scheme this year. The apprenticeship scheme also has a strong female representation and has supported female employees into an industry which is historically male dominated.

WHAT'S NEXT?

Next, we plan to:

- Continue our efforts to increase representation and embed inclusive behaviours into our ways of working. This will include the review of current recruitment practices and the implementation of new recruitment strategies, the enhancement of our diversity data and the ongoing education of our leaders and employees.

HUMAN RIGHTS

WHY IT MATTERS...

Respecting human rights is a matter of integrity and is fundamental to how we show up at Dr. Martens. We are committed to respecting the rights of our people and those in our supply chain which we demonstrate through supplier engagement, monitoring and education. We will always expect high standards of each other and our supply partners.

WHAT WE'RE DOING...

RESPECTING HUMAN RIGHTS IN OUR SUPPLY CHAIN

Our commitment to respecting human rights is reflected in, and supported by, our DOCtrine (our business code of conduct), Supplier Code of Conduct, Migrant Worker Policy, Anti-Slavery and Human Trafficking Policy and our DE&I strategy.

Human rights are universal and are as applicable in our own workplace as they are in our supply chain. When it comes to our own employees, we offer an independent, confidential hotline through which people can raise human rights concerns and grievances if they arise.

CSR monitoring programme

We manage human rights risks in our supply chain through our CSR monitoring programme. This is applied to the onboarding and subsequent monitoring of our Tier 1 suppliers, as well as Key Tier 2 suppliers. Under this programme, we conduct audits focused on suppliers' compliance with relevant labour laws, regulations and industry standards, as well as our own policies (including our Supplier Code of Conduct).

Our Supplier Code of Conduct is based on the Ethical Trading Initiative (ETI) Base Code and applies a range of detailed supplier obligations. These obligations aim to ensure that those working in our supply chain can (for example):

- Freely choose employment
- Freely associate and take part in collective bargaining
- Not be subject to child labour
- Not be subject to discrimination

➔ For further information on our supplier audit activity, see **P94**

Anti-modern slavery programme

We are continuing to raise awareness among our employees around human rights and around modern slavery in particular. Employees have access to human rights and ethical trade training, which in FY23 was supplemented by the global rollout of a dedicated modern slavery training module. We also implement measures to address modern slavery risks in the supply chain (page 95).

➔ For further information on our broader anti-modern slavery efforts, see our latest Modern Slavery Statement see our latest Modern Slavery Statement at **www.drmartensplc.com**

Modern Slavery

AND TRANSPARENCY IN THE SUPPLY CHAIN STATEMENT

2021/22

WHAT'S NEXT?

Next, we plan to:

- Further integrate human rights into our third-party due diligence process (see page 95) and work with third-party experts to carry out a formal human rights risk assessment.
- Identify and implement a supply chain mapping tool that will help us better understand our supply chain and identify related human rights and modern slavery risks (among others).

COMMUNITY

WHY IT MATTERS...

We are committed to playing a positive role in society at a local and global level. This is reflected in our values: be yourself, act courageously and show you care. These capture how we show up and stand up for the things we believe in and we want our people to feel they can do the same. This means giving a voice to the issues that need raising, supporting the communities who need it and providing funding to causes we support. Much of our impact in this regard is delivered through the Dr. Martens Foundation.

WHAT WE'RE DOING...

TAKING DIRECT ACTION

We are proud of our record of supporting social justice. This includes our focus on anti-racism, LGBTQIA+ rights and positive mental health.

Key areas of action in FY23 are set out below. These initiatives are in addition to our provision of a two-day volunteering allowance to our employees. In addition, we also encourage our colleagues in the US to use their paid Juneteenth holiday to give back to their local communities.

FOCUS

Ongoing financial support for LGBTQIA+ champions

We are committed to ensuring the LGBTQIA+ community continues to play a part in and shape Dr. Martens' future through our year-round Pride activations. Partnership is a key focus and throughout FY23 we donated over £178,000 in financial support to LGBTQIA+ organisations including The Trevor Project in the US, The Albert Kennedy Trust, Arcigay and Jugend gegen AIDS in EMEA, and ReBit in APAC.

For further information on how we are supporting the LGBTQIA+ community, see page 90.

Dr. AirWair Martens FOUNDATION

DELIVERING CHANGE THROUGH THE DR. MARTENS FOUNDATION

In parallel, the Dr. Martens Foundation (an independent grant-making charity founded in the UK in 2021) implements a structured programme to champion social justice. It is focused on addressing both the immediate needs of underserved communities as well as the underlying drivers of injustice. The Dr. Martens Foundation's grant-making is focused on two areas: grassroots grants and its new flagship 'Right to Be' programme. In FY23 the Foundation awarded 34 organisations a total of £2.4m.

The Foundation's four pillars of social justice

1. **HUMAN RIGHTS** Protecting and respecting everyone's human rights so that they can enjoy basic rights and freedoms
2. **PARTICIPATION** Ensuring people are involved with decisions that govern their lives, particularly those that are marginalised and excluded in society
3. **EQUITY** Impartiality, fairness and justice for all people in society with a focus on eradicating system inequalities and embedded biases
4. **ACCESS** People should have equal access to resources including education, health care and employment opportunities

£2.4m

donated to 34 organisations by the Dr. Martens Foundation in FY23

Right to Be programme

The Right to Be programme was launched in FY23 and is focused on changing the systems that perpetuate inequities. This includes the provision of more substantial grants to larger organisations focused on addressing issues around race, gender and LGBTQIA+ rights, among others.

Under the programme, successful grantees can receive up to £600,000 in funding over three years.

Five organisations were selected to receive £1.9m in funding over the next two to three years through the Right to Be programme. They are:

£1.9m

in funding for five organisations in the next two to three years

	European Network Against Racism	National Black Justice Coalition	The Women's Foundation	Outright Action International	ReBit
Location	Europe	USA	Hong Kong	Global	Japan
Focus theme	Anti-racism	Anti-racism & LGBTQ+ rights	Women's empowerment	LGBTQ+ rights	LGBTQ+ rights
Project	Advocacy for policy making and legislation that ensures safe and secure lives for ethnic minorities.	Development of an online Action Hub that monitors LGBTQ+ and race laws, creates action alerts for members and connects members with policymakers.	Encouragement of women and girls to pursue Science, Technology, Engineering and Mathematics (STEM) degrees, as well as the encouragement of female leaders.	Establishment of LGBTIQ organisations in three countries, advocacy against the criminalisation of homosexuality in at least one country and the provision of support to 1,200 LGBTIQ people affected by Covid-19.	Training of volunteer speakers to educate teachers and students on LGBTQ issues, helping ensure schools are safe for students who identify as LGBTQ.

> Outright International prioritises collaborations with purpose-driven organisations that are committed to authentically representing and serving lesbian, gay, bisexual, transgender, intersex, and queer (LGBTIQ) communities. Dr. Martens Foundation is one of those organisations. This partnership allows Outright to access resources and extend our reach to stakeholders that we otherwise might not reach.
>
> **Elise Colomer-Cheadle,**
> Director of Development at Outright Action International

The grassroots grant programme

The Dr. Martens Foundation grassroots grant programme lets people at Dr. Martens nominate charities and grassroots organisations pursuing social justice for funding of up to £20,000. In FY23, 27 grassroots grants totalling £511k were awarded by the Dr. Martens Foundation.

Emergency support

The Dr. Martens Foundation can also provide immediate support to respond to emergencies and disasters. In FY23, this included emergency funding totalling £50,000 to help address the human impacts of the war in Ukraine.

WHAT'S NEXT?

The Dr. Martens Foundation now plans to develop its relationships with the 'Right to Be' partners, continue to fund more organisations through the grassroots grant programme and establish activities with a champions network through its corporate sponsor Dr. Martens plc.

RESPONSIBLY MANAGING OUR SUPPLY CHAIN

OUR GLOBAL SUPPLY CHAIN

We are committed to fostering strong, collaborative partnerships with our supply chain partners. This helps us maintain strict quality standards and underpins our cross-value chain approach to improving the sustainability of our products. Most of our footwear and accessories are manufactured by our Tier 1 suppliers in Asia with around 1% of footwear being made at our Made In England factory in the UK. Our Tier 1 factory list is shared on our website and is updated every six months.

Meanwhile, the components that go into our products are supplied by:

- Key Tier 2 suppliers, which produce strategic components (e.g. leather, outsoles)
- Tier 2 suppliers, which produce other components such as linings and tags

For further information on how we manage our supply chain, see page 28, as well as our latest Modern Slavery Statement which can be found on our plc website.

OUR POLICIES

The following policies set out our supplier requirements:

- Supplier Code of Conduct[1]
- Anti-Bribery and Corruption Policy
- Migrant Worker Policy[2]
- General Materials Requirement Policy
- Supplier Environmental Standard
- Animal Derived Materials Policy
- Needle Policy

These policies are integrated into the Master Supplier Agreements we have with our Tier 1 suppliers. Similarly, we have contractual provisions that require our agents, distributors and franchisees to comply with these policies.

HOW WE ENGAGE WITH OUR SUPPLIERS

Our CSR teams work directly with new and existing Tier 1 and Key Tier 2 suppliers and their factories. The teams are based in key sourcing locations, helping them respond quickly to any challenges. In addition, we hold regular Tier 1 supplier conferences throughout the year (approximately bi-monthly), where we share learnings and promote constructive, two-way communication.

FOCUS

Responsible Purchasing Principles

During FY23, we started conducting extensive internal engagement in partnership with an expert third party to develop the first iteration of our Purchasing Practices Charter. With clear and responsible principles to be applied to our supplier relationships, the aim is to:

- Foster strong relationships that support sustainable practices in our supply chain
- Enable us to further improve our buying practices, while generating additional insights into forecasting, pricing and other key areas for responsible sourcing
- Ensure we manage clear and effective communication with our suppliers and have realistic, agreed expectations on things such as lead times and payment terms

The Charter builds on the responsible buying practices we have applied in the past such as continuing to pay our suppliers throughout Covid-19 and includes a focus on key areas such as production scheduling optimisation, forecasting and pricing.

We continue to build upon this work, including through supplier engagement to ensure we hear their voices and their feedback.

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1. Based on the Ethical Trade Initiative Base Code and the conventions of the International Labour Organization. The Supplier Code of Conduct (which is reviewed annually) addresses issues such as forced labour, child labour, subcontracting, homeworking, and modern slavery.
2. Based on the Dhaka Principles developed by the Institute for Human Rights and Business, and broader international best practice.

HOW WE MONITOR PERFORMANCE

Factory approval and monitoring takes place through our CSR monitoring programme. This includes independent, third-party CSR audits, which must be completed before we engage any new Tier 1[1] and (as of FY23) selected Key Tier 2[2] supplier factories. Audits use the Workplace Conditions Assessment (WCA) on-site audit protocol.

We also require regular (i.e. at least annual) monitoring of Tier 1 and selected Key Tier 2 supplier factories that are already producing our goods. This is also undertaken on an independent basis, again using the WCA on-site audit protocol. The protocol assesses risks around relevant social and environmental compliance issues, including those relating to the following, among others:

- **Labour:** Including child labour, forced labour, discrimination, freedom of association, employment contract and discipline, harassment and abuse
- **Wages and hours:** Including working hours and wages and benefits
- **Health & Safety:** Including work facilities, emergency preparedness, occupational injury, machine safety, safety hazards, hazardous materials and dormitories and canteens
- **Environment:** Including environmental management systems and certifications
- **Business practices:** Including issues ranging from integrity through to data protection and competition law
- **Management systems:** Including issues ranging from social compliance policies through to the auditing of suppliers, subcontractors and labour providers

Monitoring audits are carried out on a semi-announced basis (i.e. suppliers are given a window of 30 days during which audits could take place).

The frequency of follow-up audits is determined by each supplier's audit rating, which is based on the severity of identified risks or issues. If issues are identified, we work collaboratively with our suppliers to develop corrective action plans to remedy non-conformances. We also carry out follow-up checks to ensure the corrective actions have been implemented. As a last resort, should a supplier fail to remediate issues identified, the supplier partnership is reviewed and may be ended.

In FY23, 100% of our audited Tier 1 suppliers met our high scoring threshold in the WCA audit (see KPI box above). We also focused our Key Tier 2 audit activity on a selection of our highest volume suppliers. 100% of our Key Tier 2 suppliers CSR audited also met our high standard.

WHAT'S NEXT?

We are continuing to expand the number of Key Tier 2 suppliers that are subject to our CSR audits. In addition, we plan to identify and implement a supply chain mapping tool that will enhance traceability and transparency across our supply chain, helping us better understand our related risks and opportunities.

KPI

FY23 supplier CSR audit results (using WCA audit score)

100%

of our Tier 1 suppliers audited met our high performance standards in externally conducted CSR audits[3] (FY22: 100%)

100%

of Key Tier 2 suppliers audited met our high performance standards in externally conducted CSR audits[4]

[3] Audit results of 75% or more, in line with Intertek Workplace Conditions Assessment scoring methodology.

[4] Audit results above 70% or more, in line with Intertek Workplace Conditions Assessment scoring methodology.

FOCUS

Third-party due diligence

In addition to the above supplier engagement and monitoring activities, we implement a range of due diligence actions whenever we enter into new vendor relationships. Among other things, this includes a Vendor Risk Assessment and compliance screening. The level of due diligence depends on factors including the supplier's location, anticipated activities and size of contract, and is reviewed on an annual basis. This process will flag risks associated with a supplier, including ethical concerns such as modern slavery risk and regulatory non-compliances.

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[1] Suppliers that manufacture/assemble finished goods.

[2] Suppliers of 'strategic' components like leather, PVC granulates and packaging material, who we engage directly.

SUSTAINABILITY GOVERNANCE

➔ For further information on our broader governance structure and risk management framework, see **P120**

Sustainability governance structure

The Board is responsible for the oversight and integration of ESG-related activities across the business, including the sustainability strategy and ESG related policies and practices. Our sustainability strategy is sponsored by our Chief People and Sustainability Officer (CPSO), Emily Reichwald. The Sustainability Committee assists the Board in meeting its oversight responsibilities by providing review and direction for the sustainability strategy. It is chaired by our CEO, Kenny Wilson, and includes our COO, CPO and CMO plus other key functional heads. In this year's Board meetings, ESG and sustainability-related discussions included Science-Based Targets, investment in a materials innovation partner, funding for the Dr. Martens Foundation and employee engagement progress.

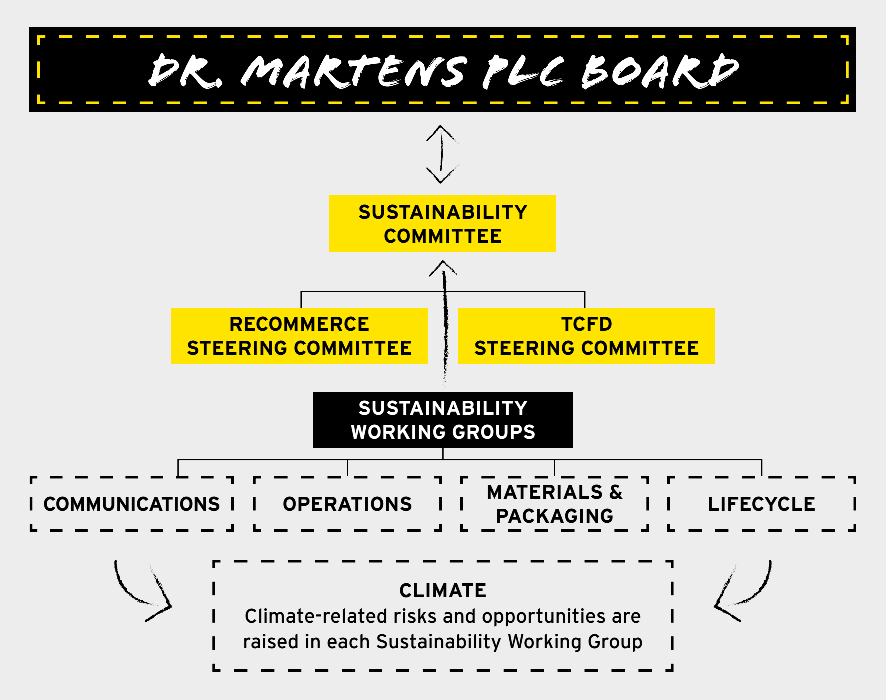
The Sustainability Committee reports directly to the Board and provides regular updates to help determine the focus and direction of the strategy. In FY23, the Sustainability Committee met bi-monthly, with our working groups feeding into these meetings as appropriate.

The purpose of the working groups are:

- Operations: To ensure high standards across DM's operations and supplier base, focusing on maintaining high CSR standards and minimising environmental impacts.
- Materials and packaging: To identify and deliver material sustainability improvements across all DM's products and packaging.
- Lifecycle: To reduce the impact of DM's products throughout their lifecycle from design to use to end-of-life.
- In November 2022, we initiated a new Sustainability Communications Working Group which helps guide the direction, delivery and review of our external sustainability-related communications.

During FY23 we also established the Recommerce Steering Committee (which held its first meeting in February 2023):

- Its purpose is to advance the repair and resale opportunities globally and incorporate recommerce into the Group's strategic direction and financial planning. It is chaired by our CFO and meets approximately every six weeks (more detail on this and the TCFD Steering Committee can be found in our TCFD disclosure on page 99).



Policies

Our policy requirements are regularly reviewed by our Legal, Compliance and Sustainability teams. Policies are developed using international standards and by examining best practices across the industry.

Internal policies

Our key ESG policies include:

- The DOCtrine, our business code of conduct, including:
  - Anti-Bullying, Discrimination and Harassment
  - Data Protection
  - Health and Safety
  - Human Rights and Ethical Trade
  - Anti-Bribery, Corruption and Fraud
  - Competition Law/Anti-Trust
  - Confidential Information
  - Conflict of Interest

- 'Speak Up' Whistleblowing Policy
- MIE Environmental Policy
- Anti-Slavery and Human Trafficking Policy
- Animal Derived Materials Policy
- Global Sanctions Compliance Policy
- Third Party Due Diligence Policy

These are in addition to our supplier policies (see page 94).

➔ For further information visit **drmartensplc.com**

Compliance and training

Our global compliance and training platform enables the consistent distribution of policies and training materials to our employees across all regions (and in relevant languages). It also provides live views and up-to-date reporting, allowing targeted training and communication where needed.

Training modules for all Dr. Martens employees include those on:

- (New for FY23) Forced Labour and Ethical Trade
- Diversity, Equity & Inclusion
- Financial Crime (including Anti-Bribery and Corruption)
- Data Protection and Privacy
- Acceptable Usage
- Cybersecurity

SASB REFERENCE TABLE

The Sustainability Accounting Standards Board (SASB) Foundation is a not-for-profit, independent standards-setting organisation that aims to establish and maintain industry-specific standards. This table identifies the standards deemed relevant to the Apparel, Accessories & Footwear industry, as defined by SASB's Sustainable Industry Classification System (SICS). It references the location in our Annual Report that responds to each metric.

METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	Quantitative	Number	CG-AA-000.A	(1) We classify the following as Tier 1: 17 Tier 1 Footwear, 8 Tier 1 Accessories (plus 4 Upper, and 8 Outsole suppliers). As per our Tier 1 definition, we have 37 Tier 1 supplier factories in total. More information can be found on page 94. (2) For our SS24 production we have 181 Tier 2 suppliers. Our supplier numbers fluctuate season to season.
MANAGEMENT OF CHEMICALS IN PRODUCTS				
Discussion of processes to maintain compliance with restricted substances regulations.	Discussion and analysis	N/A	CG-AA-250a.1	See 'Chemicals' and 'Water' within 'Our supply chain' on page 75.
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Discussion and analysis	N/A	CG-AA-250a.2	See 'Chemicals' and 'Water' within 'Our supply chain' on page 75.
ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN				
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement.	Quantitative	Percentage (%)	CG-AA-430a.1	(1) 100% of Tier 1 suppliers sign our Environmental Standards agreement, which includes our wastewater management and effluent treatment requirements. (2) 97% of our leather suppliers are LWG certified. During FY23 one supplier did not renew their certification which expired. Those that are certified and conduct wet processing comply with the LWG protocol, which is aligned to ZDHC and Dr. Martens wastewater requirements as outlined in our Environmental Standard. For more information see the Leather section on page 79 and Water on page 75.
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	Quantitative	Percentage (%)	CG-AA-430a.2	(1) In FY23 our Tier 1 Made In England manufacturing sites maintained ISO 14001 certification. 25% of our Tier 1 supplier factories have declared they have ISO 14001 certification or have completed the Higg FEM assessment.

METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
LABOUR CONDITIONS IN THE SUPPLY CHAIN				
Percentage of (1) Tier 1 supplier facilities, (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct and (3) percentage of total audits conducted by a third-party auditor.	Quantitative	Percentage (%)	CG-AA-430b.1	(1) 100% of our Tier 1 supplier factories have been audited to the Workplace Conditions Assessment (WCA) on-site audit protocol. For more information see Responsibly managing our supply chain (page 95). (2) 97% of the tanneries we source leather from are LWG certified, for which a recognised social audit is now a requirement. (3) 100% of our Tier 1 CSR audits were conducted by a third-party auditor.
Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits.	Quantitative	Rate	CG-AA-430b.2	For more information see Responsibly managing our supply chain (pages 94 to 95).
Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain.	Discussion and analysis	N/A	CG-AA-430b.3	(1) For more information see Responsibly managing our supply chain (pages 94 to 95) or our latest Modern Slavery Statement. (2) Our priority climate-related risks can be found in our TCFD disclosure on pages 99 to 107. Leather is our key upper material (pages 75 and 78 to 79).
RAW MATERIALS SOURCING				
(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities.	Discussion and analysis	N/A	CG-AA440a.3	For more information see Materials and packaging (pages 78 to 81), TCFD report (pages 99 to 107) and Risk management (pages 54 to 59).
(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard.	Quantitative	Percentage (%) by weight	G-AA440a.4	In AW23 98% of our upper leather came from LWG certified tanneries. For more information see the Leather section on pages 78 and 79. In FY23, we began the development of a new system which, once fully operational, will deliver enhanced visibility across our product lifecycle and enable reporting in the required unit of measure against this metric.

TASK FORCE ON CLIMATE-RELATED *FINANCIAL DISCLOSURES*

We support the Task Force on Climate-related Financial Disclosures (TCFD) framework and disclose our second TCFD report in line with the UK Listing Rules (LR 9.8.6R).

We have considered the 2021 TCFD Annex and applied it where relevant. Here we set out our climate-related financial disclosures consistent with the four TCFD pillars. We believe our disclosure is consistent with 10 of the 11 recommended disclosures and is partially consistent with recommendation 2b, as set out in the table below. We have made progress in further understanding and modelling the potential impact of climate risks on our business, strategy and financial planning and our TCFD disclosures below include more information than last year on the details of the most significant climate risks and opportunities. However, we recognise that, like many companies, we still have more work to do in this area, taking advantage of evolving good practice and guidance from other companies, advisers and regulators.

In particular, we plan to build on the work that an outside consultancy assisted us with and more closely link it to our core assumptions used to model forecast future business performance, including the drivers of revenues and costs. Further details of the progress we have made in FY23 are set out below in the section headed 'financial impact', together with an indication of work planned for FY24.

TCFD INDEX TABLE

Key ● Consistent ◒ Partially consistent

TCFD PILLAR	RECOMMENDED DISCLOSURE	CONSISTENCY LEVEL	PAGE REFERENCE
1. GOVERNANCE	a. Describe the board's oversight of climate-related risks and opportunities.	●	Pages 55, 96 and 100
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	●	Pages 96 and 100
2. STRATEGY	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	●	Pages 101 to 105
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	◒	Pages 61 and 101 to 105
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●	Pages 101 to 106
3. RISK MANAGEMENT	a. Describe the organisation's processes for identifying and assessing climate-related risks.	●	Pages 54 and 55, 101 and 106
	b. Describe the organisation's processes for managing climate-related risks.	●	Pages 54 and 55, 101 to 106
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	●	Pages 54, 55 and 106
4. METRICS AND TARGETS	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	Pages 103 to 107
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	●	Pages 71 to 73 and 107
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	●	Pages 103 to 107

INTRODUCTION

Take urgent action to combat climate change and its impacts

The climate crisis is one of the defining challenges facing the world today. Average temperatures continue to rise with 2022 documented as one of the warmest years on record. Dr. Martens has responded to the urgent call from the Science Based Targets initiative (SBTi) for corporate climate action by committing to align with 1.5°C and Net-Zero through the Business Ambition for 1.5°C campaign.

In this, our second TCFD disclosure, we build upon our previous reporting and outline the steps we have taken over the past year to progress our climate strategy. We describe in more detail the methodology used in the scenario modelling we conducted in partnership with the Carbon Trust, as well as an update on relevant actions. In FY23, we focused on the establishment of the TCFD Working Group and the submission of our Net-Zero aligned Science-Based Targets (SBTs) for validation.

Our TCFD disclosure will reflect the development of our climate strategy over time. Our climate strategy will evolve as our own understanding and the understanding of the scientific community on the transition to a low-carbon economy improves. Through our Planet, Product, People sustainability strategy (which underpins our DOCS strategy), we are taking steps to mitigate potential impacts of climate-related risks, as well as capitalising on opportunities which generate long-term value for the business.

GOVERNANCE

The Board is responsible for the oversight and integration of ESG-related activities across the business, including the sustainability strategy and climate-related risks and opportunities. It carries out this role through in-depth sustainability updates presented at Board meetings which occur at least annually as well as regular updates from the Chief People & Sustainability Officer (CPSO) who leads the Sustainability team. These provide an opportunity for the Board to give feedback and challenge the sustainability strategy priorities and targets (including our Net-Zero target and additional commitments, see pages 66 to 67). The Board is kept informed of changing regulatory and legislative developments, including those relating to sustainability and climate-related disclosures, through quarterly ‘horizon scanning’ papers. The Board uses this information to help guide its broader decision-making, including strategic, risk management, business planning and performance management related decisions. Climate-related matters (including setting SBTs and partnering with a materials innovation company) were discussed in 25% of this year’s scheduled Board meetings. Other sustainability and ESG-related matters were also more regularly highlighted in the Board meetings through CEO updates.

→ ESG targets form part of the ongoing performance measures for the Executive Bonus Scheme: **P145**

The sustainability strategy at Dr. Martens is underpinned by a clear governance framework, which can be found on page 96. This covers strategic oversight, day-to-day responsibility, as well as information flows between these groups and to the Board.

Sustainability Committee: The Sustainability Committee is chaired by the CEO, assisted by the CPSO. The Committee has overall management responsibility for climate-related issues and reports regularly to the Board. Key outputs for the Sustainability Committee during FY23 included review and steer of our recommerce initiative proposal, discussion and approval of launch plans for multiple sustainable materials and review and approval of the proposed SBTs (which are awaiting verification by the SBTi), among other key decisions.

Sustainability Working Groups: The Sustainability Working Groups (Operations, Materials and Packaging, Lifecycle and Communications) report into the Sustainability Committee every two months providing updates on progress against the sustainability strategy, commitments and metrics. Climate feeds into all areas of our strategy, so falls within the scope of each of the working groups. Working groups are led by management-level subject matter experts from across the business, with guidance and technical advice provided by the Sustainability team.

TCFD Steering Committee: A cross-functional committee comprised of the Finance, Sustainability, Internal Audit & Risk and Supply Chain teams, which works collaboratively to identify, monitor and manage climate risks and opportunities. The TCFD Steering Committee is chaired by the CFO, who has ultimate accountability for climate-related issues. The TCFD Steering Committee provides updates into the Sustainability Committee, which is chaired by the CEO. Key outputs for FY23 included a detailed review of the climate risks and opportunities report, development of the TCFD disclosure and preparations for the climate transition plan.

Recommerce Steering Committee: As a key opportunity to mitigate our climate impact, developing our recommerce business model is a focus for the business. As a result of this, the Recommerce Steering Committee was set up in February 2023 and meets every six weeks. It is chaired by the CFO and is another cross-functional group consisting of Finance, Global Supply Chain, Sustainability, Legal, Technology, Marketing and relevant Regional Teams. It works to advance repair and resale opportunities globally and to incorporate recommerce into the Group’s strategic direction and financial planning. Key discussion points and outputs in FY23 included selection of a recommerce partner, timeline and operational model.

Sustainability team: Dr. Martens has a team of internal sustainability experts who have the skills and knowledge required to support decision-making. The Sustainability and Climate Impact Manager is responsible for the day-to-day consideration, management and inclusion of climate-related risks and opportunities across the business. They have the responsibility for attending all Sustainability Committee meetings and working groups to ensure climate risks and opportunities are included on the agenda and to provide specialist expertise when required. Members of the Finance team participate in external training courses, including the University of Cambridge Sustainable Finance course, to ensure they keep up to date with relevant climate-related financial topics. Dr. Martens employees are educated on climate-related topics through internal engagement and strategic communications.

More detail on our governance can be found on the following pages:

→ Dr. Martens plc Board and other Board-level Committees: **P120**

→ Operational Risk Committee: **P54**

→ Sustainability governance structure including Sustainability Committee and working groups: **P96**

STRATEGY

In this section, we outline our primary risks and opportunities related to climate change, along with their potential impact on our business. We have assessed the resilience of our strategy to these and our DOCS strategy now incorporates workstreams to respond to climate-related risks and opportunities.

The majority of our impact lies within our supply chain with Scope 3 emissions accounting for 99% of our carbon footprint[1]. The mitigation of Scope 3 emissions represents a significant challenge but we are taking steps to engage and collaborate with our supply chain to tackle our value chain emissions. Sourcing lower impact materials, kick starting our recommerce business model and engaging suppliers on environmental principles are just some of the projects we have underway to manage and ultimately reduce our emissions.

This year we are continuing to use the Carbon Trust climate-related risks and opportunities modelling which was conducted in 2022 and introduced in our previous TCFD report. Over the past year, we have been using the results of the Carbon Trust modelling to improve internal stakeholder understanding in relation to climate-related risks. Here we expand on the methodology used and provide more context against the climate-risks and opportunities identified.

Our approach to prioritising our climate-related risks and opportunities:

In FY22, we partnered with the Carbon Trust to identify the key climate-related risks and opportunities of our current business model, using climate science and scenario modelling. This was supplemented by interviews with key internal stakeholders, including our CFO and COO, to gain insight into how these impacts could change as our business and supply chain evolves.

The methodology consisted of two main stages:

1. Identify and categorise a longlist of climate-related risks and opportunities: using the findings from the interviews and business data, the Carbon Trust analysed the impact of climate change on the footwear and leather industries, resulting in a longlist of climate-related risks and opportunities. The process considered risks and opportunities across the entire value chain of Dr. Martens.

2. Prioritise the most material climate-related risks and opportunities: the Carbon Trust took an evidence-based approach to assessing the risks and opportunities, drawing on climate scenarios and Dr. Martens financial data from the year the climate risk and opportunity assessment was conducted. Three criteria were used: time horizon, likelihood and indicative gross impact.

Prioritisation criteria key:

TIME HORIZON:

The time horizon score is based on the timeframe that external events which drive climate-related risks and opportunities are expected to occur under both <2°C and +2°C scenarios.

This score measures the rate of change of the identified climate scenario parameters which is the key metric that influences the size of the risk or opportunity. The time horizon is determined on how quickly a parameter changes in each climate scenario. An example of time horizon would be how rapidly carbon pricing increases in a RCP1.9-aligned Net-Zero scenario within a certain geography.

⌛	+10 years
⌛	5-10 years
⌛	<5 years

LIKELIHOOD:

The likelihood score is based on the number of scenarios in which climate-related risks and opportunities are predicted to occur under current policy scenario and Paris-aligned scenarios. The more closely aligned the outcomes are, the higher the likelihood.

An example would be the impact of carbon pricing. In an RCP1.9-aligned Net-Zero scenario carbon pricing rises rapidly while in an RCP4.5-aligned current policies scenario carbon pricing does not increase much from current levels. This would lead to a lower overall likelihood.

⊖	Possible
⊕	Likely
⊕	Very likely

INDICATIVE GROSS IMPACT:

This score is based on the estimated negative impact on revenue or costs for risks, and estimated positive impact to revenue or costs for opportunities. These initial estimates give an order of magnitude to allow for prioritisation. As we are still working through our understanding of financial impact (net of mitigating actions) we have not included specific financial ranges. We will look to develop this to consider for disclosures in future years.

L	Low
M	Medium
H	High

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1. Based on Dr. Martens FY20 baseline footprint calculation.

Climate scenario sources and scenarios used:
The climate-related risks and opportunities were assessed against a business-as-usual and an extreme scenario. Physical risks were assessed using the above 2°C scenarios and transition risks and opportunities were assessed using below 2°C scenarios. We assessed the annual financial implication of each climate-related risk and opportunity against the most extreme respective scenarios. The following are the main climate scenario sources and scenarios used:

Low-carbon transition scenarios, Below 2°C (transition risks and opportunities only): This scenario sets out a rapid decarbonisation pathway in line with the Paris Agreement that limits peak warming to below 2°C.

Scenario source	Scenario considered	Approximate temperature or RCP[1]
NGFS	Net Zero 2050	1.5°C
IEA and World Energy Outlook	Sustainable development scenario (SDS)	1.8°C
IEA, Energy Technology Perspectives (ETP)	2 Degree Scenario (2DS)	2.0°C
UN FAO	Towards Sustainability	NA (land-use change scenario)

Business as usual/current policies scenarios, Above 2°C: This scenario represents an intermediate pathway in which temperatures are more likely than not to exceed 2°C with significant resultant impacts on global climate system, involving later decarbonisation.

Scenario source	Scenario considered	Approximate temperature or RCP
NGFS	Current policies	3.0°C+
IEA and World Energy Outlook	Stated Policies Scenario (SPS)	~3.0°C
IEA, Energy Technology Perspectives (ETP)	Reference Technology Scenario (RTC)	~3.0°C
UN FAO	Business as Usual	NA (land-use change scenario)
Climate Impact Explorer	Baseline	RCP 4.5
WRI Aqueduct Floods	Baseline (optimistic), SSP2	RCP 4.5

High-emission scenarios, Above 2°C (physical risks only): This scenario assumes existing policies are unsuccessful and results in significant increase in emissions without constraint. With increased global warming, physical risks are expected to intensify.

Scenario source	Scenario considered	Approximate temperature or RCP
Climate Impact Explorer	High-emission scenario	RCP 8.8
WRI Aqueduct Floods	Business as Usual, SSP2	RCP 8.5
WRI Water Risk Atlas	Business as Usual, SSP2	RCP 8.5

1. A Representative Concentration Pathway (RCP) is a greenhouse gas concentration trajectory.

While this disclosure does not provide an exhaustive list of every climate-related risk or opportunity identified, it does give a view on the areas in order of likely significance to our business, in the short, medium and long term. These timescales were chosen as they are aligned with the business's wider strategic planning horizons, enabling climate-related risks and opportunities to be factored into broader business decisions.

DOCS strategy and climate-related risks:

In our refresh of the DOCS strategy during FY23, we considered the resilience of our business strategy to climate-related risk. As part of the update of DOCS, we integrated sustainability into key strategic projects in the following areas:

- **D:** 1.3 Build a profitable resale, repair and end of life business model
- **O:** 2.2 Build a best-in-class, resilient, sustainable and scalable supply chain
- **C:** 3.3 Lead in sustainability through durability and innovation

➔ For further details of the DOCS strategy see **P30 and 31**

DR. MARTENS PRIORITISED CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our most significant climate-related risks and opportunities are set out in the table below, alongside information on how these are being managed, primarily through the Climate, Lifecycle, Materials and Packaging focus areas which sit within our 'Planet, Product, People' sustainability strategy. More information on our sustainability strategy can be found on pages 66 to 67 of our Sustainability report.

Transition opportunities – assessed using below 2°C scenarios:

Definition → Transition opportunities: Business avenues which provide financial prospects related to increased demand for lower-carbon products, business models and supply chains.

Modelling approach	Overview of impact	Our strategic approach
Category: Market **Opportunity identified:** Repair and Resale Markets **Key assumptions:** • The key assumption is that Dr. Martens can capture a similar share of the market to the one that it holds in the global footwear market. • Current market share is calculated using Dr. Martens detailed segmentation of the footwear market. Projected margins are from Dr. Martens internal financial modelling. Baseline market sizes from market research companies and transition sizes from modelling by the Global Fashion Agenda.	⌛ ⊕ M **Potential impact:** • Repair and resale presents a significant opportunity for Dr. Martens through the generation of revenue and profit based on the projected rates of growth for this new market. • These markets are projected to have high levels of growth in both a baseline and transition scenario.	**Sustainability strategy focus area:** Lifecycle **Commitments:** • Offer options and guidance for wearers to maximise useable life by 2025. • All products sold have sustainable end-of-life solution by 2040. **Actions:** • Successfully launched Dr. Martens first repair and resale recommerce business model in the UK during FY23. We have since extended the UK trial and are exploring options to launch the project in the US. • We are also working on the launch of a new direct-to-consumer authorised repair trial in the UK, as well as exploring this offering in other regions.
Category: Market **Opportunity identified:** Sourcing Lower Impact Leather and Alternatives to Leather **Key assumptions:** • The rates of growth projected for these new markets constitute significant opportunities. The alternative leather material product market is expected to grow rapidly, and with it the footwear market as well. • It is modelled that Dr. Martens will be able to capture a market share similar, in both the EU and American markets, to the one held in regular footwear. • The market share is assumed to be constant across the different markets.	⌛ ⊕ M **Potential impact:** • Another major opportunity for new revenue streams is the rapid growth of the alternative leather market. • Diversifying our core materials by introducing alternative materials has the potential to reduce the emissions intensity per product. • For example, this could reduce our exposure to potential costs associated with and linking to the Land-use & Agricultural Practice transitional risk (see below), while also reducing our exposure to physical climate risks associated with farming.	**Sustainability strategy focus area:** Materials **Commitments:** • Sustainable vegan upper material by 2028. • 100% of footwear made from sustainable materials by 2040. **Actions:** • Dr. Martens is actively working with suppliers to trial alternative and lower impact materials. The primary focus of the alternative material work to date has been on trialling bio-based and recycled alternatives for leather uppers. • In March 2023, we announced an exciting new partnership with Gen Phoenix, a materials innovation company and leading producer of recycled leather at scale (see page 80 for more). During FY24, we are planning to launch product which contains the recycled leather material, which is made using leather waste from tanneries which was previously destined for landfill. This partnership will support our product innovation and industry-wide adoption of circular and more sustainable materials.

Transition risks – assessed using below 2°C scenarios:

Definition → Transition risks: Policies, legislation, markets and technology which will be needed to transition towards a zero-carbon global economy. The slower these transitions are embedded, the greater the likely exposure to physical risks.

Modelling approach | **Overview of impact** | **Our strategic approach**

Category: Policy & Legal

Climate risk identified:

Carbon Pricing/Taxation

Key assumptions:

- Transition carbon prices are based on an integrated assessment model's outputs for a 1.5-degree aligned scenario (REMIND-MAgPIE is the main model used).
- Carbon emissions are estimated using Carbon Trust's Scope 3 work and databases, as well as expert advice.
- Where the financial implications of carbon taxes were assessed, Dr. Martens' FY20 emissions profile was used.

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Potential impact:

- In a transition scenario, global carbon prices steadily increase. In a baseline scenario carbon continues to be unpriced, therefore the likelihood is lower.
- The impact in a high emission scenario is predicted to be severe, however the main emission sources to be priced are further removed from Dr. Martens in agriculture and the manufacturing of chemicals and PVC for outsoles.
- Introduction of carbon taxes and/or carbon trading markets could increase input costs across the value chain, especially within carbon hotspots such as leather and PVC.

Sustainability strategy focus area: Climate

Commitments:

- Net-Zero SBTs awaiting validation by the SBTi.
- 100% of footwear made from sustainable materials by 2040.

Actions:

- We are focusing on our Net-Zero commitment and adoption of lower impact and alternative materials (including leather and PVC). These support the transition to a low-carbon economy, resulting in lower carbon taxation as we reduce our emission hotspots.
- We are continuing to develop and trial alternative materials including a bio-based upper and bio-based PVC.

Category: Policy & Legal

Climate risk identified:

Production Standards

Key assumptions:

- The cost of decarbonisation across the value chain is a key risk area. It is assumed that actors pass on costs to their customers in order to meet decarbonisation standards which are in line with a transition scenario. The two subcategories assessed under Production Standards are the cost of decarbonising agriculture and shipping.
- Decarbonising shipping: to provide a benchmark financial estimate, the modelling has assumed that the cost will increase proportionately to the mandated reduction percentage.
- Decarbonising agriculture: the modelling has used a combination of the REMIND-MAgPIE model looking at the predicted change in livestock prices and estimated costs of specific ammonia and methane abatement in line with emissions trajectories.

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Potential impact:

- The overall impact of decarbonisation standards depends upon the direction of government policy and the development of alternative technology. The impact on Dr. Martens is challenging to model given the relatively far-removed upstream position and the systemic nature of these risks. However the areas most likely to impact Dr. Martens are standards applied to cattle-farming, PVC production and packaging.
- However, production standards also offer a significant opportunity for Dr. Martens. Resilience across their value chain can be strengthened which could result in positive operational efficiency opportunities. Better energy efficiency, resulting in less energy used across the value chain, could positively mitigate against the risk of 'Increased Prices of Input Materials, Processes and Services'.

Sustainability strategy focus area: Climate

Commitments:

- Environmental certification standard to all Tier 1 suppliers by 2025.
- Net-Zero SBTs awaiting validation by the SBTi.
- Internal ambition to collaborate with logistics partners on green shipping solutions.

Actions:

- We are developing supplier environmental principles which we will work to embed with our Tier 1 suppliers. 25% of our Tier 1 suppliers have declared an environmental certification in place.

Category: Market

Climate risk identified:

Increased Prices of Input Materials, Processes and Services

Key assumptions:

- Market changes to demand and supply under a low-carbon transition predict a long-term increase in the cost for grid electricity across the supply chain and the price of virgin PVC inputs.
- Projected grid prices and PVC demand are based on IEA World Energy Outlook and Energy Technology Perspectives scenarios, and heavy fuel oil prices based on GCAM5.3 IAM outputs. The price of PVC is assumed to have a unitary price elasticity with respect to demand. For the impact of coal and gas prices, the grid mix is assumed to stay constant with no phase out of fossil fuel assets.

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Potential impact:

- The decarbonisation of materials and services, and the adoption of lower impact alternatives, could require higher levels of investment within the supply chain which are assumed to be passed downstream to Dr. Martens. The price of inputs to virgin PVC is the most significant sub-category identified in the modelling. Investment in bio-based PVC or PVC alternatives mitigates this risk.
- The impact of grid electricity prices on manufacturing and tanning is also identified as a key area with electricity price increases also assumed to be passed downstream to Dr. Martens.

Sustainability strategy focus area: Materials and Climate

Commitments:

- Sustainable alternative to outsoles by 2035.
- Source renewable electricity across our owned and operated sites by 2025.

Actions:

- We are continuing to test and trial alternative materials including a bio-based PVC outsole which meet our durability and quality standards.
- 91% of our UK and EMEA owned sites source renewable electricity. We are also working on sourcing renewable electricity across APAC and America.

Modelling approach

Category: Market

Climate risk identified:

Land-use & Agricultural Practices

Key assumptions:

- This risk area looks at risks of competition for land increasing the price of bovine products including hides.
- The analysis assumes that prices of raw hides will increase proportionally with the decreased availability of land, but do not look at whether Dr. Martens' suppliers could procure hides from other locations that would be less affected and hence see a lower price difference.

Overview of impact

⧗ ✚ L

Potential impact:

- The impact on Dr. Martens is challenging to model given the relatively far-removed upstream position and the systemic nature of these risks. However, procurement costs could increase as a result of global emission-reduction efforts, due to less intensive practices and higher demand for lower impact materials. This would also negatively impact the risk area Increased Prices of Input Materials, Processes and Services due to the potential cost uplift.

Our strategic approach

Sustainability strategy focus area: Packaging and Materials

Commitments:

- Net-Zero Science-Based Targets awaiting validation by the SBTi.

Actions:

- A key opportunity identified is to 'Source Leather Alternatives'. This is part of our Net-Zero ambition and as part of this commitment we will look to alternative materials to diversify our material procurement. We are actively trialling alternatives to leather including recycled leather.

Physical risks – assessed using the above 2°C scenarios:

We also assessed how changes in the climate and extreme weather events could impact our operations and supply chain. An initial screening exercise was undertaken to evaluate, at a high level, the potential exposure of each of our sites and key locations within the supply chain to acute and chronic physical risks. When identifying physical risks, we considered two main factors:

- The significance of the site or region to our business, i.e. its relative contribution in terms of revenue, production volume, purchase volume and value of assets compared to others; and
- The level of acute or chronic physical risk for each site or region.

Modelling approach

Category: Physical

Chronic: Sustained temperature changes due to increasing emissions.

Acute: Extreme weather events e.g. flooding, heatwaves, wildfire, cyclones, droughts etc.

Key assumptions:

- Riverine flooding parameters from the Climate Impact Explorer consider change in land fraction annually exposed to riverine flooding.
- Parameter does not directly link to increasing severity of floods and is not used in the materiality calculation.
- Coastal flooding parameters from the WRI Aqueduct Flood tool consider change in urban damage.
- Parameter does not directly link to increasing severity of floods (also considers increase in urbanised area) and not used directly in materiality.

Overview of impact

Chronic time horizon: ⧗

Acute time horizon: ⧗

Potential impact:

- Increasing temperatures accelerate the acute risks, as well as driving further chronic risks such as altering rainfall patterns and ocean warming, resulting in water stresses and sea-level rise.
- Extreme weather events are already occurring and are likely to increase in frequency and magnitude due to rising temperatures. This could impact materials sourcing and business and supply chain operations.
- Under high-emissions scenarios, physical risks are expected to occur in the short to medium term. Flooding (riverine and coastal) is the most material in terms of gross impact range with the highest impacts predicted for distribution centres in Hong Kong and factories and tanneries in Thailand and Vietnam.
- Leather is our most commonly used upper material and some of the major global sources of leather could be impacted by physical climate risks including heatwaves and drought.

Our strategic approach

- Our supply chain strategy is to diversify and limit reliance on individual suppliers or locations, which also reduces potential risk of disruption from extreme weather events. This approach is taken while also considering low-carbon freight and a transition towards increased near-shoring.
- The criteria for selecting future supplier factory locations now include specific consideration of the potential impact of climate risks.
- In relation to leather sources, we are making good progress on leather traceability, which includes understanding whether the source location is associated with higher levels of physical risks (see page 78 of our Sustainability report for more details on leather traceability commitments and our progress).

RISK MANAGEMENT

Climate change is integrated into Dr. Martens broader risk management framework, and is subject to the same governance, annual review process and management attention as other risks recorded on our Group Risk Register. Further detail on our risk management framework is on page 55.

We currently consider climate risk as an emerging risk rather than a separate principal risk. This assessment is based upon two main considerations. Firstly, there remain considerable ranges of uncertainty on the extent and timing of when climate risks might materialise, particularly within the timeframe of our normal business planning cycle. Secondly, our current assessment is that there is no material impact on the achievement of our business strategy, when considering the direct impact of climate risks separate from other risks. However, we do include it as a key component of the social and environmental principal risk. We also recognise that climate impacts our other principal risks, particularly supply chain, brand and product, legal and compliance, and therefore climate is considered in the way we assess and mitigate those risks. In assessing whether or not there is a material impact, we have considered the threshold at which we believe a risk becomes sufficiently important to our investors and other stakeholders that it should be publicly reported. We will continue to revisit this as we develop our transition plan towards Net-Zero and conduct further analysis into the net potential impact of climate risks, after taking into account the mitigations we can put in place and the potential costs and benefits of those. Pages 56 to 59 include further detail on our principal risks.

Climate-related risks were identified through our climate scenario analysis methodology and scoring approach (pages 101 to 102). This methodology is the approach we will take going forward to identify climate-related risks. We recognise that the timeframes for considering climate risks are different from many other principal risks and this is reflected in the time horizons set out against each climate risk and opportunity in the tables on pages 103 to 105.

FINANCIAL IMPACT

As noted above, based upon the analysis carried out to date, we believe that climate-related risks do not present an immediate material financial risk or threat to the resilience of our business strategy or threat to our business model in the medium term. Therefore, we have not carried out a separate viability scenario analysis for climate risk, but we have considered climate-related assumptions in some of the viability scenarios set out on pages 60 to 61. This includes for example, disruption to our supply chain or damage to warehouses or Tier 1 factories due to extreme weather events.

As noted above, we have made progress in the past year in developing further understanding of the potential impact of climate risks on our business, building on the climate risk and opportunity analysis facilitated by the Carbon Trust in FY22. However, we recognise that, like many companies, we still have more work to do in this area, taking advantage of evolving good practice and guidance from other companies, advisers and regulators. During FY24, areas that we plan to analyse further include the location-specific analysis of physical risks and related mitigations, including updating the initial analysis to reflect any changes since the original analysis, such as alternative locations and production volumes for our Tier 1 suppliers. We will also carry out further work to assess the range of potential financial impacts of the more significant climate risks, after taking into account the mitigations that are either already in place or we believe can be put in place to reduce the impact of risks.

METRICS AND TARGETS

Setting our Science-Based Targets:

Once verified, progress against our SBTs will be the key metric we use to monitor our climate-related performance. In line with the requirements of the SBTi, we have committed to set near- and long-term Company-wide emissions reductions which are aligned with science-based Net-Zero.

To ensure we follow the common, science-based approach, we amended our original commitment following the publication of the SBTi's Net-Zero Standard and FLAG Guidance. Our Net-Zero ambition was realigned and submitted to the SBTi and we will share the full targets once verified, which is expected during FY24.

We are awaiting verification of the following targets from the SBTi:

2030 SBTs aligned with a well-below 2°C global warming target:

Reduce absolute…

- Scope 1 and 2 emissions by 90%
- Scope 3 FLAG emissions by 30%
- Scope 3 Industry emissions by 30%

2040 SBTs aligned with a 1.5°C global warming target:

Reduce absolute…

- Scope 1 and 2 emissions by 90% to Net-Zero
- Scope 3 FLAG emissions by 72% to Net-Zero
- Scope 3 Industry emissions by 90% to Net-Zero

The modelling to set our SBTs was conducted after the identification of our priority climate risks and opportunities, which is why the scenarios do not directly align. In the coming year, we will look to align the climate risk modelling with our SBTs by using the appropriate scenarios including 1.5°C.

Climate-related sustainability metrics and targets:

Other metrics currently used to monitor climate-related performance include:

- Source renewable electricity across all owned and operated sites by 2025 FY23: 91% (EMEA including UK)[1]
- Environmental certification standard to all Tier 1 suppliers by 2025 FY23: 25%

We continue to work towards additional commitments which support our Net-Zero ambition. Scope 3 accounts for 99% of our emissions with our use of leather, PVC and packaging making up the majority of our emissions profile. In order to reduce these emissions we have set targets including:

- 100% of natural materials in products from regenerative agriculture by 2040
- 100% of footwear made from sustainable materials by 2040
- 100% of packaging from recycled or other sustainably sourced material by 2028
- Sustainable vegan upper material by 2028

Targets relating to our climate-related risks and opportunities can be found on pages 103 to 105 and all other sustainability commitments can be found throughout our Sustainability report from pages 62 to 98.

Carbon footprint for FY22:

The table below contains the results of our carbon footprint for our value chain in FY22, calculated in partnership with the Carbon Trust. Further details including the breakdown of relevant Scope 3 category emissions and comparison against our FY20 baseline can be found on page 71 of our Sustainability report. Our FY22 and FY23 limited Scope 1, 2 and 3 GHG emissions can be found in our SECR disclosure on page 73.

Scope	FY22 Tonnes CO_2e	% of total value chain
Scope 1	756	0.27%
Scope 2 (Location)	1,665	–
Scope 2 (Market)	1,285	0.47%
Scope 3[2]	273,422	99.26%

What's next?

We recognise that we still have more work to do in this area by taking advantage of evolving good practice and guidance. We plan to build on the work already conducted and more closely link it to our core assumptions used to model forecast future business performance.

Some of the planned future mitigating actions, including those needed to deliver our Net-Zero by 2040 ambition, have not been taken into consideration in the scenario analysis to date. In future disclosures, we will look to provide these further details for our more significant risks, illustrating their drivers and our plans to mitigate them.

We will also look to align the climate risk modelling with our SBTs by using the appropriate scenarios including 1.5˚C.

Finally, we will continue to increase our understanding of the interaction between climate and nature, through our commitments to regenerative agriculture, zero deforestation and supply chain traceability.

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[1] We are also working on sourcing and measuring renewable electricity use in our America and APAC regional operations.

[2] The following GHG Protocol Scope 3 emissions are excluded because they are not applicable to our business: (8) Upstream Leased Assets, (10) Processing, (13) Downstream Leased Assets, and (15) Investments.

Non-financial information statement

This section of the Strategic report constitutes Dr. Martens Non-Financial Information Statement, produced to comply with Sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference.

Reporting requirement	Dr. Martens supporting statements, policies and procedures	Policy description	Where to find more information in this report	Page(s)
Business model	N/A	N/A	Business model	20 to 21
Non-financial KPIs	N/A	N/A	Measuring our performance	42 to 43
Principal risks	Group risk management processes and procedures	N/A	Risk management and principal risks	54 to 59
Environmental matters	Supplier Environmental Standards Made In England Environmental Policy Animal Derived Materials Policy	Sets out our expectations for how our suppliers manage their environmental impacts, including but not limited to energy, water, waste and chemicals. Sets out how our Made In England factory manages its environmental impacts and includes its commitments. Sets out the expected standards and behaviour of the relevant departments of Dr. Martens and its suppliers, in order to respect best practices when sourcing and using materials derived from animals.	Risk management and principal risks Stakeholder engagement: Environment and Communities Sustainability report: Our Commitments Our TCFD disclosures	54 to 59 29 66 to 67 99 to 107
Human rights	The DOCtrine The Rule Book Modern Slavery Statement Anti-Slavery and Human Trafficking Policy Supplier Migrant Worker Policy Supplier Code of Conduct and Workplace Standards	Our employee code of conduct Our employee handbook N/A This policy sets out our expectation of our People and their responsibilities in preventing slavery & human trafficking. Our Supplier Migrant Worker policy sets out the principles to ensure that Dr. Martens and its suppliers respect the responsible recruitment and employment of migrant workers and to help suppliers safeguard the rights and welfare of migrant workers in their supply chain and manage the associated risks and responsibilities The Supplier Code of Conduct and Workplace Standards sets out how we expect our suppliers to behave as a business and gives details on how to meet the expected standards.	Risk management and principal risks Sustainability report: Our commitments Sustainability report: Our People Stakeholder engagement: Environment and Communities Stakeholder engagement: Partners Stakeholder engagement: Supply Chain Stakeholder engagement: Our People	54 to 59 66 to 67 84 to 95 29 27 28 25
Our people	The DOCtrine The Rule Book Mandatory training on key policies	Our employee code of conduct. Our employee handbook. N/A	Risk management and principal risks Stakeholder engagement: Our People Sustainability report: People Sustainability report: Our commitments	54 to 59 25 84 to 95 66 to 67
Social matters	The DOCtrine Volunteering Policy Matched Giving Policy	Our employee code of conduct Our employee policy on volunteering – all full-time employees get two days annual volunteering allowance to volunteer for a charity of their choice. Our employee policy for matched giving – the business will match employee fundraising up to £250 if it meets the specific criteria.	Sustainability report: Our commitments Sustainability report: People Stakeholder engagement: Environment and Communities Risk management and principal risks	66 to 67 84 to 95 29 54 to 59
Anti-bribery and corruption compliance	The DOCtrine The Rule Book Our 'Speak Up' Whistleblowing Policy Anti-Bribery and Corruption Policy Suppliers Anti-Bribery and Corruption Policy Third Party Due Diligence Policy Global Sanctions Compliance Policy	Our employee code of conduct Our employee handbook Our Speak Up policy provides guidance on raising concerns around suspected illegal or unethical business practice affecting the Company, its employees, customers or suppliers about any aspect of the way we do business. Our Anti-Bribery and Corruption Policy sets out our expectations, and the mandatory requirements, of our People in respect of Bribery, Corruption, Gifts and Hospitality related matters. Our Suppliers Anti Bribery and Corruption Policy sets out the mandatory requirements for those doing business with Dr. Martens. Our Third Party Due Diligence Policy sets out the due diligence process to be conducted prior to engaging third parties by our People. Our Global Sanctions Compliance Policy sets out the expectations and requirements for compliance with sanctions laws when dealing with third parties	Sustainability report: People Audit and Risk Committee report Sustainability governance Risk management and principal risks	84 to 95 151 to 158 96 54 to 59

The Strategic report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf.

On behalf of the Board

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2023

GOVERNANCE

IN THIS SECTION

On behalf of the Board, I am pleased to introduce our Corporate Governance report for the financial year ended 31 March 2023 (FY23).

In my Chair's statement on pages 4 to 5 of this Annual Report I referred to FY23 as a year with 'growing pains'; one during which we continued to take significant steps forward as a business, not least exceeding £1bn in total revenue for the first time, while also facing into challenges such as those impacting our business in the USA, which led us to reassess our medium-term growth aspirations.

In light of this, the Board has adopted an approach of cautious optimism and its focus remains fixed on leading the business to deliver our strategy in the interests of all our stakeholders, supported by the firm governance principles that enable us to pursue these objectives in the right way.

Throughout the Governance report that follows, we set out how the Board discharged its duties, with regard to the priorities of our stakeholders, through its activities and those of our Board Committees during FY23.

The Board's agenda in FY23

An outline of the range of matters discussed at Board meetings during the year can be found on pages 119. More information on the work and activities of the Nomination, Audit and Risk and Remuneration Committees can be found from pages 130, 151 and 136 respectively.

Post-Q3 internal review

The internal review of the issues impacting our LA distribution centre was, among other things, an important governance exercise involving the key members of our teams in the UK and USA, including Supply Chain, Legal and Internal Audit. The Board was kept updated on this process and discussed its findings and the lessons learned at its meetings in March 2023. While the recovery plan is ongoing as at the publication date of this Annual Report, the Board is pleased that the causes are now fully understood and the learnings from the review will shape how we do business going forwards.

Board Evaluation

Having undergone a thorough 'hybrid' Board Evaluation process last year to assess our first full year as a plc Board, which was ably led by our Company Secretary and external specialist consultancy ghSMART, the process we undertook to assess our performance and effectiveness during FY23 was facilitated internally. An overview of this can be found in the Nomination Committee report on pages 134 to 135.

> **THE BOARD'S FOCUS REMAINS FIXED ON DELIVERING OUR STRATEGY IN THE INTERESTS OF ALL OUR STAKEHOLDERS.**
>
> **PAUL MASON**
> CHAIR

Following this year's Board Evaluation, I am also delighted to confirm that each of the Directors continues to demonstrate a high level of effectiveness and commitment to their respective roles and in discharging their duties as Directors of the Company.

Engaging with stakeholders

During the year, the Executive Directors and I met with numerous investors and listened closely to their views, particularly after our disappointing Q3 trading update. These meetings were an important opportunity to discuss and understand investors' concerns while re-iterating our firmly held belief in the long-term potential of this business.

The Board's engagement with Dr. Martens key stakeholder groups is conducted using a range of touchpoints, information about which can be found on pages 22 to 29 of the Strategic report. This section, which contains our Section 172 Statement, identifies our core stakeholder groups and describes the ways in which the business and Board have considered their interests and engaged with them during the year, the outcomes of that engagement and how it has influenced the Board's decision-making. This year we have drawn out our wholesale partners as a distinct stakeholder group for the purposes of this report in recognition of the significant proportion of our business they represent.

Board membership

Andrew Harrison joined us as an Independent Non-Executive Director in May and, on behalf of the Board, I am delighted to welcome him to Dr. Martens. Andrew's significant prior experience as both a Chief Executive and a seasoned Non-Executive Director will broaden the Board's overall skillset and augment our Board discussions with fresh perspectives and insight. His appointment was the culmination of an extensive and, at times, challenging search that was executed to a clear brief set by the Nomination Committee. This process is explained in more detail in the Nomination Committee report, which also details the impact of this new appointment on our Board's diversity, and can be found from page 135. Andrew also joined the Audit and Risk, Nomination and Remuneration Committees with effect from 1 May, while Ian Rogers stepped down from the Remuneration Committee on that date.

I am convinced that Andrew will prove to be an excellent addition to the Board and I have no hesitation in recommending that all shareholders join me in supporting his election, as well as the re-election of our other Board members, to the Board at our AGM in July.

As I mentioned in my Chair's statement at the beginning of this Annual Report, subsequent to the year end we also announced that our Chief Financial Officer, Jon Mortimore, will retire in FY24. Jon remains committed to the business and will continue in his role until a suitable successor is in place. The Nomination Committee has been tasked with overseeing this process. Jon has played a central role in our success during his seven years with the business and he will leave with sincere thanks and best wishes for his retirement from myself and the Board.

Full biographical details setting out the professional backgrounds, skills and experience of each of our Board members and a summary of the attributes they contribute to the Board can be found on pages 114 to 117. All of our Independent Non-Executive Directors are in the third year of the recommended maximum nine-year term of service set out in the Code. Our longest-serving Non-Executive Director is Tara Alhadeff, who has served eight full years on the Board having joined in May 2015.

AGM

Our AGM on 13 July will offer a further opportunity to engage with our investors. Full details of this, including the resolutions to be proposed for shareholder approval, can be found within the Notice of Meeting.

Finally, I would like to conclude with a personal note of thanks to all of our employees across our global business and my fellow Board members for their continued, unwavering support of our brand and business.

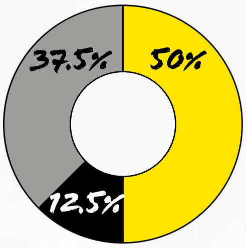
PAUL MASON
CHAIR
31 May 2023

KEY SECTIONS IN THIS REPORT

UK CORPORATE GOVERNANCE CODE SECTION	LOCATION OF INFORMATION
LEADERSHIP AND PURPOSE	Governance at a glance (pages 112 and 113). Board and Global Leadership Team biographies (pages 114 to 117 and 118 to 119, respectively). The Board's role and activities in FY23 (pages 122 and 123). Stakeholder engagement – Our People (page 25).
DIVISION OF RESPONSIBILITIES	How we delegate responsibilities (pages 120 and 121).
COMPOSITION, SUCCESSION AND EVALUATION	Nomination Committee report (pages 130 to 135).
AUDIT, RISK AND INTERNAL CONTROL	Audit and Risk Committee report (pages 151 to 158).
REMUNERATION	Remuneration Committee report (pages 136 to 138).

AT A GLANCE

BOARD TENURE AS AT 31 MARCH 2023

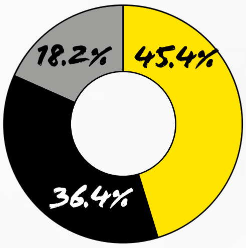


🟡 0-3 years
- Robyn Perriss
- Lynne Weedall
- Ian Rogers
- Ije Nwokorie

⚫ 3-6 years
- Kenny Wilson

⚪ 6+ years
- Paul Mason
- Tara Alhadeff
- Jon Mortimore

GLT TENURE AS AT 31 MARCH 2023



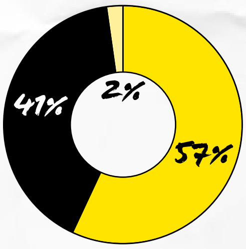
🟡 0-3 years
- Adam Meek
- Meg Johnson
- Jennifer Somer
- Ronald Garricks
- Lorenzo Moretti[1]

⚫ 3-6 years
- Erik Zambon
- Derek Chan
- Kenny Wilson
- Geert Peeters

⚪ 6+ years
- Emily Reichwald
- Jon Mortimore

1. Lorenzo Moretti left the business in May 2023.

GENDER IDENTITY OF SENIOR MANAGEMENT[1]



🟡 Male (35 employees)	57%
⚫ Female (25 employees)	41%
○ Non-binary (1 employee)	2%
⚪ Prefer to self-describe	0%

1. Comprises GLT direct reports and subsidiary company directors. Confirmation of gender identity requested on a voluntary basis in the FY23 Engagement and Inclusion Survey. The figures above exclude 'prefer not say' and blank selections.

BOARD SKILLS AND EXPERIENCE

	Brand/ consumer	Financial	Retail	Digital	PLC	International[1]	Independent?
Paul Mason	✓		✓		✓	✓	✗
Kenny Wilson	✓		✓	✓		✓	
Jon Mortimore	✓	✓	✓	✓	✓	✓	
Tara Alhadeff	✓	✓	✓	✓		✓	✗
Ije Nwokorie	✓		✓	✓		✓	✓
Ian Rogers	✓		✓	✓		✓	✓
Robyn Perriss	✓	✓		✓	✓		✓
Lynne Weedall	✓		✓		✓		✓
Andrew Harrison[2]	✓	✓	✓	✓	✓	✓	✓

1. Senior roles outside the UK.
2. Joined on 1 May 2023.

ATTENDANCE AT MEETINGS HELD DURING FY23

The attendance of each Director at the 11 meetings the Board held in total in FY23 is set out below. In addition to Board and Committee meetings, sufficient time is provided, periodically, for the Chairman to meet privately with the Senior Independent Director and the Non-Executive Directors to discuss any matters arising.

For information on the Board's activities during FY23, see pages 118 and 119.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Number of meetings held	11[1]	6	5	4
	1 April 2022 – 31 March 2023 Number attended/max number could have attended:			
Paul Mason	11/11			4/4
Kenny Wilson	11/11			
Jon Mortimore	11/11			
Tara Alhadeff	11/11			3/4[2]
Robyn Perriss	11/11	6/6	5/5	4/4
Ian Rogers	10/11		5/5	2/4[3]
Ije Nwokorie	11/11	6/6		4/4
Lynne Weedall	11/11	6/6	5/5	4/4

1. There were 8 scheduled and 3 unscheduled Board meetings held in FY23.
2. Tara Alhadeff was unable to attend the Nomination Committee meeting on 1 March 2023 due to a pre-existing business commitment. This was notified prior to the Chair of the Committee.
3. Ian Rogers was unable to attend the additional Board meeting on 27 February 2023 and the Nomination Committees on 1 March and 29 March due to pre-existing business commitments. This was notified prior to the Chair of the Board and the Committee.

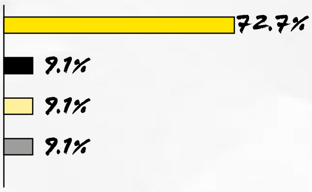
REPORTING TABLE ON ETHNIC BACKGROUND OF THE BOARD AS AT 31 MARCH 2023

Percentage of the Group Board

	Number of Board members	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of Executive Directors	Percentage of Executive Directors	Whole Board
🟡 White British or other White (including minority-white groups)	7	4	2	100%	87.5%
⚫ Black/African/Caribbean/Black British	1	0	0	0%	12.5%
○ Other ethnic group, including Arab	0	0	0	0%	0%
Asian/Asian British	0	0	0	0%	0%
Mixed/Multiple Ethnic Groups	0	0	0	0%	0%
Not specified/prefer not to say	0	0	0	0%	0%

REPORTING TABLE ON ETHNIC BACKGROUND OF THE GLT AS AT 31 MARCH 2023

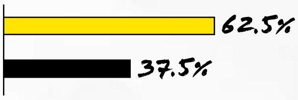
Percentage of the Global Leadership Team



	Number of GLT members
🟡 White British or other White (including minority-white groups)	8
⚫ Black/African/Caribbean/Black British	1
○ Other ethnic group, including Arab	1
◍ Asian/Asian British	1
Mixed/Multiple Ethnic Groups	0
Not specified/prefer not to say	0

REPORTING TABLE ON GENDER IDENTITY OF THE BOARD AS AT 31 MARCH 2023

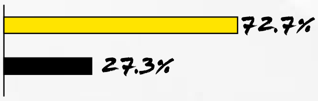
Percentage of the Group Board



	Number of Board members	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of Executive Directors	Percentage of Executive Directors	Whole Board
🟡 Men	5	3	2	100%	62.5%
⚫ Women	3	1	0	0%	37.5%
○ Not specified/prefer not to say	0	0	0	0%	0%

REPORTING TABLE ON GENDER IDENTITY OF THE GLT AS AT 31 MARCH 2023

Percentage of the Global Leadership Team



	Number of GLT members
🟡 Men	8
⚫ Women	3
○ Not specified/prefer not to say	0

OUR EXPERIENCED *BOARD*

THE BOARD'S PRIMARY RESPONSIBILITY IS LEADING THE COMPANY TO DELIVER SUSTAINABLE, PROFITABLE GROWTH GLOBALLY AND *DRIVE LONG-TERM VALUE* FOR THE SHAREHOLDERS OF DR. MARTENS PLC.

IT SETS A CLEAR *TONE FROM THE TOP* BY PROVIDING ENTREPRENEURIAL LEADERSHIP OF THE BUSINESS AND CUSTODIANSHIP OF THE DR. MARTENS BRAND.

L - R
Robyn Perriss, Ije Nwokorie, Ian Rogers, Lynne Weedall, Paul Mason, Tara Alhadeff, Kenny Wilson, Jon Mortimore and Emily Reichwald.

PAUL MASON

Chair

Appointed: September 2015

Favourite pair of Docs:
BLACK 2976 CHELSEA BOOTS

Experience:
Paul has extensive experience in retail and consumer brand businesses, having chaired six consumer businesses over the past 14 years including New Look, Mayborn (Tommee Tippee), Radley and Cath Kidston.

Paul spent his executive career within the retail sector, including as Chief Executive Officer of Somerfield PLC where he led the successful re-engineering of the business and sold the company to Co-op in 2009. Paul has also held positions as European President of Levi Strauss & Co and Chief Executive Officer of Matalan and Asda.

How Paul supports the Company's strategy and long-term success:
Paul has deep and extensive knowledge of Dr. Martens having been involved from when it was a private company, through the transition to a listed business. He is therefore well placed to hold both a strategic and operational view of the business and provide robust challenge. His style is open and inclusive and he seeks to understand the perspective of all stakeholders with recent emphasis being on investor interaction and feedback following the difficult Q3 period. Paul's ability to foster a transparent and open dynamic in the boardroom has once again been highlighted through the Board Effectiveness Review this year.

Committee membership

Ⓐ Audit and Risk Ⓝ Nomination Ⓡ Remuneration Ⓓ Disclosure Ⓔ Employee Representative Director ● Chair

KENNY WILSON

Chief Executive Officer

Appointed: July 2018

Favourite pair of Docs:
1460 BLACK SMOOTH

Experience:
Kenny has over 30 years' experience building and growing global consumer brands. At Dr. Martens, he led the transition from private limited company to publicly listed business during the global pandemic. Prior to joining the business, Kenny was Chief Executive Officer of Cath Kidston for seven years. Before that he was President, Europe for Claire's Accessories, where he doubled profitability in two years. Kenny spent 19 years at Levi Strauss & Co where he was a key player in expanding the Levi's brand across the European region, as President, Levi's Brand EMEA and Senior Vice President, Commercial Operations.

How Kenny supports the Company's strategy and long-term success:
Kenny is focused on custodianship of the brand and the business. He has led the business through some challenging times during the year, seeking to navigate the short term, while never compromising on the long-term success of the business. His genuine and deep affinity for the brand, combined with his extensive experience in the branded goods sector, guides his decision-making and leadership. Kenny is regarded as open minded; a CEO who listens first and is willing to adapt to new approaches. In the boardroom he welcomes challenge and debate and is keen to learn from others' perspectives and insights. He is a popular leader who readily engages with employees and is committed to leading Dr. Martens through its next stage of evolution.

JON MORTIMORE

Chief Financial Officer

Appointed: April 2016

Favourite pair of Docs:
CHURCH VINTAGE SMOOTH LEATHER MONKEY BOOTS

Experience:
Jon is an experienced CFO with over 30 years of experience in senior finance positions including within the retail sector. Prior to joining the business, Jon was the Chief Financial Officer of Avant Homes, which was successfully sold to a consortium of funds in 2015. Before that, he was Chief Financial Officer of Travelodge and was the Finance Director for both WHSmith Retail and Hodder Headline.

Jon is a Chartered Accountant.

How Jon supports the Company's strategy and long-term success:
Jon's extensive financial experience provides the Board with an essential skillset, which coupled with his commercial mindset, enables him to analyse and forecast the Company's financial performance in line with the DOCS strategy. He is well respected for his command of the detail combined with a broad overview of the strategy and a deep understanding of the business and its drivers. He leads a strong Finance function across all regions, regularly visiting those regions to build relationships and create alignment across the finance teams and their stakeholders to ensure a robust and resilient financial ecosystem within Dr. Martens.

Jon announced his retirement in April 2023 and will continue in his role as Chief Financial Officer until a suitable replacement is in place, to ensure a smooth transition for the Company.

LYNNE WEEDALL

Senior Independent Director

Appointed: January 2021

Favourite pair of Docs:
CHERRY RED AVERIL ANKLE BOOTS

Experience:
Lynne has a career spanning over 30 years in numerous executive and non-executive roles in UK public limited companies and large private limited companies. Lynne has advised boards on complex transformations in a variety of sectors. Lynne was Group Human Resource Director for Selfridges Group, Group Human Resource and Strategy Director for Carphone Warehouse plc and was part of the leadership team that drove the merger integration at Dixons Carphone, becoming Group Human Resource Director of Dixons Carphone plc. Lynne was a Non-Executive Director and Remuneration Committee Chair of Greene King plc from 2012 until 2019, William Hill plc from 2019 until 2021 and Treatt plc from 2019 to September 2022. She also held senior roles at Whitbread plc, Bupa and Tesco plc.

How Lynne supports the Company's strategy and long-term success:
Lynne is an experienced non-executive director and continues to chair the Nomination and Remuneration Committees with diligence. She has supported colleagues and employees through a challenging period of increasing cost-of-living pressures and difficult headwinds for the Company. Lynne is respected for her ability to offer alternative perspectives and pragmatic approaches to issues. She takes a people centred and holistic view to balancing the interests of stakeholders.

Other appointments: Non-Executive Director of Softcat PLC, and Greggs plc, Trustee of The Prince's Trust, Non-Executive Director and Remuneration Committee Chair of Stagecoach Group Ltd and Director of LW2019 Ltd.

ROBYN PERRISS

Independent Non-Executive Director

Appointed: January 2021

Favourite pair of Docs:
1460 PASCAL

Experience:
Robyn has extensive financial and governance expertise and wide-ranging technology and media industry experience. She served as the Finance Director at Rightmove plc, a FTSE 100 company, until June 2020. She has first-hand experience of high growth through digital disruption, while driving improvements in governance and strategic oversight within organisations. Before joining Rightmove, Robyn was Group Financial Controller at Auto Trader, another media sector distributor.

Robyn qualified as a Chartered Accountant in South Africa with KPMG and worked in both audit and transaction services. Robyn also has a Bachelor of Commerce (Honours in Accounting) from the University of KwaZulu-Natal, South Africa.

How Robyn supports the Company's strategy and long-term success:
Robyn has chaired the Audit and Risk Committee diligently through a challenging year, which included a transition to a new auditor. She is appreciated for her financial expertise, capital markets experience and sound judgement, as well as her support and guidance to the broader Finance function.

As Employee Representative Non-Executive Director, Robyn regularly engages with employees globally and keeps the Board abreast of the key themes. She has embraced this role in an open and thoughtful way with an emphasis on ensuring that employees feel able to speak their minds. Robyn is also valued for her deep knowledge of the regulatory landscape and focus on ESG matters, which enables her to support and guide the Board and functional heads. She enjoys spending time in the business and mentors Dr. Martens' senior employees who value her expertise and experience.

Other appointments: Non-Executive Director of Softcat PLC, Huel Ltd, and Next Fifteen Group plc, where she also chairs their respective audit committees.

IJE NWOKORIE

Independent Non-Executive Director

Appointed: January 2021

Favourite pair of Docs:
CHERRY RED VEGAN LEATHER 1460

Experience:
Ije has built a career balancing technology, creativity and leadership built on his experience of growing up in Nigeria, a world where commerce, culture and creativity are intertwined in everyday life. He is currently Senior Director, WW Retail Engagement and Marketing at Apple Inc. Prior to that, he spent 11 years at global brand consultancy Wolff Olins, where he was Chief Executive Officer of the group's offices in London, Dubai, New York and San Francisco, helping some of the world's most exciting businesses build their brands for the digital age. He is Chair of non-profit organisation charity: water and was the Chair of Trustees for Chineke!, the first professional orchestra in Europe to be made up of majority Black, Asian and ethnic minority musicians, until September 2022.

How Ije supports the Company's strategy and long-term success:
Ije brings his extensive current global brand, retail and digital experience to Board discussions which is highly valued by Board colleagues and the Senior Leadership Team alike. Ije provides constructive challenge and alternative perspectives which create new insights and lead to different avenues of thought and exploration. He is highly appreciated for his open, curious and broad-minded approach as well as his engaging and supportive style. He provides mentorship to the marketing team who value his understanding of the brand coupled with his experience and up to date knowledge of the market.

Other appointments: Senior Director at Apple Inc, Chair of charity: water.

IAN ROGERS

Independent Non-Executive Director

Appointed: January 2021

Favourite pair of Docs:
THE CLASSIC 1460

Experience:
Ian is currently Chief Experience Officer at Ledger, a role he has held since 2020. At Ledger he oversees its consumer facing offer, protecting digital assets under management. Prior to that, he was the Chief Digital Officer at LVMH, working with a large portfolio of luxury retail brands including Louis Vuitton, Dior and Sephora, and where he continues to act as an Advisor. Ian's other previous roles include CEO of Beats Music, President and Chief Technology Officer at Mediacode and Webmaster at Winamp. Ian contributed to the 2015 launch of Apple Music, including digital streaming channel Beats 1. Ian has been a pioneer of music-related websites, building some of the earliest in the early 1990s.

Ian has a Bachelor of Arts in Computer Science (with Honours, Phi Beta Kappa) from Indiana University.

How Ian supports the Company's strategy and long-term success:
Ian's extensive previous and current retail, digital and music experience, and his lifelong passion for the brand, brings a valuable dimension to the boardroom. Ian's knowledge of cultural shifts and future trends enhances the debate and dialogue both between Board members and within the business. His expertise in the digital realm and his USA experience are highly appreciated by the relevant business teams who he generously supports with his time and wide-ranging connections within the industry.

Other appointments: Chief Experience Officer at Ledger, Advisor at LVMH, Board Observer at Lyst.

Note on Committee membership: Ian stepped down from the Remuneration Committee with effect from 1 May 2023, having been a member of that committee throughout FY23.

Committee membership

Ⓐ Audit and Risk Ⓝ Nomination Ⓡ Remuneration Ⓓ Disclosure Ⓔ Employee Representative Director ● Chair

TARA ALHADEFF

Non-Independent Non-Executive Director

Appointed: May 2015

Favourite pair of Docs:
SPARKLY BLACK
MADE IN
ENGLAND 1461

Experience:
Tara is a partner at global investment firm Permira, where she is responsible for brand investing within the consumer sector. Since joining Permira in 2008, she has worked with many brands, retailers, consumer internet, and on major transactions including Permira's acquisition of Dr. Martens. She was initially appointed to the Board in May 2015 and became a Non-Independent Non-Executive Director in January 2021.

Tara is a non-executive director at Hana Group and Golden Goose and has experience as a director of several companies. Previously, Tara worked in investment banking at Morgan Stanley.

Tara has a Bachelor of Science in Economics from Cambridge University and a Master of Business Administration from Harvard.

How Tara supports the Company's strategy and long-term success:
Tara is the longest-standing member of the Board and was instrumental in the transformation from a family-owned business during private ownership. Tara has deep knowledge of the business and international sector expertise. Her multiple reference points across industries bring valuable insight to the Board and enhance the quality of debate and discussion. Tara's collaborative and approachable style, financial acumen and thorough understanding of the brand and business drivers have been invaluable in helping the Board navigate challenges during the year. Tara's position also facilitates positive shareholder engagement with Permira.

Other appointments: Partner at Permira Advisers LLP, Director at SixPlatform VIII Limited, Member of Supervisory Board at Hazel ParentCo SAS, Non-Executive Director at Hana Group and Golden Goose.

INCOMING APPOINTMENT
FOR FY24

ANDREW HARRISON

Independent Non-Executive Director

Appointed: May 2023

Favourite pair of Docs:
2976 CRAZY
HORSE BROWN

Andrew joined the Board in May 2023 when he was appointed as Non-Executive Director. Andrew also joins the Audit and Risk Committee, Nomination Committee, Disclosure Committee and Remuneration Committee.

Experience:
Andrew brings a wealth of listed company experience to the Board and its Committees. He is currently the Senior Independent Director at Ocado Group plc, where he is also chair of the Remuneration Committee and designated Non-Executive Director for engagement with the workforce. Andrew is also a managing partner at consumer brand investment firm Freston Ventures.

Andrew built his executive career over more than two decades at Carphone Warehouse, where he served as Chief Executive and Chair. As a member of the early founding team, he drove the growth and international expansion of Carphone Warehouse from a small, privately owned retailer to established market leader and FTSE constituent, subsequently leading the merger of the business with Dixons in 2014, where he was Deputy Chief Executive.

Andrew has a BA (Hons) in Management Studies from the University of Leeds.

The Board welcomes Andrew and is excited to collaborate further with him in FY24.

Other appointments: Senior Independent Director at Ocado Group plc, Chair at WhoCanFixMyCar.com Ltd, Chair at Strike Limited, Chair at Chicken Shop (Chik'n Ltd), Designated Member of Freston Ventures Investments LLP, Director at Smiles and Smiles Holding Limited, Chair of Trustees at The Mix.

EMILY REICHWALD

Company Secretary

Appointed: Jan 2021

Favourite pair of Docs:
SHINY SILVER 1461

Experience:
Emily joined Dr. Martens in 2015 as General Counsel and became Company Secretary upon the Company listing on the London Stock Exchange in 2021.

Emily has been a member of the Global Leadership Team since joining Dr. Martens. Having led the Legal and Sustainability teams for a number of years, Emily added HR to her remit in 2022. Emily also chairs the Dr. Martens Foundation.

Prior to joining Dr. Martens, Emily held senior legal positions in large international businesses including Director Legal at Akzo Nobel global specialty chemicals in the Netherlands. She previously held other senior legal positions at Akzo Nobel n.v. and ICI plc. Emily trained and qualified as a solicitor at Linklaters, practising in the corporate department during which time she was seconded to GE Capital and BP plc. Emily was a Non-Executive Director of National Energy Action from 2015 to 2018 where she gained valuable experience being a non-executive director, and insight into the charity sector, the experience of which she utilises as Chair of the Dr. Martens Foundation.

Emily has a degree in English Law and French Law from the University of Manchester and Université de Bourgogne.

How Emily supports the Company's strategy and long-term success:
Emily is a valued adviser to the Board. She has built strong relationships with the Board and works closely with the Chair and the CEO. The combination of her roles exposes her to all aspects of Dr. Martens enabling close connectivity between the Board and stakeholders on relevant issues.

BOARD ACTIVITIES

The vast majority of the Board's significant discussions, debates and decisions take place during its regular, scheduled Board meetings. These are supplemented by its annual strategy off-site, visits to key markets and, where needed, additional deep dives to provide deeper understanding of and context around key issues.

These pages provide an overview of the range of matters the Board discussed at its meetings held during the year, including the outcomes of those discussions and further detail on some of the key decisions it took. While not an exhaustive list of every item considered by the Board over the course of the year, this information provides insight into the nature and substance of the conversations that take place in the boardroom and how the Board's activities continue to focus on delivering the DOCS strategy with due regard to the interests of all of the Group's key stakeholder groups.

Board cadence

Our Board meetings are an important mechanism through which the Directors discharge their duties, particularly under Section 172 of the Companies Act 2006. Agendas are agreed in advance by the Chairman and Company Secretary following discussion about proposed topics and focus areas with the Chief Executive Officer and Chief Financial Officer. Overall, agendas are tailored to appropriately balance detailed updates from the Executive Directors on trading and financial performance with 'deep dives' into specific strategic priority areas and the range of governance related and other matters that require the Board's attention.

During FY23, the Board's cadence was further refined through its decision to extend the length but reduce the overall number of Board meetings scheduled to be held annually. This decision was taken in response to feedback provided during last year's Board Effectiveness Review that it would improve the Board's overall effectiveness by concentrating its time together for longer periods but less frequently. To the extent possible, meetings are scheduled to align with the wider cadence of the business to ensure that they take place at optimal points throughout the year.

BOARD CALENDAR

APRIL 2022

B R A

📅 GLT Market Visit (Texas)
Board Market Visit (New York)

MAY 2022

B R A GLT

JUNE 2022

B GLT

📅 Board Strategy Away Days

Full Year Investor Roadshows

🔑 FY22 Full Year results
Publication of FY22 Annual Report and AGM Notice of Meeting

JULY 2022

B A N AGM

📅 EMEA Conversion Markets Presentation
GLT Market Visit - Berlin
GLT Sustainability update

🔑 AGM trading update

AUGUST 2022

📅 Employee Listening Group (APAC)

SEPTEMBER 2022

B R A

📅 Time for Tomorrow
Investor Roadshows (USA)
Employee Listening Group (Cobbs Lane office and factory)

OCTOBER 2022

B

📅 Board Market Visit - Milan
GLT Market Visit - Tokyo
Employee Listening Group (Group and EMEA)

NOVEMBER 2022

B R A N

📅 FY23 H1 Results Investor Roadshow

🔑 FY23 Half Year Results

DECEMBER 2022

📅 FY23 H1 Results Investor Roadshow

JANUARY 2023

B A GLT

📅 Employee Listening Groups (EMEA (Non-Retail))
Group Investor Conference
FY23 Q3 Investor Roadshow

🔑 Q3 Trading Statement

FEBRUARY 2023

B

📅 GLT Off Site
FY23 Chair Listening Roadshow

MARCH 2023

B R N GLT

📅 Two Employee Listening Groups (USA and EMEA)

🔑 Announcement of the appointment of Andrew Harrison

📅 **Director attended events**

🔑 **Key market announcements**

Scheduled meetings:

B Board
R Remuneration Committee
A Audit and Risk Committee
N Nomination Committee
AGM Annual General Meeting
GLT Global Leadership Team

AREAS OF FOCUS IN FY23

APRIL 2022

C
- Reflected on US Market Visit
- Reviewed Japan market transfer strategy
- Reviewed a Supply Chain update

G
- Reviewed reflections on the FY22 Board Evaluation, including the Directors' individual commitments

MAY 2022

C
- Approved approach to investing in sustainable materials
- Reviewed the DOCS strategy

G
- Approved FY22 Annual Report and final dividend
- Reviewed FY22 results and AGM Notice of Meeting

JUNE 2022

C
- Reviewed an update on the Chinese market
- Attended a two-day strategy off-site focused on a deep-dive into key areas and longer-term planning

JULY 2022

F
- Discussed capital allocation

G
- Held FY22 AGM

P
- Reviewed an update on engagement and inclusion

SEPTEMBER 2022

C
- Reviewed sustainability Science-Based Targets

F
- Reviewed FY23 3+9 forecast
- Reviewed the long-term funding proposal for the Dr. Martens Foundation

G
- Approved Modern Slavery Statement

OCTOBER 2022

C
- Milan Market Visit
- Reviewed a China market update

F
- Discussed capital allocation

P
- Reviewed a Dr. Martens Foundation Trustee Update

NOVEMBER 2022

C
- Approved an investment in recycled leather producer, Generation Phoenix Limited (see page 23 for more information)

F
- Reviewed FY23 Half Year results

G
- Approved FY23 interim dividend
- Approved a pension triennial valuation
- Approved transfer of UK pension scheme to a master trust
- Approved D&O insurance renewal

JANUARY 2023

C
- Approved capacity increase at the distribution centre in New Jersey, USA
- Reviewed a Marketing update

F
- Reviewed feedback from the Q3 trading statement

G
- Reviewed the FY23 Board Evaluation plan
- Reviewed Board meeting cadence
- Annual review and approval of Governance policies and the Conflicts of Interest Register

FEBRUARY 2023

C
- Reviewed an update on the LA distribution centre

MARCH 2023

C
- Discussed the report on the internal review of issues impacting the LA distribution centre
- Discussed capital allocation

F
- Reviewed and Approved the FY24 budget
- Reviewed the Q4 trading update

G
- Reviewed the Delegation of Authority Policy
- Approved appointment of new Independent Non-Executive Director

P
- Reviewed FY23 Board Evaluation insights

Standing items at Board meetings:

- Updates from the Chairs of the Audit and Risk and Remuneration Committees on the activities of those Committees
- Updates from the Employee Representative Non-Executive Director on the themes raised at Employee Listening Groups
- Updates from the Chief Executive Officer and Chief Financial Officer
- Investor relations activities and share register analysis
- External communications activity updates
- Summaries of matters approved at the Operating and Real Estate Committees
- Governance and Sustainability horizon scanning updates
- Annual reviews of the Board's policies and processes

Key:

C Company Strategy and Performance
F Financial Updates
G Governance
P People and Culture

GETTING THINGS DONE: HOW WE DELEGATE RESPONSIBILITIES

The following pages illustrate our governance framework and, in particular, how the Board delegates authority to its Committees and the wider business.

> **THE RELATIONSHIP BETWEEN THE BOARD AS A WHOLE, THE EXECUTIVE DIRECTORS AND THE GLT IS ROOTED IN A CULTURE OF OPEN, HONEST DISCUSSION AND CONSTRUCTIVE FEEDBACK.**
>
> **EMILY REICHWALD**
> COMPANY SECRETARY

Board Committees

To maximise its effectiveness and ensure sufficient time and attention can be devoted to the key matters requiring its attention, the Board has delegated authority in certain areas to its three principal Board Committees and the Market Disclosure Committee. Clear terms of reference are in place for each Board Committee, which are reviewed annually and refreshed as and when necessary. More information on each of the principal Board Committees can be found below and in each of their respective reports, covering pages 130 to 158.

DELEGATION OF AUTHORITY

DR. MARTENS PLC BOARD

AUDIT AND RISK COMMITTEE[1]

READ MORE **P151**

- Assists the Board in discharging its responsibilities in relation to financial reporting.
- Monitors and reviews the Group's financial controls and systems.
- Advises on the appointment of, manages the relationship with, and monitors the effectiveness of the external auditor.
- Reviews the effectiveness of wider compliance, including the whistleblowing and fraud systems in place within the Group.

REMUNERATION COMMITTEE[1]

READ MORE **P136**

- Develops and monitors the ongoing appropriateness of the Group's policy on Executive remuneration.
- Determines the levels of remuneration for the Board and leadership.
- Monitors remuneration structures and recommends changes.
- Reviews overall workforce remuneration and related policies and the alignment of incentives and rewards with culture and takes these into account when determining the remuneration of the Board and leadership.

NOMINATION COMMITTEE[1]

READ MORE **P130**

- Reviews the structure, size and composition of the Board.
- Recommends potential Board and senior management appointments and reappointments to the Board.
- Oversees succession planning for the Company's Directors and Global Leadership Team.
- Monitors effectiveness of policies and strategy for diversity, equity and inclusion.

MARKET DISCLOSURE COMMITTEE

- Membership comprises the Executive and Non-Executive Directors, Company Secretary, Director of Investor Relations, Communications Director and Director of Finance Control.
- Oversight of all market disclosure requirements, including approving for publication statements relating to the Group's performance or containing potentially price-sensitive information.
- Oversees compliance with the Market Abuse Regulation, in particular the Group's processes for the identification, management and public disclosure of inside information.

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1. Principal Board Committees.

Executive Directors and Global Leadership Team (GLT)

Responsibility for the execution of the Group's strategy and day-to-day management of the business has been delegated by the Board to the Executive Directors with the support of the GLT. The Board regularly invites members of the GLT and relevant members of their teams to attend and present at Board meetings on topics of strategic importance to inform and guide its thinking and ultimately result in more effective decision-making. The Board's relationship with the Executive Directors and the GLT is secured through clear and open lines of communication, supported by a culture of open, honest discussion and constructive feedback.

Delegated authorities and governance policies

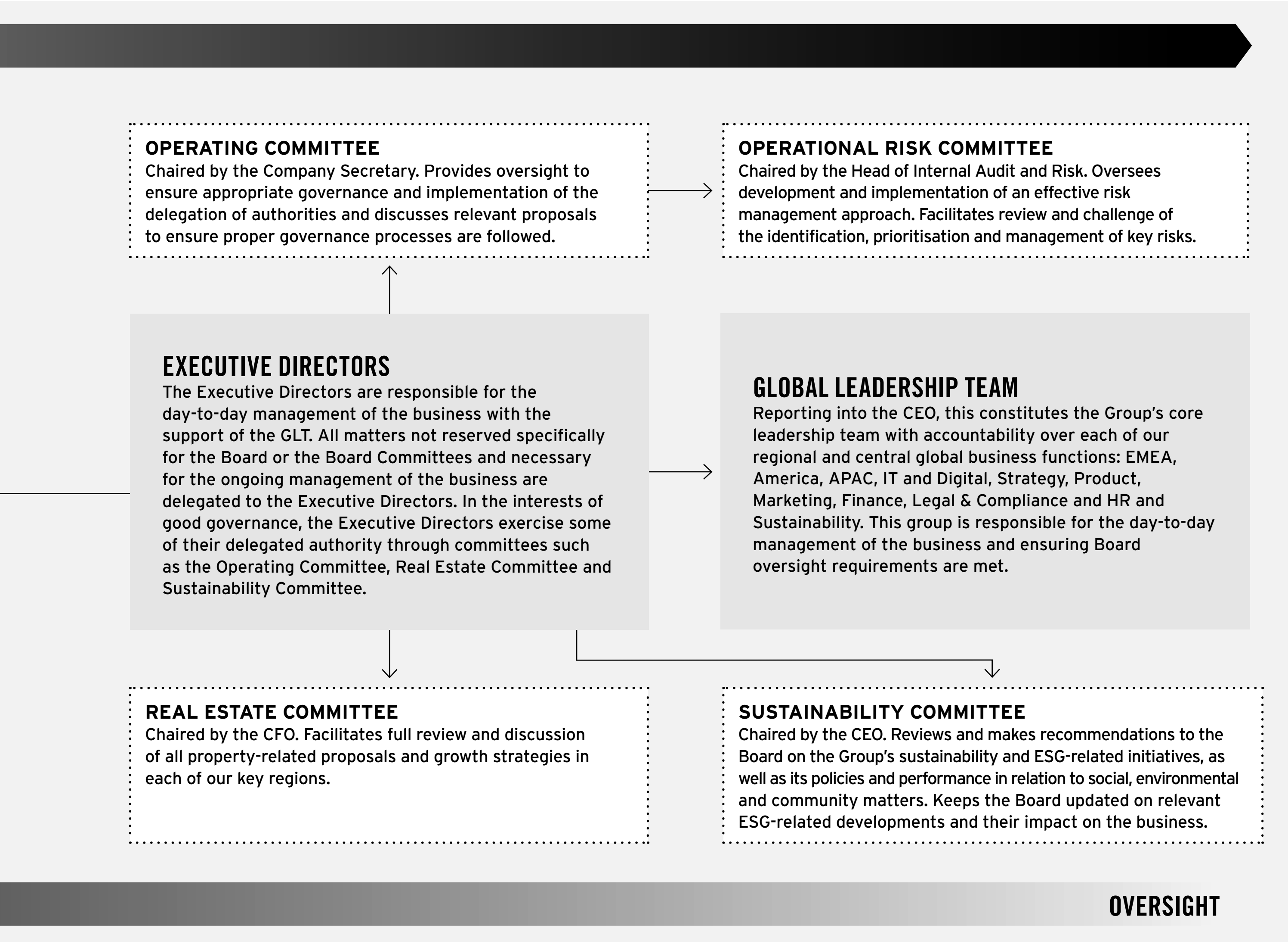
The Board has implemented a number of policies, guidelines and procedures to govern its conduct, the manner in which it operates and how it delegates authority to different layers of management across the business to promote the efficient running of the business. These are reviewed by the Board annually and include:

- Delegation of Authority Policy
- Schedule of Matters Reserved for the Board
- Articles of Association
- Board Committee terms of reference
- Non-Executive Director Policy
- Non-Audit Services Policy
- Business-wide and PDMR Securities Dealing Codes
- Disclosure Policy
- Division of Duties document (covering the Chair, CEO, Senior Independent Director and Employee Representative Non-Executive Director)

These documents are available to view on **drmartensplc.com**.

The Group's Delegation of Authority Policy formally sets out the nature and extent of the authority that allows designated employees to act on behalf of the Company. Internal requirements in respect of the conduct of the business and its employees are set out in the numerous Group-wide policies, standards and guidelines that comprise our internal compliance framework.

The Board maintains oversight of the authorities delegated to Board Committees and the Executive Directors through clear reporting channels. The Chairs of each Board Committee report to the Board on the matters considered and approved by those Committees. The Chief Executive Officer and Chief Financial Officer provide detailed updates at each Board meeting, supported by regular updates by members of the GLT, written summaries of matters considered and approved by the Operating and Real Estate Committees, in addition to a regular suite of written reports.



OPERATING COMMITTEE
Chaired by the Company Secretary. Provides oversight to ensure appropriate governance and implementation of the delegation of authorities and discusses relevant proposals to ensure proper governance processes are followed.

OPERATIONAL RISK COMMITTEE
Chaired by the Head of Internal Audit and Risk. Oversees development and implementation of an effective risk management approach. Facilitates review and challenge of the identification, prioritisation and management of key risks.

EXECUTIVE DIRECTORS
The Executive Directors are responsible for the day-to-day management of the business with the support of the GLT. All matters not reserved specifically for the Board or the Board Committees and necessary for the ongoing management of the business are delegated to the Executive Directors. In the interests of good governance, the Executive Directors exercise some of their delegated authority through committees such as the Operating Committee, Real Estate Committee and Sustainability Committee.

GLOBAL LEADERSHIP TEAM
Reporting into the CEO, this constitutes the Group's core leadership team with accountability over each of our regional and central global business functions: EMEA, America, APAC, IT and Digital, Strategy, Product, Marketing, Finance, Legal & Compliance and HR and Sustainability. This group is responsible for the day-to-day management of the business and ensuring Board oversight requirements are met.

REAL ESTATE COMMITTEE
Chaired by the CFO. Facilitates full review and discussion of all property-related proposals and growth strategies in each of our key regions.

SUSTAINABILITY COMMITTEE
Chaired by the CEO. Reviews and makes recommendations to the Board on the Group's sustainability and ESG-related initiatives, as well as its policies and performance in relation to social, environmental and community matters. Keeps the Board updated on relevant ESG-related developments and their impact on the business.

MEET THE GLOBAL LEADERSHIP TEAM

Our Global Leadership Team (known throughout the business as the 'GLT') believe in being brand custodians, focused on protecting and enhancing the brand and the business for future generations.

Its membership includes the Executive Directors together with the Presidents of our core regions of APAC, America and EMEA and the leaders of our key business functions. The GLT manages the day-to-day business operations and therefore plays an essential role in continuing to build on the implementation of the DOCS strategy and driving it forwards to deliver value for our shareholders and stakeholders over the longer term.

GEERT PEETERS

Chief Operating Officer

Joined: June 2018

Favourite pair of Docs:

1460 MADE IN ENGLAND

Prior to joining the business, Geert was Chief Operating Officer of Cath Kidston Ltd. He has held senior supply chain roles in several global businesses, including VF Corporation and drinks firm Bacardi and was also a senior vice-president at Levi Strauss & Co.

Geert has a Master of Science in Textile Engineering from Ghent University, an Executive Master of Business Administration from Flanders Business School and a master's degree in Operations and Supply Chain Management from Vlerick Business School.

RONALD GARRICKS

Chief Information Officer

Joined: April 2020

Favourite pair of Docs:

CORONADO

Ronald has built his career helping businesses transform IT into a key enabler to support sustainable growth. His previous roles have including positions at global payment platform Worldpay and international law firm Allen & Overy. Prior to joining the business, Ronald held a senior interim role within the Digital Transformation programme at IKEA. He has an Executive Master of Business Administration from Cass Business School, London, and Bachelor of Science (Hons) in Information Systems from the University of West London.

EMILY REICHWALD

Chief People and Sustainability Officer and Company Secretary

Joined: April 2015

Favourite pair of Docs:

SHINY SILVER 1461

Emily's remit expanded during FY23 to include formal responsibility for HR and Sustainability in addition to the Legal and Company Secretariat functions. Over her eight years with Dr. Martens Emily has become a trusted adviser to the Board and has been intrinsic in building the Dr. Martens culture. This, coupled with her long tenure and strong management experience, has enabled her to smoothly transition into her new role and continue to develop the HR function. Read more about Emily's previous experience, qualifications and Company Secretary role on page 117.

ERIK ZAMBON

Strategy Director

Joined: April 2017

Favourite pair of Docs:

1460 MADE IN ENGLAND IN BLACK QUILON LEATHER

Erik started his career in management consulting. He joined Kurt Salmon and worked with retailers, consumer goods and luxury brands on large scale strategy and transformation initiatives in EMEA and Japan. He left consulting to join Calvin Klein where he led the brand, merchandising and planning functions for the European apparel and accessories divisions. Prior to joining Dr. Martens, Erik held global senior roles in merchandising at AllSaints and latterly at Joseph.

Erik has a Master of Arts (Hons) degree in Modern and Medieval Languages and Management Studies from Cambridge University.

DEREK CHAN

President, APAC

Joined: September 2019

Favourite pair of Docs:

2976 CHELSEA BOOT

Derek has extensive experience in consumer brands having previously held senior roles at Nike and Amazon in China and leadership positions in companies including Levi Strauss & Co.

Prior to joining the business, Derek was Vice President, Softlines & Media at Amazon China.

Derek has a Masters degree in Business Administration from Hong Kong University of Science & Technology.

JENNIFER SOMER

President, Americas

Joined: November 2021

Favourite pair of Docs:

NAVY 1460 SMOOTH LEATHER

Jennifer joined Dr. Martens from UGG and Koolaburra Footwear, part of the Deckers Corporation, where she was Global General Manager. Prior to that, she was President at Junk Food Clothing for five years. Jennifer has a great footwear and clothing background, with excellent commercial leadership, merchandising and deep digital experience. She is a strong people leader, with the ability to lead and nurture the Dr. Martens culture across the region.

Jennifer has an MBA (Hons) degree in Entrepreneurship and Marketing from Columbia Business School and a BA (Hons) in International Studies and Economics.

ADAM MEEK

Chief Product Officer

Joined: December 2021

Favourite pair of Docs:

CHURCH VINTAGE SMOOTH LEATHER MONKEY BOOTS

Prior to joining Dr. Martens Adam spent seven years in North America, initially with Sperry as Senior Vice President of Footwear in Boston before moving to Toronto, where he was General Manager of Footwear and Accessories for Canada Goose for two years. With nearly 20 years' experience in product and brand management, which included senior roles at Lacoste and Nike, Adam brings a wealth of experience in leading teams through a consumer obsessed lens.

Adam has a BSc degree in Sports & Exercise Science from the University of Gloucestershire.

MEG JOHNSON

Chief Marketing Officer

Joined: April 2022

Favourite pair of Docs:

2976 BLACK CHELSEA BOOT

Meg joined the business in April 2022. Meg started her marketing career at P&G, renowned as one of the best schools of marketing in the Consumer Goods industry. After a decade there, across two continents, she joined New Balance, where she led the International and then North American Marketing organisations. More recently she spent two years in Singapore, consulting in brand strategy and marketing across a range of industries.

Meg brings essential Global and Regional experience to the GLT, alongside her deep marketing expertise.

Meg has a BA (Hons) degree in Economics from the University of Leeds.

MIKE STOPFORTH

President, EMEA

Promoted to the GLT: May 2023

Favourite pair of Docs:

1460 MADE IN ENGLAND

Mike has recently joined the Global Leadership Team, following his promotion to EMEA President in May, having previously held the role of Sales Director EMEA & General Manager UK. Mike's promotion follows a strong track record of delivery and execution of the DOCS strategy within EMEA. With over 20 years' experience in the footwear industry, Mike has an extensive knowledge of the marketplace, gained through management roles in a number of brands including Timberland, Boxfresh and Ellesse.

Mike has a BA (Hons) degree in Marketing & Management from the University of Lincoln.

Sue Gannon and Lorenzo Moretti left the Global Leadership Team in September 2022 and May 2023 respectively.

APPLYING THE CODE

For FY23 we again assessed ourselves against the 2018 Code, which was the most recent iteration published by the Financial Reporting Council (FRC) as at the date of publication of this Annual Report and therefore remained the relevant standard against which we assessed ourselves in FY23.

The following pages provide insight into how we applied the Principles of the UK Corporate Governance Code (the 'Code') during FY23, with cross-referencing included where applicable to indicate where further information may be found in other areas of the Annual Report, and constitutes the statement required under Listing Rule 9.8.6(5)R.

Corporate Governance Code: statement of compliance

For the purposes of the requirement set out in Listing Rule 9.8.6(6)R, the Board confirms that the Company applied the Principles and complied with the Provisions of the Code throughout FY23.

Further information that we believe is of relevance and interest to investors and other readers of this report in relation to our compliance with specific Code Provisions is set out in the section below.

Provisions of the Code – areas of further explanation

Code Provision 9 requires that the Chair of a company should be independent on appointment when assessed against the criteria set out in the Code (Provision 10).

The Board confirms that, in accordance with Provision 9, Paul Mason was independent on his appointment to the Board. Paul has held various roles within the Group (including acting as Executive Chairman for a period) and, as a result, the Board does not consider him to meet the specific independence criteria set out in Provision 10. Nevertheless, the Board is confident in Paul's continued chairmanship on the basis that his leadership, extensive knowledge of the Group's business and significant retail and consumer brand experience are in the best interests of the Company and shareholders as a whole.

SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

A

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

The Board's primary responsibility is leading the Company to drive sustainable, profitable growth globally and deliver long-term value for all our stakeholders. It sets a clear tone from the top by providing entrepreneurial leadership of the business and promoting custodianship over our brand. The Board holds itself accountable for demonstrating these attributes and expects all our people at Dr. Martens to exhibit a long-term custodian mindset.

The Governance report details the structure, processes and controls that enable the Board to lead the Company effectively and promote its long-term success. During the year, the Company (led by the Board) continued to focus on delivering the DOCS strategy, with an emphasis on DTC first, achieving over £1bn in revenue for the first time. We also increased shareholder returns, in line with our progressive dividend policy, and have augmented the Board's effectiveness through the recruitment of a new Independent Non-Executive Director, Andrew Harrison. The Board has also been clear on the importance of facing into the issues encountered during the year, for example the problems at our distribution centre in Los Angeles, learning from them and improving processes and ways of working as necessary.

The ways in which we contribute to wider society are articulated through our long-term commitments under our 'Planet, Product, People' sustainability strategy, which is detailed in depth within our Sustainability report, which also contains our disclosures relating to TCFD compliance, from page 99.

Location of relevant information:

→ FY23 highlights **P2**
→ Sustainability report **P62**
→ How we generate value **P20**

B

The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

The Board confirms that it has established the Company's purpose, values and strategy, which are set out in the Strategic report, and that these form an intrinsic part of the Dr. Martens culture. Each of these elements was discussed by the Board during the year, most notably during its strategy off-site meetings in June 2022. The Board discussed the definition of the Company's values and culture and how the way in which these were articulated to our employees and embedded across the global business could be reset in a way that was meaningful in a post-Covid-19 context.

The Board is confident that the Dr. Martens culture is well-established across the global business, that it strongly connects with and is 'lived' by our people and continues to support the ongoing and successful delivery of our strategy. The Board monitors the alignment of our purpose, values and strategy with our culture in a number of ways, including our annual employee Engagement and Inclusion Survey, regular updates at Board meetings from senior leadership on particular focus areas and initiatives and feedback from the Employee Listening Groups facilitated by our Employee Representative Non-Executive Director, Robyn Perriss, held throughout the year.

The Board believes that Board members continue to act with integrity and conduct themselves in a manner that aligns with and promotes our culture. This view was supported by the insights acquired from our FY23 internal Board Evaluation process, undertaken in February and March 2023. These are non-negotiable attributes for any new Board appointment and were factored into the brief set by the Nomination Committee for the search for a new Non-Executive Director during FY23. More information about this can be found in the Nomination Committee report, from page 130.

Location of relevant information:

→ Strategic report **P1**

→ Stakeholder engagement **P22**

→ Nomination Committee report **P130**

C

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

The Board confirms that the necessary resources are in place to ensure that the Company meets its objectives and measures performance against them. Performance is measured with reference to clear financial and non-financial KPIs, which are set out on pages 40 to 43.

Our internal controls framework, which enables the business and Board (through the Audit and Risk Committee) to effectively assess and manage our key risks, is described from page 54 and in the report of the Audit and Risk Committee on page 157. Our risk management processes remain integrated with our overall approach to governance at Dr. Martens, as described throughout this Governance report, with oversight delegated by the Board to the Audit and Risk Committee. More information about our principal risks and how they are managed can be found in the Effective risk management section.

Location of relevant information:

→ Effective risk management **P54**

→ Measuring performance **P40**

→ Audit and Risk Committee report **P151**

D

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

In addition to its accountability to shareholders, a core responsibility of the Board is to represent the interests of the Group's stakeholders and to consider and, where appropriate, factor their needs into its discussions and decision-making. The 'Stakeholder engagement' section of the Strategic report clearly identifies our key stakeholder groups, describes their interests and outlines some of the ways in which the Board has sought, and continues to seek, to account for its relationships with each of them, as well as how this helps inform its decision-making processes.

Location of relevant information:

→ Stakeholder engagement **P22**

E

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

The Company's Speak Up Policy governs how our people can safely raise any matters of concern, such as suspected illegal or unethical business practices impacting the business. A confidential incident reporting facility is available for circumstances where an individual wishes to report an issue anonymously, which is provided by an independent specialist firm. Oversight of this process is delegated to the Audit and Risk Committee, which receives updates on specific issues raised and the Company's response to them.

On joining the business, all employees are required to sign up to our internal code of conduct, the DOCtrine, which is rooted in our ethos of doing the right thing and acting with integrity. The DOCtrine defines how we do business at Dr. Martens and sets out the behaviours and standards expected of all employees as custodians of the Dr. Martens brand. This covers areas such as human rights and ethical trade, health and safety, anti-bribery, malpractice and harassment.

Employees are also able to discuss any issues or challenges they encounter with the Employee Representative Non-Executive Director during the regular listening sessions she facilitates. These are confidential 'safe spaces' where employees speak their minds openly and honestly. An anonymised, high-level summary of the themes of these discussions is reported back to the Board, with follow up actions agreed as needed.

Location of relevant information:

→ Stakeholder engagement **P22**

→ Audit and Risk Committee report **P151**

SECTION 2: DIVISION OF RESPONSIBILITIES

F

The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The Board notes that, when assessed against the independence criteria set out in Provision 10 of the Code, Paul Mason was independent on his appointment to the Board in 2015 but was not considered independent on the Company's admission to listing in 2021. Page 124 sets out the reasons why the Board remains confident that Paul's continued chairmanship is in the best interests of the Company and its stakeholders.

The Chairman is mindful of his role in leading the Board, which includes ensuring that it discharges its responsibilities to the Company and other stakeholders effectively, fostering constructive relationships between, and facilitating effective contributions from, all Board members. The Board confirms that Paul Mason continues to be effective in this role, demonstrates objective judgement and promotes a culture of open, honest debate in the boardroom.

The effectiveness of the Board in directing the Company is assessed annually as part of the Board Evaluation process, which in line with the requirements of the Code is externally facilitated at least every three years. The internal Board Evaluation led by the Chairman, Company Secretary and Senior Independent Director in FY23 found that the Board was focused on the right priorities, led by a trusted Chair and that it continued to operate effectively overall. Full details of the FY23 Board Evaluation can be found on pages 134 to 135.

The Chairman is supported in supplying the Board with accurate, timely and clear information by the Company Secretary, who ensures that such information is available and that it flows from the business to the Board and its Committees to facilitate high-quality discussion and debate.

Location of relevant information:

- ➔ Board Evaluation **P134**
- ➔ Delegation of responsibilities **P120**

G

The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

Code Provision 11 stipulates that at least half the Board (excluding the Chair) should be Non-Executive Directors whom the Board considers to be independent, while Provision 10 requires that those considered to be independent are identified as such in the Annual Report. Over half of our Board (excluding the Chairman) comprised Independent Non-Executive Directors during FY23. The memberships of both the Remuneration and Audit and Risk Committees comprise Independent Non-Executive Directors only, while the Nomination Committee comprises all of the Independent Non-Executive Directors, the Non-Independent Non-Executive Director and the Chairman.

The Board confirms that it assessed the independence of the Non-Executive Directors as part of the FY23 Board Evaluation process. It has determined that all of the Non-Executive Directors continued to demonstrate independence in both character and judgement during FY23. Each of the Non-Executive Directors that were considered by the Board to be independent during FY23 are identified on pages 116 to 117.

The Board has also determined that, with the exception of Tara Alhadeff, the Non-Executive Directors remain free from relationships or circumstances which may (or could appear to) affect their judgement. More information about Tara's relationship with the Company's largest shareholder, IngreLux S.àr.l (which is wholly owned by funds advised by Permira Advisers LLP), is provided below and in the Directors' report section of this Annual Report.

The Board confirms that Tara Alhadeff, who has been a valued member of the Board since 2015, is not considered to be independent for the purposes of the Code and is identified as such on page 117. Tara was appointed to the Board by IngreLux S.àr.l pursuant to its relationship agreement with the Company. This agreement permits IngreLux S.àr.l to appoint one Non-Executive Director to the Board for so long as it retains control of 10% or more of the votes able to be cast on all (or substantially all) matters at any general meeting held by the Company. As such, the Board does not consider Tara to meet the specific independence criteria set out in Provision 10 of the Code.

The roles of Chair and Chief Executive are separately held, with distinct responsibilities that are defined in writing and reviewed by the Board at least annually. These, together with a description of the roles and responsibilities of the Senior Independent Director, are available to view at **www.drmartensplc.com**.

To maximise its effectiveness and ensure sufficient time and attention can be devoted to its key priorities, the Board has delegated authority in certain areas to the Audit and Risk, Remuneration and Nomination Committees. Clear terms of reference are in place for each of these Committees, which are reviewed by the Board at least annually. More information on how the Board delegates authority to Committees and the wider business can be found on pages 120 and 121.

Location of relevant information:

- ➔ Board biographies **P114**
- ➔ Delegation of responsibilities **P120**
- ➔ Agreements with controlling shareholder **P162**

H

Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The Board is satisfied that the quantity of meetings held during FY23 was appropriate. Following feedback provided by Board members during the FY22 Board Effectiveness Review that further consideration should be given as to how the Board might maximise the use of its time together as a group, the Board took the decision to extend the length of its timetabled meetings and reduce their overall number. This move to fewer, longer meetings was implemented from December 2022.

Details of Board meetings held in FY23, including attendance at each meeting, can be found on page 112. The equivalent information in relation to the Audit and Risk, Remuneration and Nomination Committees is also summarised on that page, while more detail can be found in the respective reports of each Committee.

Each of the Non-Executive Directors has confirmed that they continue to be able to meet the Company's expectations of them and to allocate sufficient time to discharge their duties as Directors effectively and the Board is satisfied that this continues to be the case. Directors' external commitments are monitored by the Board on an ongoing basis, with the assistance of the Company Secretariat function, to ensure that they remain able to allocate sufficient time to their duties to the Company.

Non-Executive Directors are expected to avoid holding an excessive number of external appointments; however, the Board recognises that these roles can vary significantly in terms of their complexity and required time commitment, so has agreed to assess them on a case-by-case basis. When doing so, the Board considers the number of board positions that the Director in question holds at other public companies alongside the likely 'size' of their new role. It also takes into account externally published guidance and proxy voting guidelines to ensure the principles of major investors in respect of 'overboarding' are considered.

The Board also confirms that it considered the quantity and nature of the other positions held by Andrew Harrison during the process of securing his appointment and had no concerns in respect of his ability to meet his responsibilities to the Board when he joined the Company in May.

During the year, Lynne Weedall disclosed a number of changes to her external interests to the Board, in accordance with the procedure outlined above. Lynne joined the Board of Greggs plc as a Non-Executive Director in May 2022 and later stepped down from her role as a Non-Executive Director of Treatt PLC on 17 September 2022. Additionally, Lynne's overall number of directorships at other listed companies was further reduced by the de-listing of Stagecoach PLC in June 2022. The Board is satisfied that Lynne's two remaining non-executive roles in addition to her position with the Company are highly unlikely to impact her full commitment to the Dr. Martens Board, be it in terms of time or dedication. It is also satisfied that the quantity of external interests held by each of the other Non-Executive Directors remains at an appropriate level and that they do not give rise to any conflicts of interest.

Location of relevant information:

- ➔ Board at a glance **P112**
- ➔ Audit and Risk Committee report **P151**
- ➔ Nomination Committee report **P130**
- ➔ Remuneration Committee report **P136**

I

The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The Company Secretary provides support to the Chairman and the Board on all matters relating to corporate governance at Dr. Martens and all Board members have access to her advice as and when it is required. The Company Secretary's duties also include ensuring that Board procedures, Group governance policies and all applicable rules and regulations are in place and complied with.

All Group policies are required to adhere to the policy governance process, which provides the end-to-end framework for the authoring, approval, communication, training and roll-out of policies and stipulates the different stages at which they should be reviewed from the point at which the need for a policy is identified through to its final approval. The Board has delegated oversight of this process to the Audit and Risk Committee, which considers the framework within its annual update from the Compliance function. The Audit and Risk Committee retains a standing item on its agenda to consider any new or renewed policies as and when required.

The matters over which the Board retains sole authority are clearly set out in its Schedule of Matters Reserved for the Board, which can be found at **www.drmartensplc.com**.

Location of relevant information:

- ➔ Audit and Risk Committee report **P151**
- ➔ Delegation of responsibilities **P120**

SECTION 3: COMPOSITION, SUCCESSION AND EVALUATION

J

Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The report of the Nomination Committee sets out the Board's processes and procedures in relation to new appointments, with specific reference to the process undertaken to identify and appoint Andrew Harrison, and including its approach to Board and senior management diversity. The Board, through the Nomination Committee, is satisfied that Andrew Harrison's appointment process was exhaustive and resulted in the right appointment for the Board and business.

The Nomination Committee keeps the Board's skills matrix, the tenure of each Board member and the succession plans relating to the Board and GLT (which comprises the first layer of management below Board level) under review. Looking ahead to FY24, senior succession will be a key area of focus for the Nomination Committee, particularly in relation to managing the succession of the Chief Financial Officer, whose intended retirement was announced by the Company in April 2023.

Location of relevant information:

- Nomination Committee report **P130**

K

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Details of the tenure, diversity, range of skills, experience and backgrounds of our Board members are available in their individual biographies on pages 114 to 117 and summarised in the statistics set out on pages 112 and 113. A Board skills matrix is kept under review by the Nomination Committee and used to guide and inform its succession plans and the criteria for any prospective future appointments.

For example, the Board identified that its effectiveness would be improved through the addition of greater listed company and international consumer goods experience, which formed the basis of the brief for a new Non-Executive Director that was overseen by the Nomination Committee and ultimately resulted in the recommendation to appoint Andrew Harrison to the Board.

With the exception of Andrew Harrison, who joined the Board on 1 May 2023 and will stand for election for the first time at the AGM in July, all of our Independent Non-Executive Directors are now in the third year of the recommended maximum nine-year term of service set out in the Code. Our longest-serving Director is Tara Alhadeff, appointed in May 2015, who has served less than nine full years on the Board.

Location of relevant information:

- Board at a glance **P112**
- Board biographies **P114**

L

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

An overview of the FY23 internal Board Evaluation process, as well as some of the actions and outcomes resulting from the FY22 Board Effectiveness Review that were implemented during the year under review, can be found within the report of the Nomination Committee.

Details of the contributions of each individual Board member in supporting the Company's strategy and long-term, sustainable success are set out on pages 114 to 117.

Location of relevant information:

- Board Evaluation **P134**
- Board biographies **P114**

SECTION 4: AUDIT, RISK AND INTERNAL CONTROL

M

The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board confirms that the integrity of the financial and narrative statements within the Company's annual and interim accounts was monitored during the year through the Audit and Risk Committee and that, on the recommendation of that Committee, it is satisfied that these are at the required level. It has also established formal and transparent policies and procedures to ensure the Internal Audit function and the external auditor are able to operate independently and effectively.

Location of relevant information:

- Audit and Risk Committee report **P151**

N

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

The Board's statement regarding the responsibility of the Directors for preparing the Annual Report and Accounts and the Directors' assessment of the Annual Report and Accounts, taken as a whole, as being fair, balanced and understandable and providing the necessary information for shareholders to assess the Company's position, performance, business model and strategy, is located in the Directors' report section of this Governance report.

Location of relevant information:

- Directors' report **P159**

O

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

The Board has overarching responsibility for ensuring that the Group's systems of internal control and risk management are established and effective. It discharges this responsibility through the Audit and Risk Committee, which receives close support from the Internal Audit function through its regular reports and updates on internal control matters and the Group's principal risks. This process assists the Board, through the Audit and Risk Committee, in overseeing the Group's risk management processes, including the nature and placement of risks within the Group Risk Register and monitoring emerging risks, which inform its approach to risk appetite.

The Board confirms that this process was in place throughout the year under review and up until the date of publication of this Annual Report and has enabled it to carry out a robust assessment of the Group's emerging and principal risks. The assessment of our principal and emerging risks, risk appetite and the Group's processes and procedures to identify and manage risk can be found in the 'Effective risk management' section of the Strategic report.

Location of relevant information:

→ Audit and Risk Committee report **P151**

→ Effective risk management **P54**

SECTION 5: REMUNERATION

P

Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

The report of the Remuneration Committee describes how it has sought to ensure that the Company's remuneration policies and practices support our strategy, promote the long-term, sustainable success of the business and align with our culture.

Location of relevant information:

→ Remuneration Committee report **P136**

Q

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The Board had delegated responsibility for developing the Company's policy on executive remuneration to the Remuneration Committee and for setting the remuneration of the Executive Directors in line with that policy. The Remuneration Policy was approved by shareholders at the AGM in 2021 and, in accordance with s439A of the Companies Act 2006, will next be tabled for shareholder approval no later than the AGM in 2024.

The Remuneration Committee is also responsible for agreeing the fees for the Chair of the Board, Non-Executive Directors, GLT and Company Secretary. The Board confirms that under no circumstances is any Director involved in deciding their own remuneration outcome.

Location of relevant information:

→ Remuneration Committee report **P136**

R

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Remuneration Committee comprises only Independent Non-Executive Directors and therefore retains a clear ability to exercise independence in judgement and, where it deems appropriate, its use of discretion when approving remuneration outcomes. The Company's remuneration advisers, the Executive Directors, Chairman and relevant members of the Company's senior leadership are invited to attend meetings of the Remuneration Committee to offer their expertise and insight as required from time to time by the Committee.

During the year, the Remuneration Committee exercised its independent judgement and discretion when approving the scaling back of the award of performance shares that had been due to be made to the Executive Directors under the Company's LTIP. This was considered to be appropriate and warranted due to the significant pressure on the price of the Company's shares at the time. More information on the use of discretion during the year can be found within the report of the Remuneration Committee.

Location of relevant information:

→ Remuneration Committee report **P136**

> **WE ARE MAKING PLEASING PROGRESS TOWARDS OUR BUSINESS-WIDE DIVERSITY ASPIRATIONS.**
>
> **LYNNE WEEDALL**
> CHAIR OF THE NOMINATION COMMITTEE

COMMITTEE MEMBERSHIP

The members of the Committee are the Company's Non-Executive Directors (the majority of whom are independent) and the Chairman of the Board. The Committee will continue to monitor its composition to ensure it remains appropriate and reinforces our ability to provide independent oversight. In May 2023 we welcomed Andrew Harrison to the Nomination Committee and look forward to his valuable contribution.

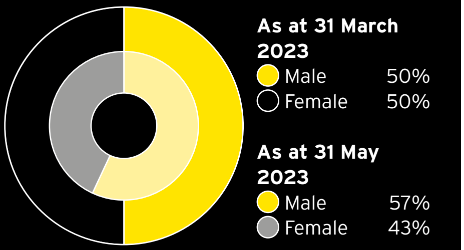
The members of the Committee and their attendance at meetings during the year are disclosed below. Full biographies of each member can be found on pages 114 to 117.

Committee members

	Number of meetings attended/max number could have attended:
Lynne Weedall **(Committee Chair)**[1]	4/4
Paul Mason	4/4
Tara Alhadeff	3/4[2]
Robyn Perriss[1]	4/4
Ian Rogers[1]	2/4[3]
Ije Nwokorie[1]	4/4
Andrew Harrison[4]	0/0

1. Independent.
2. Tara Alhadeff was unable to attend the meeting on 1 March due to pre-existing business commitments.
3. Ian Rogers was unable to attend the meetings on 1 March and 29 March due to pre-existing business commitments.
4. Appointed 1 May 2023.

Committee composition



Focus areas for FY24

- **Board and key role succession, with a focus on managing a smooth transition to a new Chief Financial Officer.**
- **Reviewing the alignment of the diversity of the Board with our overall diversity aspirations and the revised Listing Rule requirements.**
- **Reviewing the Group-wide Diversity, Equity and Inclusion strategy.**

KEY RESPONSIBILITIES

- → Recommend potential Board and senior management appointments and reappointments to the Board.
- → Oversee the inductions of new Board members and the ongoing training, as appropriate, for the Board.
- → Review and make recommendations to the Board in relation to Board and senior management succession planning, including ensuring plans are in place for an orderly succession.
- → Oversee the development of a diverse succession pipeline and the Company's policy on Board, senior management and workforce diversity and inclusion.
- → Review and monitor the effectiveness of the Company's policies, objectives and strategies relating to diversity and inclusion.

Further detail on the role and remit of the Committee can be found within its terms of reference, which are available on our website, **www.drmartensplc.com**.

DEAR SHAREHOLDER,

I am pleased to present the report of Dr. Martens' Nomination Committee for FY23.

The Committee plays a key role in ensuring that the Board and senior leadership comprise individuals who live up to our values, act as brand custodians, embody our culture and deliver our strategy. It operates to a clear remit, set out in its terms of reference, and under authority delegated to it by the Board, as set out on page 120 and 121.

Our report for FY23 sets out the Committee's activities during the year and provides insight into our progress towards achieving the priorities highlighted in our report last year. It also provides an overview of the Committee's deliberations in respect of the Board's composition, succession planning and its oversight of the detailed search process that resulted in the appointment of Andrew Harrison as a Non-Executive Director.

Finally, this report provides updates on the internal Board Evaluation we undertook during the year and the range of matters that we as a Committee will be focusing on during the year ahead.

Succession

The Committee reviewed the Company's succession plans for key roles, including the Chief Executive Officer and Chief Financial Officer, to ensure that the arrangements in place for their succession are clear, robust and properly sequenced. As part of this process, the Committee instructed that preliminary scenario planning and role profiling exercises be undertaken to identify the skillsets, backgrounds and experience that would be desirable in potential candidates, as well as an emergency succession plan to minimise any disruption to the business and uncertainty for our people in the event of an unanticipated departure. Following the announcement of Jon Mortimore's intention to retire in FY24, implementing plans for an orderly succession process for the Chief Financial Officer will be a key area of focus for the Committee over the coming months.

While all our Non-Executive Directors are within their recommended maximum nine-year terms of service, we are mindful that our two longest serving members, Paul Mason and Tara Alhadeff, will reach this threshold during the first half of FY25. In the meantime, the Committee and Board continue to value the breadth and depth of experience and insight that both Paul and Tara contribute and I wholeheartedly support the Board's recommendation that both be re-elected for a further year at our AGM in July.

Diversity, Equity and Inclusion

The Committee is mindful of the updated recommendations of the FTSE Women Leaders Review and the subsequent revision of the diversity targets set out in the Listing Rules, which took effect in April 2022. Listing Rule 9.8.6R(9) requires that listed companies state in their annual reports whether they have met the targets set out in that rule and, where they have not met one or more of those targets, they should identify them and explain their reasons for not doing so.

I can confirm that we did not meet the stipulated 40% target for female representation on the Board at year end, while the recruitment of Andrew Harrison means that we remain short of this target as we enter FY24. As at 31 March 2023, 38% of our Board members were women, reducing to 33% as at the date of publication of this Annual Report. Despite this, the Committee and Board believe that Andrew's appointment was the right one for the business and is in the interests of our shareholders and wider stakeholders. More information on the process to appoint him can be found on page 133, while the Board's policy on diversity is summarised on page 132.

In broader diversity terms, the Board continues to benefit from the significant experience of Ije Nwokorie, whose successful career was built on his experiences growing up in Nigeria and who has again been named in the 2023 Powerlist as one of the 100 most influential people of African or African Caribbean heritage in the UK.

Additionally, I am pleased that our Board remains compliant with the target for one of the 'key Board roles' to be occupied by a woman, with myself as Senior Independent Director, and that each of our principal Board Committees continues to be chaired by one of our female Board members: myself for the Nomination and Remuneration Committees and Robyn Perriss for the Audit and Risk Committee. Robyn also continues to play an important role as our Designated Employee Representative Non-Executive Director.

Finally, both the Board and Committee continue to benefit from the advice and perspectives of our Company Secretary, Emily Reichwald, who plays an active role in our Board meetings and whose remit expanded during the year to include responsibility for the Human Resources function in addition to Sustainability, Legal and the Company Secretariat.

As part of our longer-term Board succession planning we will continue to ensure diversity and the recommended targets are at the forefront of our minds.

In terms of the diversity of our wider leadership, as at the date of publication of this Annual Report 66% of our Global Leadership Team (GLT) excluding the Executive Directors were male and 34% female, while the equivalent figures for the next layer of senior management were 57% (35 employees) and 41% (25 employees) respectively, with one employee identifying as non-binary. Across the global business 61% (1,663 employees) of our global workforce identified as female, 33% (907 employees) male and 5% (126 employees) non-binary, with 2% (45 employees) preferring to self-describe.

These data and insights into the gender and ethnic diversity of our leadership and wider business were acquired from our FY23 Engagement and Inclusion Survey, which included a request for employees to confirm their gender identity and ethnic background. All responses were voluntary and anonymous and the completion rate was once again excellent, with responses received from 2,999 employees in total, or 87% of our total workforce. The reporting tables setting out the numerical diversity data, in the standardised format as prescribed by Listing Rule 9.8.6R(10), can be found in the 'At a glance' section on pages 112 and 113.

We are also making pleasing progress towards our business-wide diversity aspirations, although we recognise that there is more work to do. This year we exceeded our target of 4% non-binary representation across our organisation having reached 6%. Our inclusivity metrics, which are also measured as part of our Engagement and Inclusion Survey, are also encouraging and we continue to work on maintaining a culture that embraces all elements of diversity. Further details of diversity across the business can be found in the Sustainability report on pages 89 and 90. Additionally, our Gender Pay Gap report for FY23 can be found at **www.drmartensplc.com**.

Board Evaluation

The Board Evaluation we undertook this year was an internal process led by our Chairman and Company Secretary. It included a detailed survey comprising questions on the topics of the Board processes, oversight, culture, strategy and the Board's Principal Committees, which was followed by one-to-one meetings between each individual Board member and the Chairman. The process concluded with a session between the Non-Executive Directors, led by me, which focused on the feedback and outputs from the surveys and meetings with the Chairman, and a final discussion at our Board meeting in March. More information on this process, including insights and outcomes, can be found on pages 134 and 135.

Strengthening the GLT

It is natural for the leadership of Dr. Martens to evolve as the business grows. The Committee has an important role to play in reviewing the succession arrangements for the GLT, which comprises the senior leaders of each of the regional business and core functions accountable for delivering our strategy, and ensuring that appropriate planning is in place to support the strategic direction and growth of the business.

There were a number of adjustments to the composition of the GLT during the year. Our Chief HR Officer, Sue Gannon, left the business during the year, with Emily Reichwald subsequently taking on an expanded remit including responsibility for the HR function. Our previous EMEA President, Lorenzo Moretti, left the business in May 2023 to pursue the next exciting chapter of his career having first assisted with onboarding his successor, Mike Stopforth. Mike was promoted to the GLT from his previous role of UK General Manager and Sales Director, EMEA and his appointment as EMEA President provides continuity to this region.

Overall, we remain confident that the Company has in place a GLT that is high quality and well positioned to drive the business forward. More information about the GLT, including full biographies of each member, can be found on pages 122 and 123.

AGM and Director reappointment

All Directors will again be offering themselves for re-election or, in the case of Andrew Harrison, election at the forthcoming AGM in July. All the Directors being proposed for reappointment attended an acceptable number of Board and Committee meetings during FY23 and, as mentioned on page 112, the Board is satisfied that they continue to devote sufficient time to the Company to enable them to discharge their duties in full and continue to demonstrate a high degree of dedication to their role.

More information on the length of tenure of each of our Directors can be found within the statistics detailed on page 112.

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LYNNE WEEDALL
CHAIR OF THE NOMINATION COMMITTEE
31 May 2023

NOMINATION COMMITTEE ACTIVITIES IN FY23

JULY 2022

- Reviewed the Board's skills matrix
- Reviewed the specification for a new Independent Non-Executive Director and agreed a set of non-negotiable and desirable attributes for prospective candidates.
- Reviewed the Company's process for succession in key roles, focusing in particular on the Chief Executive Officer and Chief Financial Officer.

NOVEMBER 2022

- Reviewed the progress made in identifying a new Independent Non-Executive position and agreed to broaden the search criteria to increase the candidate pool.

MARCH 2023

- Reviewed the Committee's effectiveness as part of the internal Board Evaluation process.
- Annual review of the Committee's terms of reference.
- Agreed to recommend to the Board that Andrew Harrison be appointed as an Independent Non-Executive Director.
- Commenced plans to identify suitable successor candidates for the Chief Financial Officer.

THE BOARD'S POLICY ON DIVERSITY

The Board is committed to ensuring that diversity, equity and inclusivity remain among its core tenets and underpin all future appointments to the Board, GLT and the memberships of the Audit and Risk, Remuneration and Nomination Committees, be it diversity of gender, background, heritage, sexuality or any of the many aspects of identity that make individuals unique. Further, it continues to support the business in fostering a culture that enables talent to progress at Dr. Martens irrespective of any of these factors.

All recommendations for future Board and senior leadership appointments are made on merit following rigorous search and recruitment processes that focus on individuals possessing specific skillsets and experience that have been identified as essential for the business to achieve its strategic ambitions. This ensures the appropriate balance of skills and experience across our senior leadership, the Board and the Audit and Risk, Remuneration and Nomination Committees is maintained or improved.

The Board is mindful of the recommendations of both the Parker and FTSE Women Leaders Reviews and the revised targets and 'comply or explain' reporting requirements set out in the Listing Rules and it remains the Board's intention to meet or exceed these targets on an ongoing basis.

The Board is pleased to have met the prescribed targets relating to its ethnic diversity and the appointment of a woman to at least one of the 'big four' Board roles of Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director. While the Board does not currently meet the 40% target for female membership, it continues to be the intention and aspiration of the Board to do so. This will be an important focus area for the Nomination Committee during FY24.

The Board firmly believes that adhering to the principles outlined above facilitates broader, richer debate and ultimately results in better decision-making in the interests of the business, the Company's shareholders and wider stakeholder groups.

BOARD APPOINTMENT PROCESS

A key outcome of the Board's first evaluation undertaken in FY22 was the identification of the need to augment the Board's existing skillset with additional expertise and experience.

The following section summarises each stage of the process that resulted in the Committee recommending the appointment of Andrew Harrison to the Board as the Company's first new Independent Non-Executive Director to join since Dr. Martens became a public company in 2021.

The Committee is satisfied that the process described below was appropriately thorough and that it establishes a basis on which any future searches for new Board members may be undertaken as and when they are needed.

→ MAR – JUL 2022

BRIEF

Stage 1: building the brief

Once the requirement for a new Non-Executive Director had been clearly identified, the Board instructed the Nomination Committee to proceed with establishing a brief setting out the attributes, skills and experience that the Board required and, from there, to oversee the search process. The criteria for the prospective new appointment set out in the brief were determined in part by the areas in the Board's skills matrix, which the Committee keeps under review and can be found on page 112, that required strengthening or where there were opportunities for a new Non-Executive Director to add value. In this case, there was a clear indication from the Board that the search should focus on individuals with the following attributes who could help it to lead the business effectively through its next phase of growth:

- Experience of serving on UK listed company boards.
- Robust PLC committee experience, particularly of audit and remuneration committees.
- Prior experience as a Chief Executive Officer.
- Experience in a senior role at a high-growth, international branded goods business.

→ JUL 2022 – FEB 2023

SEARCH

Stage 2: candidate search

Once the brief was finalised, the Committee engaged executive search firm Russell Reynolds to undertake the search for candidates matching its key criteria. Prior to commencing their search, Russell Reynolds was fully briefed on the specification and the Board's ongoing aspirations to improve, where possible and practicable, the diversity of its membership.

It was established early in the process that particular consideration would be given to female candidates who met the Board's criteria and the Committee requested that Russell Reynolds proceed with its search on that basis. A diverse shortlist of candidates was then identified by Russell Reynolds, with regular updates fed back to the Committee via the Committee Chair for review and further consideration.

The Company confirms that Russell Reynolds has no other connection with the individual Directors or the Company.

→ JUL 2022 – FEB 2023

ASSESS

Stage 3: review and assessment

The Committee reconvened on several occasions to discuss progress and review the profiles of the candidates who most clearly reflected the criteria set out in the initial brief. The preferred candidates were contacted to discuss their interest in the role and to schedule meetings with one or more of the Senior Independent Director, Chairman and Chief Executive Officer.

The search and assessment stages were exceptionally challenging due to a combination of the exacting criteria specified in the brief and the high demand and low availability of candidates meeting them. Consequently, the Committee took the decision to expand its search criteria to include candidates with experience in additional sectors and who had held a broader range of executive director positions. Additionally, the extent to which the search focused on identifying women who met the criteria was relaxed to further broaden the candidate pool.

Overall, the Committee reviewed the profiles of over 70 exceptional individuals over the course of the search process.

→ NOV 2022 – FEB 2023

INTERVIEW

Stage 4: candidate meetings

Before any recommendation to appoint a particular individual could be made to the Board, meetings were arranged between members of the Committee and a number of candidates to discuss the nature of the Dr. Martens business, its culture and values, as well as their backgrounds and experience.

Given the challenging nature of the search, this stage was in part conducted alongside stage 3, detailed above, with the Committee continuing to review and assess candidate profiles while informal meetings were organised with several of them to discuss the nature of the role and their potential interest in it.

→ MAR 2023

OFFER

Stage 5: offering the role

At its meeting in early March 2023, the Committee discussed the final shortlist of candidates. While the credentials of all were exceptional, the Committee was unanimous in the view that Andrew Harrison was the right candidate for the Board, possessing an entrepreneurial background, recent experience as both a Chief Executive and Senior Independent Director at large, listed businesses and a strong track record of driving growth at other organisations. The role was formally offered to Andrew and accepted shortly afterwards, with the Company announcing on 24 March that he would be joining the Board on 1 May.

→ MAY 2023

INDUCT

Stage 6: tailored induction process

On formally joining the business in May, Andrew commenced an induction programme to familiarise him with the business and key members of the GLT. This process is facilitated by the Company Secretary and is ongoing as at the date of publication of this Annual Report.

While tailored to the needs of the individual, Director inductions will generally incorporate site visits and meetings with members of the Global Leadership Team and other key senior leaders and external advisers. They will also be provided with a range of documentation including Company reports, past Board and Committee materials and a number of internal policies and procedural documents.

BOARD EVALUATION

The following pages provide insight into the Board's evaluation of its effectiveness and performance in FY23 and the action points identified to take forward into FY24.

While a formal evaluation is only required on an annual basis, the Board recognises that monitoring, refining and improving its effectiveness is a continuous process. It does this in a number of ways, such as regularly reflecting on how well Board members are working together and with the Company's senior leadership, reviewing its balance of skills and experience against its skills matrix needed to support the business in delivering its strategic objectives and whether it feels appropriately supported in carrying out its duties by the Company's internal governance structures and systems.

The annual Board Evaluation, regardless of whether it is externally facilitated or led internally, provides an opportunity for the Board to assess the extent to which it was successful in discharging its duties over the course of the year, implementing any specific actions recommended through feedback provided during the evaluation and identifying areas of focus for the year ahead.

As such, this section begins with a summary of the range of actions that was implemented by the Board in response to feedback from the FY22 Board Effectiveness Review before moving on to a description of the process, insights and outputs of the internal evaluation undertaken in the final quarter of FY23.

FY22 BOARD EVALUATION: PROGRESS UPDATE

The FY22 Board Effectiveness Review was an extensive and exhaustive process which combined external facilitation by independent specialist leadership and board consultancy ghSMART with internal discussions led by the Chairman and Company Secretary.

At the end of this process, a number of recommendations were identified for the Board to focus on during FY23. The Board is pleased to report that it has made significant progress in implementing improvements based on these recommendations, as set out opposite:

RATIONALE AND OBJECTIVES OF THE FY23 BOARD EVALUATION

Further to the extensive process undertaken in FY22 the Board agreed that the assessment of its performance and effectiveness during FY23 would be managed internally. An overview of the process followed during the year is set out below. It is the Board's policy to undertake externally facilitated reviews every three years, in line with the requirements of the UK Corporate Governance Code.

Overview of process and timeline:

JANUARY 2023
DESIGN

The Board discussed the intended approach to the FY23 Board Evaluation and agreed with the Company Secretary's proposal that it be facilitated internally.

FEBRUARY 2023
QUESTIONNAIRE

Each Board member completed a questionnaire which asked for their perspectives on topics such as Board processes and management, oversight of strategic issues, skills and experience, external advisers and the operations of the Audit and Risk, Remuneration and Nomination Committees. Each question provided an opportunity to assign a rating, selected from a specified range of 'poor', 'adequate', 'good' and 'excellent', which corresponded with their assessment of the Board's effectiveness in that area. Each question also included space for extended feedback to be provided. The questionnaires were circulated to the Board, completed and submitted to the Company Secretary in February.

MARCH 2023
MEETINGS

- One-to-one meetings were held between each Non-Executive Director and the Chairman. These meetings provided an opportunity for each Board member to expand on the feedback provided in their questionnaire and reflect on their own contributions to the Board over the course of the year.
- These sessions were attended by a member of the Company Secretariat team to ensure the themes of the conversations were captured and taken forward.
- Following the individual meetings between the Non-Executive Directors and the Chairman, the Senior Independent Director facilitated a session attended by all of the Non-Executive Directors. This focused on evaluating the effectiveness of the Chairman and Executive Directors during the year, as well as any further outputs or feedback from the questionnaires that had not been previously considered. This session was also attended by the Company Secretary.

RECOMMENDATION 1:

The Board's overall capabilities and effectiveness would be further improved through the introduction of additional expertise and experience.

OUTCOME:

It was subsequently agreed to undertake a search for a new Independent Non-Executive Director to bolster the Board's capabilities. The insights provided by the FY22 Board Effectiveness Review were invaluable in clarifying the specific skills, background, prior experience and other attributes to factor into the search brief which ultimately led to the appointment of Andrew Harrison as a Non-Executive Director.

RECOMMENDATION 2:

The Board would benefit from taking time to delve deeper into its priorities and align on what it saw as the most important focus areas for FY23 and beyond.

OUTCOME:

At its two-day strategy off-site held in June 2022, the Board took the opportunity to refocus and realign on the strategic imperatives for FY23 and over the longer term, particularly the Brand and Marketing strategies and 'reigniting' the Dr. Martens culture as the world continued to reopen post-Covid-19.

RECOMMENDATION 3:

The relationships between Board members could be further refined and strengthened through increased in-person contact both in and out of the boardroom.

OUTCOME:

During the year, the Board agreed to extend the length of its timetabled Board meetings and reduce the overall quantity from eight to six, enabling it to spend its time more effectively and focus on its key priorities. Additionally, market visits to the US and Italy strengthened the bonds between Board members while deepening their knowledge of the global business. Each Director also agreed a number of personal commitments, which were shared with other Board members and reviewed during the FY23 Board Evaluation.

MARCH 2023

FEEDBACK

Based on the information provided through the questionnaires and the feedback from the subsequent meetings, the Company Secretary compiled a report setting out main findings and insights. This was agreed with the Chairman and circulated to the Board to inform and guide a final discussion, with all Board members present, at the Board meeting in late March.

Strengths:

The feedback received from the Board was positive overall and there was a consensus that the Board was effective and performing well. The Board's feedback highlighted a number of strengths, including the following:

- The Board continued to be characterised as comprising a committed, high-calibre group with a shared passion for the brand and led by a trusted, supportive Chairman.
- The Executive Directors were perceived as impactful and high performing in their respective roles, while the Non-Executive Directors were viewed as a strong and talented team with a diverse range of skills and experience.
- Board meetings were considered to be well chaired and the move to longer, fewer meetings was agreed to have been beneficial.
- Board agendas were seen as well thought through and papers were comprehensive and high quality.
- The Board's conversations during meetings were considered to be substantive, high quality and focused on the right strategic priorities.

Opportunities to drive improvement:

The Board also considered the opportunities to further improve its effectiveness into FY24:

- The disappointing Q3 trading update had reinforced the importance of considering a broad range of eventualities, including downside scenarios, that the business would likely encounter as it continued to grow at pace.
- Enhancing the involvement of the wider Senior Leadership Team at Board meetings would be beneficial, affording them more time to offer their unique perspectives while enabling the Board to leverage their expertise to improve the depth of its discussions.
- With the appointment of Andrew Harrison addressing the previously identified need to bolster the Board with additional PLC experience, it was felt that the Non-Executive Directors would benefit further from opportunities to spend time together as a group.

> **OUR EXECUTIVE PAY APPROACH AFFIRMS OUR COMMITMENT AS BRAND CUSTODIANS TO PROTECT AND ENHANCE THE BRAND FOR THE FUTURE.**
>
> **LYNNE WEEDALL**
> CHAIR OF THE REMUNERATION COMMITTEE

COMMITTEE MEMBERSHIP

The Committee currently comprises Lynne Weedall (Chair), Robyn Perriss and Andrew Harrison, all of whom are Independent Non-Executive Directors and provide a balance of skills and experience. Andrew Harrison joined the Committee on 1 May 2023, and so did not attend meetings during the year ended 31 March 2023. Ian Rogers was a member throughout FY23, stepping down from the Committee on 1 May 2023. Ian's final meeting attendance was in April 2023.

The full terms of reference of the Committee are available on the Company's corporate website at **www.drmartensplc.com**. Full biographies of each member can be found on pages 114 to 117.

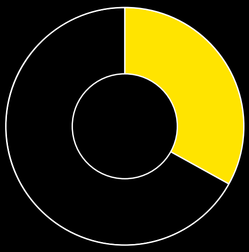
The attendance of Committee members at meetings during the year is disclosed below.

Committee members

	Number of meetings attended/max number could have attended:
Lynne Weedall **(Committee Chair)**	5/5
Robyn Perriss	5/5
Ian Rogers[1]	5/5
Andrew Harrison[2]	0/0

1. Stepped down from the Committee on 1 May 2023.
2. Joined the Committee on 1 May 2023.

Committee composition



●	Male	33.33%
○	Female	66.67%

Focus areas for FY24

The Committee is planning to undertake a number of key activities, and have discussions in the course of the coming year, on a range of matters including:

- **Implementing the Remuneration Policy appropriately for the third year of the policy period.**
- **Reviewing the Remuneration Policy ahead of the 2024 AGM where it will be put to a binding vote and if approved will be effective from FY25. We will consider our approach to shareholder engagement on this topic depending on the extent of any changes that are proposed.**
- **Continuing to evolve our engagement with the Employee Listening Groups on executive remuneration and consideration of employee views during the policy review.**
- **Continue the global roll out of our Your Share, Buy As You Earn (BAYE) plan in APAC, following the successful and award-winning launch of the plan in the UK in September 2022, followed by our Europe and US based employees in March 2023.**
- **Reviewing performance and effectiveness as a Committee, as part of the annual Board Evaluation process.**

KEY RESPONSIBILITIES

- → Establish and agree with the Board the Remuneration Policy for the Executive Directors, the Company Secretary, the Global Leadership Team (together, the 'Executive Group'), the Chair of the Board and any other senior employees as the Board may determine.
- → Determine the individual remuneration packages of the Executive Group, the Chair of the Board and relevant senior employees within the terms of the agreed Remuneration Policy.
- → Monitor the remuneration structures and overall levels of remuneration of the Executive Group and relevant senior management and make recommendations to the Board where appropriate.
- → Oversee the remuneration of the wider Dr. Martens workforce and ensure that our policy for the senior team is consistently structured and also ensures alignment between incentives and Company culture and values.
- → Oversee the operation of the Group's share plans.

ANNUAL STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDER,

On behalf of the Remuneration Committee, I am pleased to introduce the Directors' Remuneration report for the year ending 31 March 2023.

This report is divided into three sections:

- This Annual Statement, which summarises the work of the Committee and our approach to Directors' remuneration.
- The Remuneration Policy section, which provides a summary of the policy approved at the 2021 AGM. The full Remuneration Policy can be found on pages 113 to 118 of the 2021 Annual Report (and is also available here: **www.drmartensplc.com/investors/results-centre/**).
- The Annual Report on Remuneration, which sets out the remuneration outcomes for the financial year ended 31 March 2023 and the proposed implementation of the Remuneration Policy for the upcoming year.

This Annual Statement and the Annual Report on Remuneration (but not the Remuneration Policy), will be put to shareholders for an advisory (non-binding) vote at the Annual General Meeting to be held on 13 July 2023.

LOOKING BACK

Company performance

We faced a number of challenges throughout the year and, we ended the year with PBT of £159.4m, which was below our original budget expectations. These included a challenging consumer backdrop and a bottleneck at our LA distribution centre which impacted wholesale shipments from December 2022. Notwithstanding these factors, we still performed resiliently, exceeding £1bn in total revenue for the first time, which represented full year revenue growth of 10%, from £908.3m to £1,000.3m.

Remuneration payable in respect of FY23

Base salaries and fees

As disclosed in the FY22 Annual Report, the Executive Directors received a 3% increase in salary with effect from 1 April 2022. In addition, Non-Executive Directors' fee levels were also increased by 3%. In both cases, these increases were in line with the average increase in the UK workforce.

FY23 annual Global Bonus Scheme outcome

Employees throughout the Company, whether in our stores, distribution centres, factory or offices, participate in a bonus scheme. To foster alignment across the business, in FY23, the Executive Directors annual bonus (Global Bonus Scheme, or GBS) continued to broadly mirror that of the wider workforce with all participants working towards the same global PBT targets that applied across the Group. Alongside the GBS, our employee bonus plans have the ability to reward exceptional performance, ensuring that our employees across the world are all aligned towards our single global growth ambitions.

For the Executive Directors, the GBS comprised a financial metric profit before tax with a weighting of 75% and three equally weighted strategic metrics with a combined weighting of 25%. These three strategic metrics were focused on increasing employee engagement, accelerating our sustainability journey, and growing our brand health and equity. These reflect our passion and focus on culture, sustainability and being brand custodians.

We set stretching targets requiring very significant growth and we did not meet them. Our financial PBT result of £159.4m was below the minimum threshold set, of £235.3m. We saw slower sales than we expected in America and there has also been an impact from significant operational issues at our new Los Angeles distribution centre. Our brand and our business, however, remain strong and we are confident in the DOCS strategy.

That said, two out of three of our non-financial targets were met in aggregate at a target level, which is reflective of our commitment to the DOCS strategy and our long-term custodianship mindset. As a result the formulaic outcome of the GBS is 8.63% of maximum. However, considering the wider disappointing business financial performance, our Executive Directors and Global Leadership Team have taken the decision to waive their entitlement to a bonus in respect of FY23.

Long Term Incentive Plan (LTIP) awards

As a recently listed Company, no awards vested to Executive Directors in FY23 and none are due to vest in FY24.

The Committee is comfortable that actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the Remuneration Policy operated as intended.

LOOKING AHEAD

Following the operational and market challenges faced in FY23, we will continue to set appropriately stretching targets for FY24.

Implementation of the Directors' Remuneration Policy in FY24

Salary and fees

The Executive Directors' salaries were increased by 2% with effect from 1 April 2023, to £735,420 and £472,770 for Kenny Wilson and Jon Mortimore respectively.

The fees for Non-Executive Directors were also increased by 2% with effect from 1 April 2023.

In setting salaries for the Executive Directors for FY24, the Committee considered the salary increases for the wider workforce taking into account high inflation and the cost of living alongside the need to control our cost base.

Our average pay increase across our wider head office workforce for the year ending 31 March 2024 is 4% of salary.

Global Bonus Scheme (GBS)

The maximum annual bonus payable under the GBS is 200% of salary for the CEO and 150% of salary for the CFO. The performance conditions will continue to be based on PBT (excluding exceptional items) for 75% of the bonus opportunity, and strategic measures for the remaining 25%. The three strategic metrics reflect our core focus areas of employee engagement, brand equity and ESG (sustainability). Stretching targets will be set for all elements, the detail of and performance against which will be set out in full in the Directors' Remuneration report for FY24.

LTIP
To ensure that the LTIP award is aligned to the rolling business plan, which is currently being finalised for the period covering this award and to ensure that there is full transparency for all stakeholders at the time the targets are set, the Committee has delayed the finalisation of the award levels and the precise range of EPS targets. Once these are determined, the Committee will publish this information within the RNS announcement when the CEO's award is made, and within next year's Remuneration report.

As noted below, the Chief Financial Officer (CFO) is currently under notice of retirement, so will not be eligible to receive a grant in FY24.

CFO succession planning
We announced on 14 April that Jon Mortimore will be retiring in due course and a search for his successor is underway. Our priority in FY24 is to ensure a smooth handover from Jon to his successor and our remuneration arrangements for both Jon and our new CFO will facilitate this while ensuring that we adhere to our Remuneration Policy and do not pay more than is necessary. Details of the planned treatment of Jon's outstanding remuneration in FY24 are set out later in this report.

TEAM PLAYER

Workforce engagement

During the year I, alongside Robyn Perriss (our Non-Executive Director Designated Employee Representative), engaged extensively with our wider workforce and successfully progressed our approach to our Employee Listening initiatives. We will continue our approach through FY24 and have recently held forums in EMEA and the USA. Others are planned during the first half of 2024, including within APAC and our senior management population. The objective of these sessions is for me to share our approach to Executive remuneration, explain how it aligns with Company strategy and invite comments, questions and input. Employees invited to these forums are selected at random.

Outside core remuneration listening, we see all forms of employee engagement and listening as an important and fundamental part of how we do business, and we expect this to continue to evolve, widen and deepen over time. In addition to the direct engagement of the Committee during the employee forums, we will implement a multi-layered listening approach. The strategy will build on the current programmes and processes and will include ad hoc surveys, wellbeing, organisational health, the monitoring of programmes and initiatives, local consumer feedback, NED listening groups and town hall meetings. By joining up the various tools under a single framework, we hope to understand our employees' experiences in a meaningful way.

Pay and benefits for the wider Dr. Martens team

Dr. Martens' culture and remuneration philosophy is aligned across the business. We offer a comprehensive package of base pay and benefits for all employees.

While our average pay increase was 4% of salary across our wider head office workforce for the year ending 31 March 2023, we understand that it has been a tough year for many, particularly our front-line employees. Recognising this, we invested an additional £1m in pay for our lower earning employees. Those in countries most impacted by the cost of living spike and, earning lower than certain salary thresholds, received Financial Support Payments and we also created a Hardship Fund available to all employees.

As brand custodians, we remain committed to protecting and enhancing the brand for the future and we will continue to do this through encouraging share ownership across all levels of the business, to foster a sense of company ownership and long-term investment among employees. We believe that all employees should have the ability to have a stake in the business and to share in our success. In September 2022, we launched the second phase of Your Share, Buy As Your Earn (BAYE), in which all UK based employees are eligible to participate. Under this scheme, employees may elect to purchase Dr. Martens shares via their gross income, which are matched on a 1:1 basis by the Company. We were delighted that over 29% of our UK employees elected to participate in this scheme and we were recognised by winning three external awards for our communications. In March 2023, we launched Your Share, Buy As Your Earn (BAYE) in the EU and US which enables employee to purchase Dr. Martens shares from their net income which are also matched on a 1:1 basis. During FY24, we intend to launch Your Share (BAYE) across APAC. We hope that participation will continue to remain strong, continuing our focus on share ownership across all grades of employee.

Diversity, equity and inclusion

Dr. Martens has a strong female presence across all areas of the business, which we clearly see reflected in all pay quartiles. The Company's latest Gender Pay Gap Statement (for the snapshot period up to 5 April 2022) can be found on the Dr. Martens corporate website and details of our gender balance on the Board and GLT can be found on page 131 of the Nomination Committee report.

In FY24, we have a range of initiatives to address our DEI aspirations including launching our Self-ID campaign to ask all of our employees to share more detailed DE&I data so that we can continue to work towards our DEI targets.

Further information about our diversity, equity and inclusion initiatives across the workforce is set out in the Sustainability report on pages 89 to 90.

Shareholder engagement

The Committee consults with its larger shareholders on Executive pay matters, where considered appropriate. In FY22, I spoke with some of our largest shareholders extensively. As there are no significant changes in the implementation of the Remuneration Policy, we have not carried out a further formal consultation with shareholders in relation to the policy or its operation in FY23. However, I am always happy to make myself available to shareholders to discuss any concerns or feedback they may have. We will consider our approach to consultation with our shareholders in due course, depending on the outcome of our Remuneration Policy review.

On behalf of the Committee, thank you for reading this report and we look forward to receiving your support at the AGM on 13 July 2023 in relation to the advisory vote to approve this report.

L Weedall

LYNNE WEEDALL
CHAIR OF THE REMUNERATION COMMITTEE
31 May 2023

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1. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

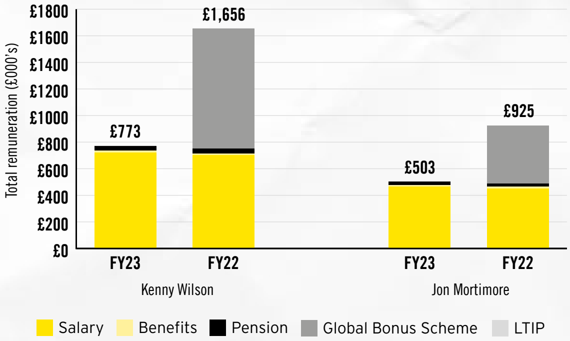
AT A GLANCE

PERFORMANCE SNAPSHOT

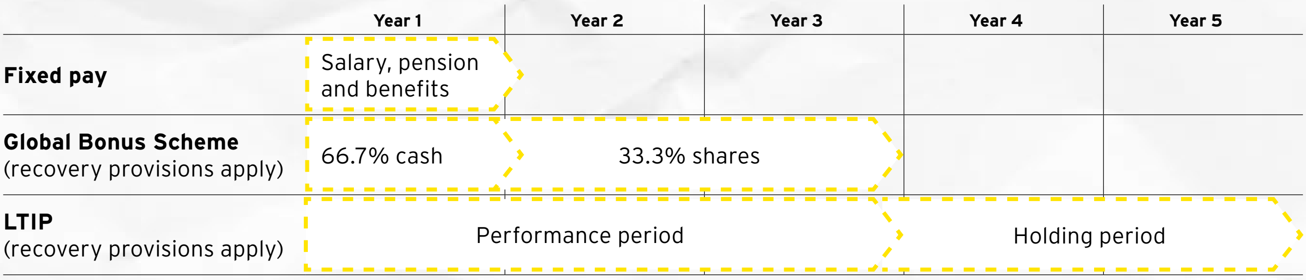
Global Bonus Scheme performance

	Measure	Weighting of the bonus	Result achieved	Achievement (out of a maximum 100%)	Payout as a % of total bonus[1]
Financial performance	**PBT**	**75.0%**	**£159.4m**	**0%**	**0%**
Strategic objectives	Employee engagement	8.33%	3.98	0%	0%
	Brand equity	8.33%	4.1 out of 6 areas improved	53.6%	4.46%
	ESG	8.33%	5 targets completed	50%	4.17%
Formulaic outcome					8.63
Final outcome					0%[1]

1. Executive Directors elected to waive their bonus entitlement for FY23.

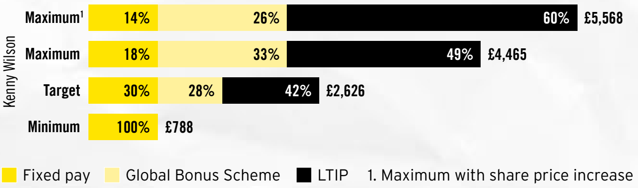


TIME HORIZONS FOR REMUNERATION ELEMENTS



	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay	Salary, pension and benefits				
Global Bonus Scheme (recovery provisions apply)	66.7% cash	33.3% shares			
LTIP (recovery provisions apply)	Performance period			Holding period	

SCENARIO CHARTS – FY24 IMPLEMENTATION



1. Maximum with share price increase

- The LTIP award level of 300% is for illustrative purposes only and is in line with the normal maximum award level. As stated above, the actual award level is yet to be finalised. Also, as stated above, the Chief Financial Officer (CFO) is currently under notice of retirement, so will not be eligible to receive a grant in FY24 and has therefore been removed from the table below as it is not reflective of any actual scenario.
- **Minimum:** Fixed pay (FY24 salaries, pension at 5% of salary and FY23 benefits).
- **On-target:** Fixed pay plus 50% of maximum FY24 GBS and LTIP payout.
- **Maximum:** Fixed pay plus 100% of maximum FY24 GBS and LTIP payout.
- **Maximum with share price increase:** The 'maximum with share price increase' scenario includes an additional element to represent 50% share price growth on the LTIP award from the date of grant to vesting.

IMPLEMENTATION FOR FY24

Base salary	2% increase for all Executive Directors • CEO – £735,420. • CFO – £472,770.
Benefits	No change.
Pension	5% of salary (in line with the wider workforce).
Global Bonus Scheme (GBS)	• Maximum opportunity: – CEO – 200% of salary. – CFO – 150% of salary. • Subject to PBT (75%) and strategic objectives (25%). • 33% deferred into shares for two years.
LTIP	• Award Level and Ranges to be confirmed and published when the award is made[1]. • Two-year holding period applies.
Shareholding guidelines	300% of salary (to be held for two years post employment).
Chair and Non-Executive Directors	Fee increase of 2% to all.

1. No grant will be made to the current CFO, who is under notice of retirement. When his successor is appointed, the PSP grant will be determined in accordance with the approved Remuneration Policy for new joiners.

Directors' Remuneration Policy

This part of the Directors' Remuneration report sets out a summary of the Remuneration Policy approved by shareholders at our 2021 AGM and effective from 29 July 2021. The full Remuneration Policy is available in the 2021 Annual Report, which can be accessed at **www.drmartensplc.com**.

The Remuneration Policy has been designed to encourage long-term, sustainable growth and provide market-competitive overall remuneration for the achievement of stretching performance targets aligned to the business strategy.

The policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code:

- **Clarity** – the policy is as clear as possible and is described in straightforward, concise terms to shareholders and the workforce in this report.
- **Simplicity** – remuneration structures are as simple as possible and market typical, while at the same time incorporating the necessary structural features to ensure a strong alignment to performance, strategy and minimising the risk of rewarding failure.
- **Risk** – the Remuneration Policy has been shaped to discourage inappropriate risk taking through a weighting of incentive pay towards long-term incentives, the balance between financial and non-financial measures in the annual bonus known as the Global Bonus Scheme (formerly known as the Global Management Incentive Plan), a portion of the GBS being paid in shares, recovery provisions (i.e. malus and clawback), and in-employment and post-employment shareholding requirements. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.
- **Predictability** – elements of the policy are subject to caps and dilution limits. Examples of how remuneration varies depending on performance is set out in the scenario charts (included in the At a glance section). The Committee may exercise its discretion to adjust Directors' remuneration if a formula-driven incentive payout is inappropriate in the circumstances.
- **Proportionality** – there is a sensible balance between fixed pay and variable pay, and incentive pay is weighted to sustainable long-term performance. Incentive plans are subject to performance conditions that consider both financial and non-financial performance linked to strategy. Outcomes will not reward poor performance.
- **Alignment to culture** – the Remuneration Committee will consider Company culture and wider workforce policies when shaping and developing Executive remuneration policies to ensure that there is coherence across the business. There will be a strong emphasis on the fairness of remuneration outcomes across the workforce.

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Base salary			
Provide a base level of remuneration to help us acquire, retain and engage top talent	Salaries are reviewed annually and any changes are normally effective from the beginning of the financial year. The review will take into account several factors including (but not limited to): • The Director's role experience and skills; • The remuneration policies, practices and philosophy of the Company; • Pay conditions in the Group; • Business performance; • Market data for similar roles and comparable companies; and • The economic environment.	Having been set based on relevant factors, base salaries will normally increase in line with increases made to the wider workforce. Higher increases may be permitted where appropriate, for example where there is a change to role or there is additional responsibility or complexity.	None

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Benefits			
To provide a market-competitive level of benefits based on the market in which the Executive is employed	The Executive Directors receive benefits which include, but are not limited to, family private health cover, life assurance cover and car allowance, although can include any such benefits that the Committee deems appropriate. The Remuneration Committee retains the discretion to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors. Any reasonable business-related expenses can be reimbursed, including the tax thereon, if determined to be a taxable benefit. The Remuneration Committee reviews benefit eligibility and cost periodically.	The maximum will be set at the cost of providing the benefits described.	None
Pensions			
To provide market-competitive retirement benefits	Contribution to the Group Pension Plan or a cash allowance in lieu of pension.	Pension contribution in line with the rate applicable for the majority of the UK workforce (currently 5% of salary).	None
Global Bonus Scheme (GBS)			
To reward annual performance against financial and non-financial KPIs and to encourage long-term sustainable growth and alignment with shareholders' interests through payment in shares	The Remuneration Committee will determine the GBS payable after the year end, based on performance against targets. No more than two thirds of the annual GBS will be paid out in cash after the end of the financial year. The remaining amount will be used to purchase shares which the Executive is required to hold for two years. Malus and clawback provisions will apply up to the date of the GBS determination and for three years thereafter.	The maximum GBS opportunity for the Executive Directors is as follows: • CEO – 200% of base salary. • CFO – 150% of base salary.	GBS payouts are determined based on the satisfaction of a range of key financial and strategic objectives set by the Remuneration Committee. The majority of the performance measures will be based on financial performance. Performance measures will be set each year in line with Company strategy. No more than 10% of the relevant portion of the GBS is payable for delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach). The Remuneration Committee has the discretion to adjust the formulaic GBS outcome if it believes that such outcome is not a fair and accurate reflection of business performance.

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Long Term Incentive Plan (LTIP)			
To encourage long-term sustainable growth and to provide alignment with shareholders' interests	Awards can be granted in the form of conditional shares or nil cost options. Awards will vest at the end of a performance period of at least three years, subject to the satisfaction of performance conditions and provided that the Executive remains employed by the Group. The net of tax number of shares that vest will be subject to an additional two-year holding period, during which the shares cannot be sold. An additional payment, normally in shares, may be made equal to the value of dividends which would have accrued on vested shares. Malus and clawback provisions will apply for three years post vesting.	The normal maximum award level will be 300% of salary per annum, based on the face value of shares at grant. If exceptional circumstances arise, including (but not limited to) the recruitment of an individual, awards may be granted up to a maximum of 400% of salary.	Awards vest subject to the achievement of at least two independently measured performance metrics. Threshold performance under each metric will result in no more than 25% of that portion of the award vesting. The Remuneration Committee has the discretion to adjust the formulaic outcome of the LTIP if the Committee believes that it is not a fair and accurate reflection of business performance.
All-employee share plans			
To provide alignment with Group employees and to promote share ownership	The Executive Directors may participate in any all-employee share plan operated by the Company.	Participation will be capped by the HMRC limits applying to the respective plan.	None
Shareholding requirement			
To provide alignment with shareholders' interests	**During employment** Executives are required to build up and retain a shareholding equivalent to 300% of their base salary. Until the shareholding requirement is met, Executive Directors will be required to retain 50% of the net of tax shares they receive under any incentive plan. **Post-employment** Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 300% of salary for a period of two years.	300% of salary.	None

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Non-Executive Directors			
To provide an appropriate fee level to attract and retain Non-Executive Directors and to appropriately recognise the responsibilities and time commitment	Non-Executive Directors are paid a base fee and additional fees for acting as Senior Independent Director and as Chair of Board Committees (or to reflect other additional responsibilities and/or additional/unforeseen time commitments). The Chair of the Board receives an all-inclusive fee. Neither the Chair of the Board nor the Non-Executive Directors participate in any incentive plans.	The fee for the Chair of the Board is set by the Remuneration Committee and the Non-Executive Directors' fees are set by the Board (excluding the Non-Executive Directors). In general, fee level increases will be in line with rises in salaries for the rest of the workforce. The Company will reimburse any reasonable expenses incurred (and related tax if applicable).	None

Service agreements and letters of appointment

The Executive Directors have a service contract requiring nine months' notice of termination from either party as shown below:

Executive Director	Date of appointment	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Kenny Wilson	5 January 2021	21 January 2021	9 months	9 months	Rolling
Jon Mortimore	5 January 2021	21 January 2021	9 months	9 months	Rolling

The table below details the letters of appointment for each Non-Executive Director.

Non-Executive Directors[1]	Date of appointment	Date of current letter of appointment	Notice from the Company	Notice from the individual
Paul Mason	5 January 2021	9 January 2021	6 months	6 months
Lynne Weedall	11 January 2021	8 January 2021	3 months	3 months
Ian Rogers	11 January 2021	25 November 2020	3 months	3 months
Robyn Perriss	11 January 2021	8 January 2021	3 months	3 months
Ije Nwokorie	11 January 2021	8 January 2021	3 months	3 months
Tara Alhadeff	5 January 2021	9 January 2021	N/A	3 months
Andrew Harrison	1 May 2023	27 March 2023	3 months	3 months

1. All Non-Executive Directors are in their initial term.

ANNUAL REPORT ON REMUNERATION

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the 2018 and 2019 regulations) and the UKLA's Listing Rules.

Remuneration Committee

Role and responsibilities

The role of the Remuneration Committee is to determine and establish a Remuneration Policy for the Executive Group and to oversee the remuneration packages for those individuals. When determining remuneration arrangements, the Committee must review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when determining remuneration of the Executive Group. Further details on the roles and responsibilities of the Committee are disclosed in the terms of reference which can be found on the Company's corporate website.

Remuneration Committee membership and meetings

During the year the Remuneration Committee comprised Lynne Weedall (Chair), Robyn Perriss and Ian Rogers, all of whom are Independent Non-Executive Directors.

The Committee met a total of five times during the year ended 31 March 2023. The number of meetings attended out of the possible maximum for each of the members of the Committee is set out on page 136 and included in the Annual Report on Remuneration by reference.

Key activities during the year

Key actions and areas of review by the Committee during the year included:

- Oversight of Remuneration Policy and its implementation;
- Ensuring the right remuneration governance policies and processes are in place;
- The roll-out of the second phase of our all-employee share plan across the global business, inviting all UK, European and US based employees to participate in the Partnership and Matching Shares scheme;
- Engagement with the wider workforce on Executive remuneration via Board employee listening programmes;
- Review of the Global Bonus Scheme outcome for the Executive Directors and the wider workforce;
- Review of the operation of incentives across the business, including ensuring that the populations for each incentive vehicle are appropriate, that performance measures align with our strategy and that targets are stretching and incentivising against the wider global economic challenges that we face;
- Considering issues relating to wider workforce pay positioning across our regions; and
- Approving remuneration packages for new senior hires below the main Board.

External advisers

The Remuneration Committee receives independent advice from Korn Ferry, who were appointed in June 2020 by the pre-IPO Remuneration Committee, following a tender process. The total fees paid to Korn Ferry in FY23 were £131,540 and were charged on a time and materials basis. The Committee is satisfied that the advice provided by Korn Ferry is objective and independent as Korn Ferry is a signatory to the Remuneration Consultant Group's Code of Conduct which sets out guidelines to ensure that any advice is independent and free of undue influence (which can be found at www.remunerationconsultantsgroup.com). None of the individual Directors have a personal connection with Korn Ferry. The Committee is satisfied that the advice it receives is objective and independent and confirms that Korn Ferry does not have any connection with the Company that may impair their independence. The Committee's advisers attend Committee meetings as required and provide advice on remuneration for executives, analysis of the remuneration policy and regular market and best practice updates. The advisers report directly to the Committee Chair. During the year, Korn Ferry did not provide any other services to the Group.

Statement of voting at the Annual General Meeting

At the 2022 AGM Dr. Martens' shareholders were asked to approve the 2022 Annual Report on Remuneration. The Directors' Remuneration Policy was approved by shareholders at the 2021 AGM. The votes received are set out below:

2022 AGM (14 July 2022)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the 2022 Directors' Remuneration report (excluding the Remuneration Policy)	Advisory	807,707,382	99.15	6,923,259	0.85	814,630,641	1,110

2021 AGM (29 July 2021)	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the Directors' Remuneration Policy	Binding	810,983,185	99.20	6,512,215	0.80	817,495,400	275

Single total figure of remuneration for the financial year ending 31 March 2023 (audited)

The following table sets out the total remuneration for Executive and Non-Executive Directors for the financial year ended 31 March 2023.

All figures shown in £000	Salary and fees		Benefits[1]		Pension[2]		Other[3]		Total Fixed Remuneration		GBS (Annual bonus)		LTIP		Total Variable Remuneration		Total	
	FY23	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**	**FY23**	**FY22**
Kenny Wilson	**721**	700	**15**	15	**36**	35	**1**	-	**773**	750	**0**	906	**-**	-	**0**	906	**773**	1,656
Jon Mortimore	**464**	450	**15**	15	**23**	23	**1**	-	**503**	488	**0**	437	**-**	-	**0**	437	**503**	925
Paul Mason	**335**	326	**-**	-	**-**	-	**-**	-	**335**	326	**-**	-	**-**	-	**-**	-	**335**	326
Lynne Weedall[4]	**99**	96	**-**	-	**-**	-	**-**	-	**99**	96	**-**	-	**-**	-	**-**	-	**99**	97
Ian Rogers	**67**	65	**-**	-	**-**	-	**-**	-	**67**	65	**-**	-	**-**	-	**-**	-	**67**	65
Robyn Perriss	**94**	84	**-**	-	**-**	-	**-**	-	**94**	84	**-**	-	**-**	-	**-**	-	**94**	84
Ije Nwokorie	**67**	65	**-**	-	**-**	-	**-**	-	**67**	65	**-**	-	**-**	-	**-**	-	**67**	65
Tara Alhadeff[5]	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

Notes to the table

1. Benefits total represents the taxable value of benefits paid. Benefits provided to Executive Directors include: family private health cover and car allowance.
2. Executive Directors receive a cash in lieu of pension contribution of 5% of salary (in line with the wider workforce).
3. This relates to the value of the matching and dividend shares awarded under the terms of the Share Incentive Plan known as Buy As You Earn (BAYE).
4. In FY22, the fees in respect of Lynne Weedall were erroneously inflated by £700 in error which was repaid in FY23.
5. Tara Alhadeff, a representative of Permira, receives no fees for her role as Non-Executive Director.

Global Bonus Scheme (audited)

The maximum Global Bonus Scheme opportunity for FY23 was 200% of salary for the CEO and 150% for the CFO. The performance against measures for FY23 is set out below. The bonus was subject to PBT (75% of maximum) and strategic objectives (25% of maximum). The strategic element was based on three equally weighted measures: employee engagement, brand equity and ESG (sustainability) targets.

Measure	Weighting	Threshold	Target	Stretch	Actual	Achievement % of maximum available under that element	Payout as a percentage of total bonus
		10% of maximum	50% of maximum	100% of maximum			
PBT	75%	£235.3m	£261.4m	£287.5m	£159.4m	0%	0%
Employee engagement[1] – Grow global employee engagement to reflect a thriving culture.	8.33%	Maintain Global Grand Factor Mean Engagement Score at 4.03	Grow Global Grand Factor Mean Engagement Score to 4.13	Stretch Global Grand Factor Mean Engagement Score to 4.18	Global Grand Factor Mean Engagement Score of 3.98	0%	0%
Brand health[2] – Growing the brand equity across 6 key areas (Awareness, Familiarity, Ever Purchased, L24M Purchased, Net Consideration and Net Future Purchase Intent) in our 7 key markets.	8.33%	Improvement in 2 of the 6 brand equity measures	Improvement in 4 of the 6 brand equity measures	Improvement in all 6 brand equity measures	4.1 out of 6 areas improved	53.6%	4.46%
Sustainability (ESG)[3] – Implementation of the sustainability strategy across business, by showing the progress under key commitments.	8.33%	Achieved 3 out of 6 targets	Achieved 5 out of 6 targets	Achieved 6 out of 6 targets	5 targets completed	50%	4.17%

Notes

1. Employee engagement – In March 2023, all employees were invited to participate in our annual employee engagement survey. Engagement is measured with reference to a Grand Factor Mean Score which is calculated based on output from a survey system provided by an external provider. Our survey participation rate remains high at 87% (2,999 responses out of a possible 3,430). Our overall score for March 2023 was 3.98 and our Threshold target was missed. This has gone down by 0.05 since March 2022. While this is disappointing, this is not a statistically meaningful drop, which is defined as anything at or above 0.10 for this population size.
2. Brand health – The targets were based on improving the equity of the brand across 6 core indicators of brand health including Awareness, Familiarity, Ever Purchased, Purchased in the last 24 months, Net Consideration and Net Future Purchase Intent. Measurement was across our 7 priority markets of the UK, France, Germany, Italy, USA, China and Japan using relative improvement versus a specific group of footwear companies with the base period being October 2021 to October 2022.
3. Sustainability (ESG) – Targets were based on our Planet and Product sustainability strategies. Planet targets included (i) identifying and implementing a business wide solution to capture waste and energy from owned and operated sites, (ii) achieving 75% renewable electricity contracts in EMEA and (iii) all Tier 1 suppliers continuing to be audited and achieving high CSR standards in externally conducted audits. Product targets included (i) launching a trial of a new sustainable* material (e.g. upper) in at least one product, (ii) launching our recommerce trial, and commence next phase of business modelling and (iii) identifying and starting the implementation of a solution to trace raw material and components, systematically and transparently. During FY23, 5 out of 6 targets were achieved. Further details on our sustainability journey can be found in the Sustainability report on page 62. *We define sustainable materials as those which are 1) Durable, 2) Recycled, Renewable and/or Regenerative and 3) Produced Responsibly.

Based on performance during FY23 the formulaic outcome of the GBS for Executive Directors is 8.63% of maximum. However, the Executive Directors decided to waive their bonus for FY23 , the equivalent of £124,445 and £60,000 for our CEO and CFO respectively. As a result, there was no payout under the GBS.

Long Term Incentive Plan (LTIP) vesting during the year (audited)

There are no awards under the LTIP due to vest based on performance to 31 March 2023.

LTIP granted during the year (audited)

On 15 June 2022, LTIP awards were granted to Executive Directors. As explained in the 2022 Annual Report, the Executive Directors' LTIP award was reduced to 250% of salary from the usual policy level of 300% to take into account the share price at the time of grant.

Executive	Basis of the award (% of salary)	Share price[1]	Number of shares granted[2]	Face value of the award at grant date (£)	Threshold vesting (% of Award)	Grant date[3]	Vesting date[4]
Kenny Wilson	250%	238.4p	756,082	1,802,500	25%	15 June 2022	15 June 2025
Jon Mortimore	250%	238.4p	486,052	1,158,748	25%		

1. The share price is based on the mid-market close on the day before the date of grant (14 June 2022).
2. LTIP grants were granted in the form of conditional share awards.
3. Performance is measured over three financial years from 1 April 2022 to 31 March 2025.
4. An additional two-year holding period applies after the end of the three-year vesting period.

The awards above are subject to the stretching EPS and TSR targets set out in the table below:

Performance measure	Weighting	Targets		Performance period
		Threshold	Maximum	
EPS (compound annual growth)	67%	12% p.a.	21% p.a.	1 April 2022 – 31 March 2025
Relative TSR vs. FTSE 350 (excluding investment trusts)	33%	Median	Upper Quartile or above	

Payments to former Directors (audited)

No payments were made to former Directors of the Company during the year.

Payments to former Directors and for loss of office (audited)

On 14 April 2023, we announced that Jon Mortimore would be retiring as Chief Financial Officer with the agreement of the Board. The remuneration arrangements in connection with his retirement will be in line with his Service Contract and the Directors' Remuneration Policy, and will comprise the following elements:

Jon will continue to receive salary, benefits and pension for the duration of his nine-month notice period. Salary will include a 2% increase for FY24, as this was approved before the announcement of his retirement.

It is anticipated that Jon will continue to be actively employed in the business until a suitable successor has been found and following a full handover. To the extent there is any remaining notice period following the completion of this handover, it is anticipated that Jon will be placed on garden leave until the end of his contractual notice (14 January 2024) and will continue to support the business as required.

The Committee has determined that Jon should be treated as a 'good leaver' for the purpose of the Global Bonus Scheme (GBS) and Performance Share Plan (PSP). He may participate in the FY24 GBS, pro rata for the period of active service (excluding any period on garden leave) and paid a mix of two thirds cash and one third shares to be held for two years, in line with normal policy. Outstanding shares held in respect of the FY22 GBS must be retained until the end of the original two-year holding period.

Jon will not be granted an FY24 PSP award. Outstanding PSP awards will remain capable of vesting on their original vesting dates, subject to performance conditions and pro-rated in accordance with the rules of the Plan. The usual two-year post vest holding period will apply to any net of tax vested shares under the PSP. Jon will be required to retain shares worth 300% of salary, for two years following employment.

Other than as detailed above for Jon, no payments have been made for loss of office to any other Directors, or former Directors, during the year.

Director interests and Executive Directors' shareholding requirements (audited)

During employment, Executive Directors are required to build and maintain a shareholding equivalent to 300% of their base salary. The shareholdings of the CEO and CFO exceed this requirement significantly.

The table below summarises each Director's current shareholding, including shares subject to a deferral or holding period and performance conditions, and whether the shareholding requirement has been met. Post-cessation of employment, Executive Directors must retain shares to the value of 300% of salary for a period of two years in accordance with the Remuneration Policy.

In the period 1 April 2023 to 31 May 2023, the Executive Directors acquired 388 shares each due to their participation in the BAYE plan. As a result, Kenny Wilson and Jon Mortimore increased the number of beneficially owned shares by 194 (Partnership Shares) to 11,221,753 and 6,377,590 shares respectively. They also increased their shares subject to continued employment by 194 each (Matching Shares) to 609 each respectively.

Director	Beneficially owned shares on 31 March 2022[1]	Beneficially owned shares on 31 March 2023[1]	Shares subject to continued employment[2]	Unvested shares subject to performance conditions	Shareholding requirement (% of salary)	Current shareholding (% of salary)[3]	Requirement met
Kenny Wilson	11,165,275	11,221,559	415	1,323,649	300%	2,215%	Yes
Jon Mortimore	6,350,043	6,377,396	415	850,916	300%	1,958%	Yes
Paul Mason	7,875,000	7,875,000	-	-	N/A	N/A	N/A
Lynne Weedall	11,054	17,054	-	-	N/A	N/A	N/A
Ian Rogers	20,270	20,270	-	-	N/A	N/A	N/A
Robyn Perriss	89,054	89,054	-	-	N/A	N/A	N/A
Ije Nwokorie	5,405	5,405	-	-	N/A	N/A	N/A
Tara Alhadeff	0	0[4]	-	-	N/A	N/A	N/A

Notes

1. The total number of interests in shares in the Company of the Director including interests of connected persons. This also includes Partnership Shares and Dividend Shares under the BAYE and Bonus Shares under the Global Bonus Scheme which are subject to a two-year holding period.
2. This includes BAYE Matching Shares which are subject to continued employment (a forfeiture period of three years), but are not subject to performance conditions.
3. For the purposes of compliance with the share ownership guidelines, only beneficially owned shares are counted. This includes any Partnership Shares and Dividend Shares under the BAYE, and Bonus Shares purchased under the Global Bonus Plan. Unvested shares in the LTIP are not counted. This figure is calculated using the Base Salary on 31 March 2023, and a share price on 31 March 2023 of 142.3 pence.
4. Tara is a Partner at Permira Advisers LLP, and they nominated her for appointment to the Board. IngreLux S.àr.l (which is wholly owned by Permira Advisers LLP) hold 369,942,440 shares in Dr. Martens.

In the tables below, we have summarised the outstanding awards for the Executive Directors included in the Directors' share interest table.

LTIP awards (awards subject to performance conditions)

		Grant date	Share price at grant	Type of award	No of shares under the award 01/04/2022	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	No of shares under the award 31/03/2023	End of performance period
Kenny Wilson	2022 LTIP	15/06/2022	238.4p	Conditional shares	-	756,082	-	-	-	756,082	31/03/2025
	2021 LTIP	09/02/2021	513p[1]	Conditional shares	567,567	-	-	-	-	567,567	31/03/2024
Total					567,567	756,082				1,323,649	
Jon Mortimore	2022 LTIP	15/06/2022	238.4p	Conditional shares	-	486,052	-	-	-	486,052	31/03/2025
	2021 LTIP	09/02/2021	513p[1]	Conditional shares	364,864	-	-	-	-	364,864	31/03/2024
Total					364,864	486,052				850,916	

1. As explained in the Prospectus and also in the 2021 Annual Report, the number of shares awarded was calculated using the offer share price of 370p. The closing share price on the date of grant was 513p.

Performance graph and table

Dr. Martens' shares began unconditional trading on the London Stock Exchange's main market on 3 February 2021. The chart below shows the TSR performance of £100 invested in Dr. Martens from 3 February 2021 (using the offer price of 370p per share) to 31 March 2023 against the FTSE 350 index. The FTSE 350 index is considered an appropriate comparison as Dr. Martens is a constituent of the index.

	FY23	FY22	FY21[1]
CEO single figure total remuneration (£000s)	**773**	1,656	259
GBS (as % of maximum opportunity)	**0%**	65%	75%
Long-term incentive vesting (as % of maximum opportunity)	**-**	-	-

1. FY21 was based on period from Admission on 29 January 2021 to 31 March 2021.

Change in Directors' and employee remuneration

The table below sets out the percentage change in base salary, value of taxable benefits and bonus for all the Directors compared with the average percentage change for employees.

	Percentage change in FY22 - FY23			Percentage change in FY21 - FY22[1]		
	Salary	Taxable benefits	Global Bonus Scheme	Salary	Taxable benefits	Global Bonus Scheme
Kenny Wilson	3%	(1%)[3]	(100%)	0%	0%	15.7%
Jon Mortimore	3%	0%	(100%)	0%	0%	71.6%
Paul Mason	3%	-	-	0%	-	-
Lynne Weedall	3%	-	-	0%	-	-
Ian Rogers	3%	-	-	0%	-	-
Robyn Perriss[2]	12%	-	-	2.9%	-	-
Ije Nwokorie	3%	-	-	0%	-	-
Tara Alhadeff	-	-	-	-	-	-
Employees[4]	7.6%	19.4%	(91.3%)	7.0%	34.8%	37.5%

1. In FY21, the single figure table was based on the period from Admission on 29 January 2021 to 31 March 2021, whereas in FY22 the table was based on the full financial year ending 31 March 2022. As a result, the figures for the prior year are annualised based on the change in the actual single figure of remuneration for FY22 compared to the annualised single figure of remuneration for FY21 for both Directors and employees.
2. In January 2022 (FY22), Robyn Perriss was appointed the Non-Executive Director responsible for employee engagement to represent the employees' voices at the Board level. To reflect the increased time that Robyn is spending on her commitment and responsibilities, the Board introduced an additional fee of £10,000 per annum for this role on 1 January 2022.
3. In November 2022, Kenny Wilson opted to reduce his private healthcare from family cover to partner cover.
4. Average percentage change for employees is calculated with reference to UK based employees only using the same data used for CEO pay ratio purposes. This population has been selected as it aligns to the group for the CEO pay ratio and so enables a more meaningful internal comparison. There are no employees, other than Executive Directors, in the listed parent company.

CEO pay ratio

UK regulations require companies with more than 250 UK employees to publish a ratio to show CEO Total pay versus that of its UK employees. In line with these regulations, we have provided the ratio calculated using Method A determined by the regulations, under which a single total figure of remuneration is derived for each employee and the quartiles analysed. This method is, in the Committee's view, the most comprehensive and accurate reflection of the remuneration picture across our employee population.

Year ended	Method	Lower Quartile	Median	Upper Quartile
31 March 2023	A	32:1	27:1	15:1
31 March 2022	A	77:1	60:1	31:1
31 March 2021	A	76:1	62:1	35:1

The pay for the CEO and the employees at the percentiles is set out below:

£'000s	CEO	Lower Quartile	Median	Upper Quartile
Basic salary	721	21.6	25.9	46.8
Total pay	773	24.1	28.3	50.1

The employee pay figures were calculated by reference to and as at the year ended 31 March 2023 using full-time equivalent data for relevant employees in service as at 31 March 2023. In FY23, our financial PBT result was below the minimum Threshold set. Two out of three of our non-financial metrics were met in aggregate at a Target level. Considering the wider disappointing business financial performance, our Executive Directors waived their entitlement to a Bonus for the strategic non-financial metrics. A zero payout under the GBS means that the Chief Executive's package is reduced proportionately more than that of other employees. This is the reason why the ratio of his remuneration to the rest of the wider workforce is lower in FY23 compared to FY22.

The Committee is comfortable that the pay ratio shown above is consistent with our pay, reward and progression policies for the Company's UK employees as a whole. When the LTIP begins to pay out in FY25, variable pay potential will increase for our Executive Directors, subject to performance under that scheme. Therefore, it is anticipated that over time the CEO pay ratios will become more volatile due to the variable nature of the CEO remuneration structure.

Relative importance of the spend on pay

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders for the year ended 31 March 2023, compared to FY22:

	FY23 £m	FY22 £m	% Change
Distribution to shareholders	**58.4**	55.0	6.2
Total employees' pay	**117.5**	106.8	10.0

Implementation of policy in FY24 (unaudited)

The section below sets out the planned implementation of the Remuneration Policy in FY24.

Executive Director remuneration

Base salary

During the year, the Committee reviewed the salary increases for the wider workforce taking into account high inflation and the cost of living alongside the need to control our cost base. As a result of the review, our average pay increase across our wider head office workforce for the year ending 31 March 2024 is 4% of salary. In addition, those employees in countries most impacted by the cost-of-living spike and earning lower than certain salary thresholds received Financial Support Payments and we also created a Hardship Fund available to all employees.

	Base salaries		
Executive Director	FY24	FY23	% Change
Kenny Wilson	**£735,420**	£721,000	2%
Jon Mortimore	**£472,770**	£463,500	2%

Pension and benefits

Executive Directors will continue to receive a cash in lieu of pension contribution of 5% of salary in line with the rate applying to the majority of the UK workforce. Other benefits include family private health cover, life assurance cover, group income protection and car allowance.

Global Bonus Scheme

The maximum GBS opportunity will be in line with policy, 200% of salary for the CEO and 150% of salary for the CFO.

Performance will be based on profit before tax (PBT) weighted 75%, and strategic objectives relating to engagement, brand health and ESG (weighted 25% in total or 8.33% per objective). The Committee considers the disclosure of the precise targets to be commercially sensitive, but there will be full retrospective disclosure in next year's Annual Report. The Remuneration Committee has the discretion to adjust the formulaic GBS outcome if it believes that such outcome is not a fair and accurate reflection of business performance.

One third of the post-tax GBS awarded will be used to purchase shares, which must be held for two years from the date of acquisition. Malus and clawback provisions apply as outlined in the Remuneration Policy, from the date of determination of bonus out-turn, and for up to three years thereafter.

Long Term Incentive Plan

Taking into account the ongoing uncertainty in the market conditions, the Committee has not yet finalised the award levels or precise range of EPS targets which will apply to awards. Once these are determined, the Committee will publish this information within the RNS announcement when the CEO's award is made (as well as details of any awards made to a new CFO as and when they are appointed) and within next year's Remuneration report.

When assessing the performance outcome, the Remuneration Committee will have the discretion to alter the formulaic vesting if it believes that it is not a fair and accurate reflection of business performance.

Awards are subject to a two-year post-vesting holding period. Malus and clawback provisions apply for up to three years following vesting.

Non-Executive Director remuneration

In line with the increases for our Executive Directors, the Chair and Non-Executive Directors' fees have been increased by 2% for the year ending 31 March 2024. The fees are set out in full in the table below.

	Fees		
Non-Executive Director	**FY24**	**FY23**	**% Change**
Chair of the Board	**£341,970**	£335,265	2%
Non-Executive Director base fee	**£68,078**	£66,744	2%
Senior Independent Director	**£15,759**	£15,450	2%
Audit and Risk Committee Chair's fee	**£17,755**	£17,407	2%
Remuneration Committee Chair's fee	**£17,019**	£16,686	2%
Employee Engagement Director	**£10,506**	£10,300	2%

All-employee share incentives (unaudited)

The Executive Directors will be eligible to participate in any all-employee share plan operated by the Company on a consistent basis to other UK-based employees. Both Kenny Wilson and Jon Mortimore have elected to participate in Your Share, Buy As You Earn (BAYE), an HMRC Approved SIP, under which they invest from their gross monthly income into Partnership Shares and receive a 1:1 Matching Share for each Partnership Share purchased.

Approval

This Remuneration report was approved by the Board of Directors on 31 May 2023 and signed on its behalf by the Remuneration Committee Chair:

L Weedall

LYNNE WEEDALL
CHAIR OF THE REMUNERATION COMMITTEE
31 May 2023

> **THE COMMITTEE PLAYS A VITAL ROLE IN THE GROUP'S GOVERNANCE FRAMEWORK, PROVIDING INDEPENDENT OVERSIGHT AND CHALLENGE.**
>
> **ROBYN PERRISS**
> CHAIR OF THE AUDIT
> AND RISK COMMITTEE

COMMITTEE MEMBERSHIP

The Committee is satisfied that its composition continues to be appropriate. Throughout FY23 the Committee comprised three Independent Non-Executive Directors: Lynne Weedall, Ije Nwokorie and Robyn Perriss as Committee Chair. Andrew Harrison formally joined the Committee on 1 May 2023. The secretary to the Committee is Emily Reichwald.

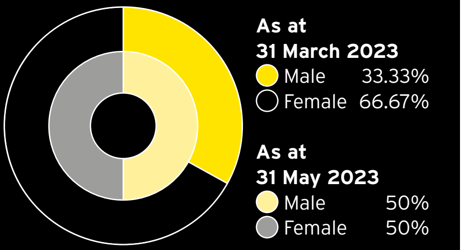
The current members of the Committee and their attendance at meetings during the year are disclosed below. Full biographies of each member can be found on pages 114 to 117.

Committee members

	Number of meetings attended/max number could have attended:
Robyn Perriss **(Committee Chair)**	6/6
Ije Nwokorie	6/6
Lynne Weedall	6/6
Andrew Harrison[1]	0/0

[1] Appointed 1 May 2023.

Committee composition



KEY RESPONSIBILITIES

- → Monitoring the integrity of the Group's Annual Reports and financial statements and any other formal announcements relating to the Group's financial performance, and reviewing the significant financial reporting judgements made in connection with their preparation.
- → Monitoring and reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- → Overseeing and maintaining an appropriate relationship with the Company's external auditor and reviewing the independence, objectivity and effectiveness of the audit process.
- → Ensuring that Internal Audit arrangements are appropriate and effective.
- → Ensuring that fraud prevention and whistleblowing arrangements are embedded to minimise the potential for fraud and financial impropriety.

Focus areas for FY24

- Review of US inventory controls and controls over the recording of shipping related costs.
- Developing an Audit and Assurance Policy.
- ESG maturity and developing reporting requirements.
- Reviews of key business transformation projects.

DEAR SHAREHOLDER,

As Chair of the Audit and Risk Committee (the Committee), I am pleased to present our report for FY23.

The Committee performs a vital role in the Group's governance framework, providing independent challenge and oversight of the accounting, financial reporting and internal control processes, risk management, the Internal Audit function and the relationship with our external auditor, PricewaterhouseCoopers LLP (PwC). This report outlines how the Committee discharged these responsibilities during the year, the key issues we considered and the matters on which we will focus our attention in the year ahead. I recommend that it be read in conjunction with the financial statements and their accompanying notes, which can be found from page 172.

The Committee met on six occasions during the year, with discussions covering a range of topics at each meeting. We undertook our regular reviews of 'business as usual' items, including our full and half year accounts and their corresponding announcements, external audit policies, effectiveness assessments of the external auditor and the Internal Audit function, whistleblowing and anti-fraud procedures, risk management processes and the Group Risk Register. We also received our regular updates from the Compliance, Data Protection, Tax and Treasury functions, reviewed and approved a number of new or revised Group policies and approved our annual Tax Strategy Statement.

We completed our annual review of the Committee's effectiveness as part of the wider internal Board Evaluation process, more information about which can be found on pages 134 and 135 respectively. We also reviewed, with the assistance of management, the FY23 Annual Report for the purposes of assessing whether, in the view of the Committee, it represented a fair, balanced and understandable account of the Group's position and prospects. Details can be found on page 154.

We reviewed the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and considered the impact and risk of climate change under various scenarios and our reporting against each of the TCFD pillars, set out in the Sustainability report on pages 99 to 107. We are mindful that environmental issues touch on a number of areas within our remit and, as such, have received regular reports from our Sustainability team and PwC on developing standards and regulation in this important area.

The Committee also received regular updates on the status of the Internal Audit plan, the progress, findings and outcomes of a number of Internal Audit reviews undertaken during the year and addressed a number of other key topics. These included regular updates on the status and progress of various strategic projects to upgrade business critical systems and IT infrastructure across the business and a review of cyber risks and our developing information security processes. Given our significant growth in ecommerce revenue, an ecommerce platform assurance review was undertaken by our co-source Internal Audit partner, Grant Thornton.

With the lifting of Covid-19 related travel restrictions, members of the Internal Audit and Compliance functions visited five supplier factories in APAC to validate the Workplace Conditions Assessments performed previously by an independent third party. The review concluded that the factories were well run, with satisfactory working conditions and zero tolerance for child labour. Internal Audit also travelled to the USA to assist with the review of the issues impacting our LA distribution centre. These issues and our response are referenced throughout the Annual Report and a list of page references indicating where this information can be found is provided on page 153, opposite.

During the year the Committee oversaw the transition to a new external auditor, PwC. I am pleased to report that this process was executed seamlessly, with a smooth handover from the previous auditor Ernst & Young LLP and strong, constructive relationships quickly established between PwC and the Dr. Martens teams. This ultimately contributed to the delivery of an effective and high-quality first audit from PwC. More information about the audit transition and the role of the Committee in overseeing the relationship with and reviewing the effectiveness of the external auditor can be found on pages 156 and 157. The Independent Auditor's Report is available from page 165.

Each year the Committee's programme of work covers a range of items that are of particular significance to the Group's financial statements or where it is necessary to exercise a high degree of judgement. Supported by management, the Committee reviewed the significant accounting issues, judgements and areas of estimation uncertainty relating to FY23. Details of these can be found on page 155, while further information on items that were identified as key audit matters is located in the Independent Auditor's report from page 165.

During the year, the Board received notification from the FRC's Corporate Reporting Review Team that the Company's FY22 Annual Report and Accounts had been selected for review in accordance with Part 2 of the FRC's Corporate Reporting Review Operating Procedures. I am pleased to confirm that the FRC had no specific questions or queries to raise following their review. The observations and points of feedback they provided were gratefully received and have been factored into the FY23 Annual Report where appropriate. The FRC's review focused entirely on the Company's FY22 Annual Report and Accounts and did not provide any assurance that the FY22 Annual Report and Accounts were correct in all material respects: the FRC's role is not to verify information but rather to consider compliance with reporting requirements.

Looking ahead to FY24, there are a number of priority areas on which the Committee will be focusing its attention:

- enhanced controls and fraud maturity following the publication of the final BEIS proposals, including the consistent implementation of robust IT general controls;
- key business transformation projects, including regular progress reports, in-flight assurance and being appraised of key 'go/no go' decisions;
- the continued maturity of the Group's risk management processes;
- further to the issues identified in FY23 at the LA distribution centre, a detailed review of inventory controls in the USA together with controls over the accurate and timely recording of shipping related costs;
- ESG maturity and reporting; and
- the ongoing development of an Audit and Assurance Policy.

I would like to conclude by formally welcoming the newest member of the Committee, Andrew Harrison, who joined the Board subsequent to the year end on 1 May 2023 and became a member of the Committee on that date. I am certain that the Committee will benefit significantly from his substantial experience and I look forward to working with him over the year ahead.

As ever, I will be happy to answer any questions about the work of the Committee at our upcoming AGM in July.

R Perriss

ROBYN PERRISS
CHAIR OF THE AUDIT
AND RISK COMMITTEE
31 May 2023

LA DISTRIBUTION CENTRE

Location of relevant information in this Annual Report
Following the identification of the operational issues impacting our LA distribution centre during the year, the Board commissioned a thorough and independent internal review into the causes which was conducted on-site by key members of the Supply Chain, Legal and Internal Audit teams.

As an important event for the Group in FY23, this Annual Report contains a number of references to the nature and impact of the issues themselves as well as the internal review process, findings and lessons learned. Page and section references to this information are provided below:

➔ Chairman's Statement and Chair's governance introduction **P4 and 110**

➔ Chief Executive Officer's statement **P12**

➔ Finance review **P44**

➔ Audit and Risk Committee report **P157 and 158**

GOVERNANCE

Role and membership of the Committee
Details of the composition, role and range of responsibilities within the Committee's remit are set out on page 154. More details on these can be found within the Committee's terms of reference, which are available at **www.drmartensplc.com**.

Competence of the Committee
The members of the Committee provide a breadth of financial, commercial and sector expertise, which was bolstered subsequent to the year end with the appointment of Andrew Harrison as a member of the Committee, thereby enabling the Committee to meet its responsibilities and the requirements of the UK Corporate Governance Code (the 'Code'). The Committee remains satisfied that it retains the appropriate level of competence relevant to the sector in which the Company operates.

Chair of the Committee
Robyn Perriss became Chair of the Audit and Risk Committee in January 2021. As Committee Chair, her responsibilities include setting the Committee's agenda and forward planner, maintaining relationships between the Company's senior leadership and the external auditor, ensuring that any relevant audit issues are reported back to the Board effectively and in a timely fashion, and reporting to shareholders through the Annual Report.

AUDIT AND RISK COMMITTEE ACTIVITIES DURING FY23

APRIL 2022

- Reviewed Audit and Risk Committee effectiveness.
- Reviewed the effectiveness of the Internal Audit function.
- Reviewed an Internal Audit report and the FY23 Internal Audit plan.
- Reviewed audit update report from Ernst & Young (EY).
- Reviewed updates on cloud computing accounting, Treasury, insurance, whistleblowing and the FY23 compliance plan.
- Approved the Group Data Protection Policy.

MAY 2022

- Reviewed FY22 draft Annual Report (including accounting judgements, going concern and viability, and whether the report was fair, balanced and understandable) and Full Year Results announcement.
- Noted EY's external audit report.
- Reviewed external auditor effectiveness.
- Reviewed internal controls.
- Reviewed Internal Audit and TCFD reporting updates.
- Noted updates on projects to improve business critical systems.

JULY 2022 – AGM

- Resolutions to appoint PricewaterhouseCoopers LLP as the new external auditor and authority for the Directors to determine their remuneration formally approved by shareholders.

JULY 2022 – COMMITTEE MEETING

- Reviewed external audit planning report from PwC, including an update on the audit transition.
- Reviewed ESG reporting developments and the BEIS response to the 'Restoring Trust in Audit and Corporate Governance' consultation.
- Noted updates on projects to improve business critical systems.
- Reviewed an Internal Audit update.

SEPTEMBER 2022

- Reviewed half-year audit review planning report, including an update on the audit transition.
- Reviewed an update on PwC's Audit Quality Inspection results.
- Reviewed cyber security update.
- Reviewed an Internal Audit update.
- Noted the half year compliance update, including updates on whistleblowing and anti-fraud procedures.
- Noted updates on projects to improve business critical systems.

NOVEMBER 2022

- Noted FY23 half year accounts (including accounting judgements and going concern) and Half Year Results announcement.
- Reviewed the report on the half year audit review from PwC.
- Reviewed an Internal Audit update.

JANUARY 2023

- Reviewed tax update.
- Approved the FY23 tax strategy statement.
- Reviewed IT controls.
- Reviewed the FY23 external audit plan.
- Reviewed an Internal Audit update, including risk management.
- Noted updates on data protection and cyber security.
- Reviewed the Committee terms of reference.
- Reviewed Non-Audit Services Policy.
- Approved the Group-wide Conflicts of Interest Policy.

POST YEAR-END

- Reviewed Audit and Risk Committee, Internal Audit and external auditor effectiveness and the FY23 Annual Report.

Recent and relevant financial experience
The Committee is satisfied that Robyn Perriss, a Chartered Accountant, former Finance Director of a FTSE 100 company and an experienced Audit Committee Chair, has recent and relevant financial experience and she has been designated as the financial expert on the Committee for the purposes of the Code.

➔ Experience and qualifications of each member of the Committee **P114**

How the Committee operates
The Committee held six meetings during FY23, all of which were attended by a full complement of Committee members. Meetings are scheduled to align with key dates in the Group's financial calendar and in accordance with a forward planner, developed with the Company Secretary. This provides clarity in respect of the planned structure of future agendas and the matters on which the Committee's attention will focus over the course of the year. It also assists the Committee in ensuring it devotes sufficient time to discussing the key topics within its remit and discharging its responsibilities in full.

The external auditor is invited to attend each meeting together with the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, Tara Alhadeff, the Company Secretary and the Head of Internal Audit and Risk. This means that a majority of Board members are present at Committee meetings, which conclude with private, 'in-camera' sessions with PwC and without the Executives present.

Outside its cycle of regular, scheduled meetings, the Committee Chair will regularly set time aside to seek the views of the external auditor and the Head of Internal Audit and Risk on specific matters of relevance or concern. Additionally, the Committee Chair maintains regular dialogue with the Chief Financial Officer, Company Secretary and other members of the Finance and management teams between meetings.

Committee effectiveness
The Committee's effectiveness was reviewed as part of the wider FY23 internal Board Evaluation process. The Committee considered and reflected on the assessment of its effectiveness subsequent to the year end, at its meeting in early May 2023. It concluded that, overall, it continued to be effective in executing its responsibilities and, with the appointment of Andrew Harrison, had taken steps to strengthen its combination of financial skills and relevant sector experience. Additionally, the review had indicated that the Committee was focused on the right priority areas and continued to be guided by a strong, supportive Committee Chair who welcomed and encouraged substantive discussions and debate during meetings.

➔ FY23 Board Evaluation process **P134**

Competition and Markets Authority (CMA) Order compliance
The Committee confirms that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout its financial period ended 31 March 2023 and up to the date of this report.

Governance updates
The Committee is kept updated on any developments within the audit, corporate governance, reporting and regulatory landscapes that are of relevance to audit committees by the external auditor. During the year, the Committee also received updates on a range of topics including developing standards in ESG reporting, the FRC's thematic review of corporate reporting and the consultation and response to the BEIS white paper on 'Restoring Trust in Audit and Corporate Governance'.

FINANCIAL REPORTING

Full and half year results
A key element of the Committee's role is to assist the Board in its oversight of the quality and integrity of Dr. Martens' reporting and its accounting policies and practices. As such, the Committee reviewed both this FY23 Annual Report and the half year accounts prior to their publication in November 2022.

In line with its terms of reference, the Committee monitored the Group's year end and half year reporting processes to ensure that Dr. Martens provided accurate, timely financial results and that appropriate accounting standards and judgements were implemented effectively. In doing so, the Committee received and discussed reports from relevant members of the leadership team, including reports on the Group's management of risk and internal controls, long-term viability, going concern and, in relation to the FY23 Annual Report specifically, the work that had been undertaken to ensure the report was fair, balanced and understandable. It also received and discussed regular reports from the external auditor.

Significant financial reporting issues, judgements and estimation uncertainty
The Committee exercises its judgement in determining the accounting matters that are of particular significance to the financial statements. Any such matters are subject to discussions between the Senior Leadership Team, including the Chief Financial Officer and Director of Finance Control, and the external auditor as part of the audit process.

Subsequent to the year end, the Committee received reports from the leadership team in relation to significant accounting issues, judgements and key sources of estimation uncertainty, significant accounting policies and proposed disclosures in the FY23 Annual Report. The Committee is satisfied that each has been appropriately addressed by the business and reviewed by the external auditor. As such, the Committee believes that the judgements made are reasonable, that suitable accounting policies have been adopted and appropriate disclosures have been made in the accounts. Details of the key areas of significant financial accounting issues and areas where judgement was exercised in relation to the FY23 financial statements are set out in the table on page 155, opposite.

Fair, balanced and understandable
A key governance requirement is for the Board to ensure that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. To assist in making this determination, the Board has requested the advice of the Committee.

To assist the Committee in making its assessment, drafts of the report were issued to it at key points in the production process in order to provide its feedback. Any disclosures that the Committee believed required additional information or clarification were highlighted and the necessary edits made during the subsequent drafting phase. The Committee also reviewed narrative reporting in the front half of the Annual Report to ensure its consistency with the financial reporting in the back half, and that the overall layout and linkage between each section of the report was clear and understandable.

Significant area	How this was addressed
Revenue recognition	Revenue accounting policies and recognition criteria are assessed in relation to the three key streams: ecommerce, retail and wholesale. An element of estimation and judgement is involved in relation to: • cut-off and what proportion of relevant ecommerce and wholesale sales have not yet been received by the customer at year end date and should not be recognised as revenue; • the returns provisions and the accounting requirements in relation to variable consideration under IFRS 15; • determining the groups of transactions to be adjusted to account for the statutory day adjustment used to align the Group's retail calendar, which ended on 2 April, with the year end date of 31 March. Based on reports and discussions with management and the external auditor, the Committee reviewed and assessed the timing of revenue recognition under IFRS 15 and is satisfied that the judgements made were reasonable and appropriate.
Inventory, valuation and provisions and existence of inventory (US only)	Inventory provisioning requires significant judgement on which inventory lines should be classed as obsolete. Inventory age, historical sales patterns and trading forecasts are used when classifying inventory lines to be provided against. This is reassessed quarterly in relation to the changing external and internal environment. The Committee has considered the value of continuity inventory at year end together with the high margin nature of the product. It has also reviewed the key assumptions made and is satisfied that they have been applied in line with the Group framework and that the overall inventory provision as a proportion of gross inventory is appropriate. In response to the operational issues encountered in LA during the year and the significant year end inventory balance in the US, the Committee has considered the elevated risk associated with the existence of inventory at the LA distribution centre and satellite warehouses. The Committee has understood the controls put in place by management, including regular cycle counts and third party confirmations together with the verification procedures performed by the external auditor's US component team, including attendance at cycle counts at the various LA locations. Based on the work performed, the Committee is satisfied as to the existence of the US inventory balance.
Defined benefit pension scheme	Airwair International Limited operates a pension arrangement called the Dr. Martens Airwair Group Pension Plan which has a defined benefit section within it. This closed to new members in 2002 and to future accrual from January 2006. The scheme has been in a surplus for several years. The recognition of the pension scheme surplus is an area of accounting judgement which depends on the interpretation of the Scheme Rules and the relevant accounting standards including IAS 19 and IFRIC 14. The surplus under the scheme is not recognised as an asset benefitting the Group on the Balance Sheet, as the Group believes there is uncertainty in relation to the recoverability of any surplus, and is therefore unlikely to derive any economic benefits from that surplus. In the Group's view there is uncertainty over whether the Scheme Rules provide the Group with an unconditional right to a refund of the surplus from the scheme due to third-party discretionary investment powers which could use up any surplus prior to wind-up. Consistent with previous years, given this uncertainty, the Group has restricted the pension scheme surplus to zero; the surplus of £11.1m (31 March 2022: £13.3m) has been restricted to £nil (31 March 2022: £nil). The Committee has considered the actuarial valuation report and related assumptions, corroborated by the work performed by the external auditor's actuarial team, and believes that the related disclosures are appropriate.
Alternative Performance Measures	The identification of adjusting items and the presentation of Alternative Performance Measures (APMs) is a judgement in terms of which costs or credits are not associated with the underlying trading of the Group or otherwise impact the comparability of the Group's results year on year. Management have reviewed the Group's APMs and KPIs and are no longer presenting underlying operating cash flow, EBITDA post-exceptional items, adjusted PBT, and adjusted EPS. In previous years these metrics were introduced to present existing performance measures exclusive of exceptional costs. The Group recognised nil exceptional costs in FY23 and FY22 and, as such, these adjusted measures are no different to the metrics they adjusted and these performance measures are no longer relevant. All APMs are appropriately described in the Glossary, which can be found from page 227. The Committee reviewed this approach, together with the Glossary terms and the balance of the narrative in the front half of this Annual Report between GAAP and non-GAAP measures and is satisfied that it is appropriate.
Corporation tax	There is judgement involved in determining the Group's corporation tax provision. The Group recognises liabilities for anticipated tax issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which the determination is made. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The Committee has reviewed the judgement exercised by management in this area and has determined that the taxation charge is appropriate.
Going concern and viability	Based on papers prepared by management, the Committee performed a detailed review of the Group's projected cash flows, borrowing capacity and the covenants within its borrowing facilities over a three-year period (our viability assessment period). The approach was discussed and agreed by the Committee in May 2023 by reviewing the Group's financial position and performance, budgets for FY24 and three-year cash projections, which were stress tested under different scenarios having regard to the principal risks faced by the business both pre and post proposed share buyback. The Committee reported to the Board that, in its view, the going concern assumption remained appropriate.

Having completed its assessment, the Committee concluded that the disclosures throughout the Annual Report and financial statements, as well as the processes and controls underlying its production, were appropriate and that the FY23 Annual Report and financial statements were fair, balanced and understandable, allowing the Committee to provide positive assurance to the Board to assist it in making the statement required by the Code.

Going concern and long-term viability
The Committee reviewed the Group's going concern and long-term viability disclosures in this Annual Report, together with the reports prepared by the leadership team in support of each statement, and advised the Board on their appropriateness.

As part of its review, the Committee considered the Group's future prospects with reference to forward-looking views on risk, viability and planning, considering among other things a number of scenarios modelled by the business to assess the strength of the Group's financing arrangements. The going concern and long-term viability statements were also reviewed by the external auditor and their findings reported back to the Committee. The Committee also reviewed and discussed the conclusions underpinning each of the statements that had been drawn by the Senior Leadership Team.

➔ Going concern and viability **P60**

EXTERNAL AUDITOR

Audit firm:	PricewaterhouseCoopers LLP (PwC)
Date appointed:	13 July 2022
Lead partner:	Jonathan Sturges
Lead partner tenure:	<1 year
Total fees in FY23:	£2.07m (of which £123k related to non-audit services)

External auditor transition
Work on the process of transitioning to a new external auditor commenced following the Company's announcement of its intention to appoint PwC. This was to ensure there was sufficient time for as seamless and efficient a handover as possible and for PwC to be fully established in their role prior to commencement of their work on the FY23 interim review and full year audit.

PwC shadowed the FY22 audit undertaken by Ernst & Young between April and June 2022. During this time, the PwC team observed the year-end process and built familiarity with the Dr. Martens business, culture and ways of working and began establishing working relationships with key members of the Dr. Martens team, particularly within the Finance function.

The senior audit partner at PwC attended the Audit and Risk Committee meetings held in April and May 2022, while members of the PwC team attended audit clearance meetings held between Ernst & Young and the relevant Dr. Martens regional and functional teams. This afforded PwC useful insight into the structure of the business, as well as the key accounting matters identified and the audit conclusions reached.

Following the conclusion of the FY22 audit, PwC reviewed the working papers and files prepared by Ernst & Young to further deepen their understanding of the audit approaches used and the judgements taken. Discussions were then held with management to clarify any areas where their audit approach was likely to differ to allow sufficient time for the business to prepare for new or unfamiliar procedures. PwC's plan and approach to technology and the specific applications and tools to be implemented in support of their audit processes were also finalised at this time.

PwC then undertook detailed walkthroughs covering key financial statement line items, business processes and IT controls, which were completed by late September 2022. Observations from these walkthroughs were shared with management.

The Committee was kept informed of the progress of the audit transition through updates provided by PwC at its meeting in July 2022 and a more detailed overview at the meeting held in September 2022.

Overall, the transition process was completed successfully and efficiently, resulting in an effective, constructively challenging and high-quality first-year audit from PwC.

External auditor effectiveness
The Committee's responsibility for overseeing the relationship between the Group and the external auditor incorporates an additional duty to review the external auditor's independence, objectivity and overall effectiveness.

The Committee received a comprehensive audit plan from PwC setting out the proposed scope and areas of focus for the FY23 audit, as well as their assessment of the key areas of risk they had identified. The audit plan and the areas of risk identified by the auditor were reviewed and, where appropriate, challenged by the Committee to ensure the underlying assumptions and estimates were robust.

After the financial year end, the Committee conducted a review of the effectiveness of PwC and its work during its first audit since its appointment at the AGM in 2022. A session led by the Committee Chair, attended by members of the Company's global finance leadership teams and dedicated to discussing the effectiveness of PwC, was held in advance of the Committee's meeting on 23 May. To frame these discussions and ensure the key topics were covered, a tailored list of questions focusing on, among other things, the audit transition and FY23 audit plan, the working relationship with and quality of the PwC team, PwC's understanding of the business model and industry, management of any issues identified, audit process and any particular areas of excellence and/or challenge, was circulated to attendees in advance. Feedback from the session, together with relevant specific examples, was subsequently discussed by the Committee.

The Committee also considered the quality of communication and reporting it received from PwC during the year, with a particular focus on areas of significant judgement and how they had addressed higher risk areas such as the accuracy of stock counts and the existence of inventory in the US, given the issues encountered at the LA distribution centre.

The review acknowledged that PwC had approached their first-year audit with pragmatism, flexibility and a clear emphasis on working with the Company to resolve issues, which was reflected in their work on areas including IT general controls and US inventory and had been appreciated by the Dr. Martens team. The transition process was felt to have been completed smoothly and with minimal disruption, with PwC quick to build an understanding of the Dr. Martens culture and form good working relationships with the Dr. Martens teams. There had been a healthy degree of challenge from PwC in key areas during the audit and in respect of management's assumptions, estimations and judgements. The PwC team was considered to be highly visible, organised and supportive. Looking ahead to the FY24 audit, there would be opportunities for PwC to further deepen their understanding of the business and to continue to embed their ways of working.

The Committee concluded that, overall, the external auditor had been effective in planning and executing the FY23 audit.

External auditor independence and non-audit services policy
The Committee oversees the process for approving any non-audit work undertaken by the external auditor to ensure the Company does not impair or compromise its objectivity, effectiveness or independence and that engagement satisfies all relevant ethical standards.

The Company's policy governing the provision of non-audit services by an external audit firm reflects the regulations that prohibit external auditors from undertaking certain non-audit services. As Dr. Martens is a public interest entity (PIE) by virtue of its transferable securities being admitted for trading on a regulated market, the external auditor can only provide services on the FRC 'whitelist' of permissible services and cap the level of non-audit fees at 70% of the average Group audit fee paid by the Company over the previous three financial years. The Company's non-audit services policy complies with the FRC's Revised Ethical Standard (2019).

In making any determination as to whether to appoint the external auditor to provide certain non-audit services that are not prohibited, the Committee must consider:

- whether its skills and experience make it a suitable supplier;
- whether appropriate safeguards are in place to ensure there is no threat to its objectivity and independence;
- the nature of the service to be provided, including fees both individually and in aggregate relative to the audit fee;
- the application of any relevant Revised Ethical Standard issued by the FRC.

Audit fees
Fees relating to services performed by the external auditor are reported to and approved by the Committee. Details of fees paid to PwC in relation to the FY23 audit can be found in the table on page 156 and in note 5 to the financial statements on page 188.

The fees for non-audit services performed by PwC during FY23, which are disclosed on page 156 opposite, related to work undertaken for the half year review, as well as the provision of turnover certificates and licences for PwC's online information platform.

INTERNAL AUDIT, RISK AND INTERNAL CONTROL

Role of the Internal Audit function
The remit of the Group's Internal Audit function includes responsibility for reviewing, appraising and reporting on:

- the adequacy and effectiveness of the Group's systems of operational controls, including outsourced services, financial controls, and management controls and their operation;
- the integrity of processes and systems, including those under development, to help ensure that controls offer adequate protection against error, fraud and loss;
- the Group's policies, standards and procedures including their use and appropriateness;
- the operation of the Group's corporate governance and risk management arrangements; and
- significant aspects of the Group's activity including major projects and as directed by the Committee.

Additionally, the Head of Internal Audit and Risk continues to chair the Company's Operational Risk Committee, which has day-to-day responsibility for overseeing the Group Risk Register and the development and implementation of the Group's approach to risk.

The range of internal audits led by the Internal Audit function during the year were set out in the FY23 Internal Audit plan and agreed with the Committee. Where additional expertise or resource was required in respect of certain reviews within this plan, the Internal Audit function was closely supported by co-source partner, Grant Thornton.

The Committee received updates from the Internal Audit function at each of its meetings during the year. It reviewed:

- Regular updates on the status of and progress against the FY23 Internal Audit plan.
- Detailed reports on the process, findings and learnings of specific internal audits.
- The Group Risk Register and a risk management update, including the lessons learned from the issues impacting the LA distribution centre.
- The nature, scoping and resourcing of planned future audits.

Risk
The role of the Committee relating to internal control and risk management is set out in the table below:

PLC BOARD

- Provides oversight of and is ultimately accountable for risk.
- Assesses the principal and emerging risks facing the Group.
- Monitors the Group's overall risk management and internal control systems.
- Annually reviews the effectiveness of the systems of risk management and internal control.

AUDIT AND RISK COMMITTEE

- Reviews the effectiveness of the Group's internal financial controls.
- Receives reports from management on the effectiveness of the Group's systems and the conclusions of any testing undertaken.
- Reviews and approves statements in the Annual Report in relation to internal control and management of risk.

LEADERSHIP

Supported by Internal Audit, is responsible for:

- The identification, assessment, management and monitoring of risk on a day-to-day basis.
- Developing, operating and monitoring systems of internal control.
- Providing assurance to the Board, through the Audit and Risk Committee, that it has done so.

➔ More information about our approach to risk management is available on **P54 to 59**

The Internal Audit function was also part of the team that carried out an independent 'lessons learnt' review of the US distribution centre challenges. The key learnings have been taken into account in developing Internal Audit's plans for FY24.

Additionally, the Internal Audit function worked closely during the year with management and the Committee Chair on the Internal Audit plan for FY24. The approach to shaping this plan was unchanged from previous years; specifically, it was formulated with reference to Dr. Martens' strategic plans and objectives and in consideration of topics of particular importance or relevance, the principal risks facing the business and the wider economic and regulatory climate.

During FY24, reviews are planned covering assurance over key risks and controls, programme and project assurance, and risk management activities.

Internal Audit effectiveness

The Committee's review of the Internal Audit function during FY23 concluded that it remained effective, possessed a good level of experience and knowledge and had established strong working relationships with senior management and the external auditor. It also found that, with obstacles to international travel having increasingly fallen away post-Covid-19 and the consequent resumption of visits by members of the Internal Audit function to key regions during the year, significant progress had been made in enhancing the profile of the function and improving the level of understanding of its role with the global business.

In addition to attending Committee meetings, the Head of Internal Audit and Risk meets regularly with the Chair of the Committee, without the presence of management, and also meets with other members of the Committee and with the external audit partner outside Committee meetings, as necessary and appropriate. Additionally, all members of the Committee are entitled to request a meeting with the Head of Internal Audit and Risk to discuss risk, control and audit matters.

Overall, the Committee is satisfied that the quality, experience and expertise of the Internal Audit function remain appropriate for the business.

Assessment of the Group's system of internal control and risk management framework

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. Activity is driven primarily by the Company's assessment of its principal risks and uncertainties, as set out on pages 54 to 59.

The Company has established an internal control environment to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and for ensuring the effectiveness of these controls. The Committee receives updates on internal control matters through reports from the Internal Audit function, ensuring that issues are identified in a timely fashion, that remedial action is taken in the event that control failures or weaknesses are identified and that progress can be monitored by the Committee.

The Committee Chair updates the Board verbally at each subsequent Board meeting on the key issues discussed by the Committee or to make any recommendations on matters that fall within the Committee's remit. All Board members are given access to Committee papers, reports and supporting materials. A majority of Board members are also members of the Committee, while others are regularly invited to attend Committee meetings to offer their valuable input and expertise. As such, all Board members are kept up to date on the Committee's discussions relating to risk management and systems of internal control, as well as on its activities generally.

The Committee confirms it has reviewed the Group's risk management and internal control systems through reports and updates presented to it by management and identified no significant failings or weaknesses that may significantly impact the financial statements. The Committee has also noted the external auditor's findings in respect of the Group's internal controls, as highlighted in their report from page 158, and is satisfied that appropriate action is being taken to resolve or mitigate any specific matters raised.

Further to the Committee's review, the Board is satisfied that the Company's systems of internal control and risk management continue to be effective, in accordance with the requirements of the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

In relation to the issues impacting the LA distribution centre, the internal review identified opportunities for improving certain operational processes and controls. Actions have been taken to address the majority of these and we will monitor the completion of the remainder during FY24. There were no identified failures of controls that resulted in a misstatement of financial statements.

Anti-bribery and corruption

The Board has delegated responsibility for reviewing the Group's systems and controls for preventing bribery and corruption to the Committee, with support provided by the Internal Audit and Compliance functions.

Dr. Martens has in place a clear Anti-Bribery and Corruption Policy which forms part of its global code of conduct, the 'DOCtrine'. All employees are required to attest to their understanding and acceptance of this policy at the time they join the business and on an annual basis thereafter. The Group's external partners must also acknowledge their agreement and understanding. Mandatory online training is provided to ensure our people understand their responsibilities in preventing bribery and corruption. The Committee is satisfied that these processes remain appropriate.

The Committee maintains oversight of the controls the Company has in place to mitigate fraud risk. It received a report from the Internal Audit function during the year, which confirmed that no failings or significant weaknesses in the control environment had been identified.

Whistleblowing

The Committee is responsible for ensuring the Company has in place effective policies and procedures to ensure that issues can be raised, investigated and acted upon. These procedures are set out in the Company's 'Speak Up' Policy, which details the process by which employees are able to safely raise concerns about suspected illegal or unethical business practices. A confidential incident reporting facility is available, provided by an independent specialist firm, for the anonymous reporting of concerns.

The Committee receives updates on whistleblowing activity, including incidents, investigations and outcomes, within its regular reports from the Compliance function. The Committee continues to believe the Company's processes and procedures in this area are effective and appropriate.

The Directors' report for the year ended 31 March 2023 comprises pages 109 to 163 and 229 to 230 of this Annual Report, including any sections incorporated by reference. The Strategic report can be found on pages 1 to 108. In accordance with section 414C(11) of the Act, the Board has included certain disclosures in the Strategic report set out below:

- Information relating to future business developments can be found throughout the Strategic report.
- Information relating to the Group's principal risks and risk management can be found on pages 54 to 59.
- The going concern and long-term viability statements can be found on pages 60 and 61.
- Details of branches operated by the Company are set out on pages 7, 33, 43 and 49.
- The Company's global greenhouse gas emissions, energy consumption and energy efficiency during FY23 can be found on page 73 of the Sustainability report, which is located within the Strategic report.
- Details of how the Board and business engage with employees and other stakeholder groups can be found on pages 22 to 29.
- Information relating to research and development can be found on pages 20 to 21 and 33 to 39 of the Strategic report and 77 to 83 of the Sustainability report.
- Disclosures based on the principles of Task Force on Climate-related Financial Disclosures (TCFD) are detailed on pages 99 to 107 of the Sustainability report.

For information on our approach to social, environmental and ethical matters, please refer to the Sustainability report, which can be found within the Strategic report on pages 62 to 107.

Other information which legislation requires to be disclosed in the Directors' report is set out on the following pages.

The Strategic report and the Directors' report together form the Management report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Information relating to financial instruments can be found on pages 201 to 204 and is incorporated by reference.

Both the Strategic report and the Directors' report have been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

DISCLOSURES RELATING TO THE BOARD

The Board of Directors

The Directors who have held office during the year ended 31 March 2023, together with biographical details of each Director, are provided on pages 114 to 117. There were no changes to the Directors during the year. Andrew Harrison formally joined the Board subsequent to the year end, effective from 1 May 2023.

The appointment and replacement of Directors are governed by the Company's Articles of Association (the 'Articles'), the UK Corporate Governance Code 2018 (the 'Code'), the Companies Act 2006 (the 'Act') and related legislation.

The Company may, by ordinary resolution, declare dividends not exceeding the amount recommended by the Board. Subject to the Act, the Board may pay interim dividends and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

The Directors may from time to time appoint one or more Directors. The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Articles). Under the Articles, any such Director shall hold office only until the next Annual General Meeting (AGM) where they will stand for annual election.

Articles of Association and powers of Directors

The Articles set out the rules relating to the powers of the Company's Directors and their appointment and replacement. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Directors' indemnities and insurance

The Company maintained Directors' and Officers' liability insurance cover throughout the reporting period and up until the date of publication of this Annual Report, providing appropriate cover for legal action brought against the Directors. The Directors may also obtain independent legal advice at the Company's expense, as necessary, in their capacity as Directors. The Company has entered into deeds of indemnity with each Director, which were in force throughout the reporting period and up until the date of publication of this Annual Report. These provide that the Company shall indemnify the Directors to the fullest extent permitted by law and the Articles, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid.

Directors' share interests

Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 147. Further information regarding employee share schemes is provided in note 26 to the financial statements on pages 206 to 208.

Directors' conflicts of interest

The Company has put in place procedures for managing conflicts of interest. On becoming aware of the existence of an actual or potential conflict of interest impacting themselves or any person closely associated with them, the Directors are required to provide details to the Board for consideration and, if appropriate, its authorisation. If a conflict is deemed to exist, the relevant Director will excuse themselves from consideration for discussions relating to that conflict. Directors have a continuing duty to update any changes to these conflicts.

Related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors, or their closely associated persons, are conducted on an arm's length basis and are properly recorded and disclosed where appropriate.

Directors' service agreements and letters of appointment

Details of the Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available in the Remuneration report on page 143.

DISCLOSURES RELATING TO SHARE CAPITAL

Share capital

Details of the Company's issued share capital are set out in note 24 to the financial statements on page 205. As at 31 March 2023, this comprised a single class of ordinary share carrying the right to one vote at general meetings of the Company. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives to attend general meetings and to exercise voting rights. The Articles provide a deadline for submission of proxy forms of not earlier than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. However, when calculating the 48-hour period, the Directors can decide not to take account of any part of a day that is not a working day.

Holders of ordinary shares may receive a dividend, if declared, and may share in the assets of the Company on its liquidation. Holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts.

Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at AGMs.

Restrictions on transfer of securities

In connection with the IPO, IngreLux S.àr.l. and certain pre-IPO shareholders who are members of the Griggs family (the 'Griggs Shareholders') entered into an orderly marketing agreement (to which the Company is not a party) regulating the disposal of shares by any of them, such that disposals following the IPO could be coordinated and conducted in an orderly manner. A number of these restrictions have now lapsed. However, the orderly marketing agreement continues to stipulate that, following a disposal of shares by IngreLux S.àr.l., the parties agree that they will be bound by a lock-up on identical terms to the original lock-up entered into by IngreLux S.àr.l. and the Griggs Shareholders in connection with the IPO, for a period of 90 calendar days from the date on which the disposal completes.

In addition to the specific restrictions set out above, there are the following ongoing general restrictions on the transfer of shares in the Company:

- Certain restrictions apply which may from time to time be imposed by legislation and regulations (for example, legislation relating to insider dealing);
- Pursuant to the Company's Securities Dealing Code, the Directors and members of the leadership team require permission to deal in the Company's shares;
- Restrictions apply where a member, or any other person appearing to be interested in shares held by such member, with an interest representing at least 0.25% in nominal value of the issued shares of their class, has been served with a disclosure notice under Section 793 of the Companies Act 2006 and has failed to provide the Company with information concerning interests in those shares;
- The subscriber ordinary shares may not be transferred without the prior written consent of the Directors;
- The Board may, in its absolute discretion, refuse to register the transfer of any shares which are not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis;
- The Board may also refuse to register a transfer in favour of more than four transferees; and
- The Board may also refuse to register the transfer of an uncertificated share in the circumstances set out in the uncertificated securities rules (as defined in the Articles).

Major shareholders

As at 31 March 2023, the Company had received notification of the following interests in voting rights pursuant to Chapter 5 of the DTR:

	Date notified	% of voting rights[1]
IngreLux S.àr.l.	10 January 2022	36.41%
GIC Private Limited	5 February 2021	4.2148%
BlackRock, Inc	25 June 2021	< 5%

[1] Percentages are shown as a percentage of the Company's total voting rights as at the date the Company was notified of the change in holding.

No changes to the positions set out above and no new positions were disclosed to the Company between 31 March 2023 and the publication of this Annual Report. The percentages disclosed above represent the positions of each respective shareholder at the point at which a relevant notifiable threshold was crossed and the Company informed in accordance with DTR 5.1.2R. As such, they do not necessarily represent the positions as at the financial year end or the publication date of this Annual Report.

DISCLOSURES RELATING TO THE COMPANY

Profit and dividends

The profit for the financial year, after taxation, amounts to £128.9m. An interim dividend of 1.56p per ordinary share was announced on 24 November 2022 and paid in February 2023 in relation to the period under review and the Directors intend to propose the Company pay a final dividend for the year ending 31 March 2023 of 4.28p per ordinary share.

Disclosures required under the UK Listing Rules

Listing Rule	Detail	Page reference(s)
9.8.4R (1-2), (4), (7-13)	Not applicable	N/A
9.8.4R (5-6)	Waivers of future emoluments	Remuneration report pages 139, 145 and 149
9.8.4R (14) (A-D)	Agreements with controlling shareholder	'Relationship agreement with controlling shareholder', page 162, and 'Additional statement of compliance with UK Listing Rule 9.8.4 (14)', on page 161.

Additional statement of compliance with UK Listing Rule 9.8.4 (14)

Since the Company's admission to listing, it has complied with the independence provisions contained in UK Listing Rule 9.2.2ADR(1). So far as the Company is aware, IngreLux S.àr.l. and its associates have also complied with these provisions.

Subsidiaries and principal activities

The Company is the holding company of the Dr. Martens Group of companies (the 'Group'), the principal activities of which are described in this Annual Report. The Group's subsidiaries and their locations are set out in note 12 on page 222 of the financial statements.

Employment policies

The Company has in place a number of policies covering important issues including diversity, equity and inclusion, equal opportunities and wellbeing. We are committed to creating an environment where our people can all be proud to work and, to do this, we are an equal opportunity employer. All qualified applicants will receive consideration for employment without regard to race, colour, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability or age and we take all reasonable steps to ensure equality of opportunity in recruitment, training, development and conditions of work. Persons with disabilities and/or health conditions are given full and fair consideration for available roles, having regard for their particular aptitudes and abilities, and we are committed to providing reasonable accommodations for qualified individuals with disabilities throughout our job application process. Employees who become disabled during their career at Dr. Martens will be retained in employment wherever possible and the Company will support them in their rehabilitation in the workplace and provide any training or retraining where needed.

Employee involvement

Clear and open communication with our people is fundamentally important to our culture and to securing our long-term success. We ensure our people across all the regions in which we operate globally are kept well informed of our performance and strategy and any significant events or developments impacting the business. Detailed information about how we involve our people at Dr. Martens can be found in the Sustainability report and the Strategic report, specifically on pages 23, 25, 29, 84 to 91, 125 and 138.

Engagement with other stakeholders

Information about how the Directors have had regard for the Company's key stakeholder groups, and the effect of that regard, can be found on pages 22 to 29 of the Strategic report.

Political donations

The Company did not make any political donations or incur any political expenditure during the year ended 31 March 2023.

External auditor

Resolutions proposing to re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Audit and Risk Committee to determine its remuneration will be proposed for shareholder approval at the upcoming AGM in July.

Events after the Balance Sheet date

The Group will seek the necessary approvals at its forthcoming AGM for an initial share buyback programme of £50m. The buyback will involve shares worth £50m being purchased from the open market and cancelled upon redemption.

Agreements with controlling shareholder

Set out in the Directors' report in the sections entitled 'Relationship agreement with controlling shareholder' on page 162, and 'Additional statement of compliance with UK Listing Rule 9.8.4 (14)' on page 161.

Change of control

The Company does not have any agreements with Directors or employees that would provide for compensation for loss of office or employment resulting from a takeover.

Details of the significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid are set out below:

Share plans: The Company's share plans contain specific provisions relating to change of control. Outstanding awards and options will normally automatically vest and become exercisable or payable on or following a change of control arising as a result of a general offer to acquire the whole of the Company's issued share capital or a court sanctioned compromise or arrangement under Section 899 of the Companies Act 2006, subject to the relevant performance conditions being met at that time.

Bank loan facilities: The Senior Facilities Agreement dated 27 January 2021 between the Group and various banks, pursuant to which the Group has access to: (i) a €337.5m term loan facility; and (ii) a £200m multi-currency revolving credit facility, contains provisions that, in the event of the occurrence of a change of control event, the banks shall have 15 business days to exercise an individual right: (a) to cancel all undrawn commitments on five business days' notice; and (b) on 60 days' notice to require that all outstanding participations in utilisations are repaid with accrued interest and any other relevant amounts accrued.

Relationship agreement: Details of the relationship agreement with IngreLux S.àr.l. are set out in the relevant section of this Directors' report on the next page. The relationship agreement ceases to apply if the Company's shares cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities, or if the holding of IngreLux S.àr.l. (together with any of its associates) ceases to control or to be entitled to control the exercise of, in aggregate, 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

Modern Slavery Statement

The Company's Modern Slavery Statement is reviewed and approved by the Board annually and published on our corporate website, in line with Section 54(1) of the Modern Slavery Act 2015. The statement covers the activities of the Company and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our business.

More information on our statement can be found on our website, **www.drmartensplc.com**.

Relationship agreement with controlling shareholder

The Company's largest and, for the purposes of the Listing Rules, controlling shareholder is IngreLux S.àr.l., which owns 36.96% of the issued share capital of Dr. Martens plc. IngreLux S.àr.l. is wholly owned by funds advised by Permira Advisers LLP, a global investment firm. In accordance with the UK Listing Rules, the Company and IngreLux S.àr.l. have entered into a relationship agreement (the 'Relationship Agreement') to ensure that:

1. The Group can carry on an independent business as its main activity;
2. Any transactions and arrangements between the Group and IngreLux S.àr.l. (and/or any of its associates) are at arm's length and conducted on normal commercial terms;
3. Neither IngreLux S.àr.l. nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
4. Neither IngreLux S.àr.l. nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules; and
5. At all times a majority of the Directors of the Company shall be independent of IngreLux S.àr.l.

Pursuant to the Relationship Agreement, IngreLux S.àr.l. is also entitled to appoint one Non-Executive Director to the Board and nominate that individual to be a member of the Company's Nomination Committee for so long as it (together with any of its associates) controls or is entitled to control the exercise of in aggregate 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. IngreLux S.àr.l.'s first appointed representative is Tara Alhadeff, whose biography can be found on page 117), and it will consult in advance with the Chair of the Nomination Committee regarding the identity of any person proposed to be nominated as a Non-Executive Director in the future.

Pursuant to the Relationship Agreement, IngreLux S.àr.l. has certain information rights for the purposes of its accounting, tax or other regulatory requirements. In addition, the Company may request that Permira Advisers LLP provides it with advisory services. IngreLux S.àr.l. has undertaken to keep information it receives on the Group confidential and in accordance with applicable law.

The Relationship Agreement also provides for the Company to provide, subject to certain limitations and exceptions, reasonable cooperation and assistance to IngreLux S.àr.l. in the event of a sale of shares by IngreLux S.àr.l., and that IngreLux S.àr.l. will ensure that any such secondary sales of shares in the Company are conducted in an orderly manner.

The Directors believe that the terms of the Relationship Agreement enable the Group to carry on its business independently of IngreLux S.àr.l. The Relationship Agreement will continue for so long as:

1. The Company's shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities; and
2. IngreLux S.àr.l. (together with any of its associates) controls or is entitled to control the exercise of in aggregate 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

While IngreLux S.àr.l., on its own or together with any person with whom it is acting in concert, holds 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company, it is considered a 'controlling shareholder' for the purposes of the Listing Rules. While IngreLux S.àr.l. remains a controlling shareholder, certain resolutions, such as resolutions relating to the election of Independent Directors or the cancellation of the Company's listing, will, in order to be passed, need to be approved by both:

1. A majority of shareholders voting on the resolution; and
2. A majority of shareholders voting on the resolution excluding IngreLux S.àr.l.

Annual General Meeting

The Company's AGM will be held at Holiday Inn London, Camden Lock, 30 Jamestown Road, Camden NW1 7BY, on Thursday 13 July 2023 at 9.30am. The Notice of Annual General Meeting will include details of the business to be put to shareholders at the AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in Remuneration report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the 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 group's and company's auditors are aware of that information.

This Directors' report was approved by a duly authorised committee of the Board of Directors on 31 May 2023 and signed on its behalf by:

EMILY REICHWALD
COMPANY SECRETARY
31 May 2023
Dr. Martens plc
Company number: 12960219

FINANCIAL STATEMENTS

IN THIS SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Dr. Martens plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company Balance Sheets as at 31 March 2023; the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

This is the first year that PwC has undertaken the audit of Dr. Martens plc.

Overview

Audit scope

- We performed full scope audits of 4 components;
- In addition, for a further 5 components, we performed audit procedures on specific accounts within that component based on either the size or risk profile of those accounts;
- Specific audit procedures in relation to various Group activities, including over the consolidation, leases, share based payments, taxation, pensions and the carrying value of goodwill, were performed by the Group audit team centrally; and
- We performed a statutory audit of the company.

Key audit matters

- Existence of inventory at the Los Angeles ("LA"), US, warehouse (group).
- Valuation of non-continuity inventory (group).
- Recoverability of investments (parent company).

Materiality

- Overall group materiality: £8.0 million based on 5% of Profit Before Tax.
- Overall company materiality: £14.0 million based on Total Assets of 1%.
- Performance materiality: £6.0 million (group) and £10.6 million (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Existence of inventory at the LA Warehouse (group) Refer to the Audit and Risk Committee report on page 151 and note 14 for details of total inventory held, which includes the inventory balances held at the LA distribution centre ("LA DC") and satellite warehouses. The LA DC is a new warehouse, managed by a third party logistics company (the "3PL"), that opened in FY23. The group experienced processing issues at the LA DC, resulting in an increased volume of inventory being held at 31 March 2023. Three satellite warehouse locations were also used to unload overflow containers and store a proportion of the inventory, in addition to a further site close to the manufacturing facilities in Asia that was used by the 3PL to hold inventory in-transit to the US. Whilst the existence of inventory does not involve significant judgement, we focused on this risk due to the quantum of the inventory balance held at these locations, the scale of change that resulted in additional focus and attention from senior management and the extent of count procedures conducted by the 3PL and overseen by management.	Our response to this key audit matter was undertaken by our US component team. Under the group audit team's direction and supervision, we validated the existence of inventory at the LA DC, satellite warehouses and in-transit inventory through a combination of the following audit procedures: • We understood the processes and controls performed by the 3PL to unpack the inventory held in containers at the LA DC, including the procedures to check the inventory into the 3PL's warehouse management system; • Our PwC US senior team members visited the LA DC and two satellite warehouse to walk through the processes conducted by the 3PL to unpack, store and count the inventory at the sites; • We obtained confirmations from the 3PL confirming the inventory quantity at the LA DC and satellite warehouses at the year end date, including the inventory held in containers at the LA DC at this time; • We assessed the accuracy of cycle counts undertaken by the 3PL; • We attended a sample of cycle counts of the main warehouse and satellite locations; • We requested that management conduct a full inventory count at one of the satellite warehouses and in a specific area of the LA DC. We attended both counts; • We performed roll-forward procedures at one satellite warehouse where counts were undertaken prior to the year end date; and, • We traced inventory balance from goods in transit at the additional Asian warehouse to shipping documents after the year end. Based on the procedures performed, we were satisfied with the processes undertaken by the 3PL and management to verify that the inventory exists. We also considered the appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of non-continuity inventory (group) Refer to the Audit and Risk Committee report on page 151 and Note 14 Inventories and Note 2.26 Significant judgments and estimates. The group sells a variety of footwear options and is subject to changing consumer demands and fashion trends, increasing the level of judgement involved in estimating inventory provisions. The significant majority of inventory consists of "core" footwear product lines. These are boots and shoes which have carried the same style that Dr. Martens has been selling for many years. When determining the risk of inventory valuation of inventory held at 31 March 2023, we assessed the "core" product lines to be lower risk. Other categories of inventory consist of footwear product lines that management chooses to not extend beyond certain seasons, or have different features to their core product range. We consider this "non-continuity" inventory to be at greater risk of obsolescence. The Group's inventory provision is primarily based on the classification of inventory product lines, inventory age and obsolescence risk. Judgement is required to estimate future sales forecasts and alternative exit routes to clear this inventory, which attracts different provisioning rates.	We performed audit procedures over this risk area in five locations, which covered 96% (£255.7m) and 85% (£2.3m) of the total group inventory balance and inventory provision respectively. This balance includes all categories of inventory provisions. We updated our understanding of the inventory provisioning process in each of the above locations assessing the conformity to group policy. We re-computed the provision calculations and inputs to check for completeness and accuracy; including testing inventory classification within the provision working. We challenged and validated the key assumptions applied by management in estimating the provision, with particular focus on historical sell through of aged / provided for items. We performed sensitivity analysis to assess the significance and risk of changes in assumptions on the provision amount. We performed enquiries across the business and observed the inventory counts with particular focus on verifying the obsolete inventory and aged inventory which may have indicated that a provision may be required. We satisfied ourselves that the inventory provisions were materially accurate. The sensitivity analysis highlighted that a reasonable possible change would not result in a material adjustment to the carrying value of inventory.
Recoverability of investments (company) Refer to Note 2 for accounting policies and Note 6 – Investments of the parent company financial statements. At 31 March 2023 the parent company held investments in subsidiaries with a carrying value of £1,413.2m (2022: £1,413.2m). The combination of the trading updates and fall in market capitalisation of the group before 31 March 2023 is considered to be an impairment indicator and, as a result, management performed an impairment assessment for the carrying value of the investment. The realisation of the investment carrying value is dependent on the future performance of the trading entities within the group. The assessment therefore involves judgement, particularly in accurately forecasting future cash flows. Management prepared an impairment assessment as at 31 March 2023, creating a Value in Use (VIU) model reflecting the five year plan. To build the future net cash flows from 2024 to 2028 the cash flows are continued into perpetuity, using an estimated terminal growth rate of 3%. Management also compared the carrying value of the investment to the market capitalisation at the year end date. Through this assessment management identified that both the market capitalisation at 31 March 2023 and the VIU of the trading entities exceeded the carrying value of the parent company's investments, therefore concluding that no impairment was required.	The audit procedures included: • Verifying the market capitalisation at 31 March 2023 and in the period after the year end, both of which indicated headroom above carrying value; • Understood the basis of preparation of the five year plan and challenged the impact of climate change on the cash flows; • Supported by PwC valuations experts, we reviewed and challenged management's independent discount rate and terminal growth rate for appropriateness; • We sensitised management's assumptions in the VIU model, in particular considering the reduction in cash flows that would be required to create an impairment; and • Completed mathematical accuracy checks over the model. Based on the above procedures we are satisfied that the Group's VIU model supports the carrying value of the investment and management's model is based on reasonable assumptions. We also evaluated the disclosures in Note 2 – Accounting policies and Note 6 – Investments of the parent company financial statements, which we consider to be appropriate.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We identified three financially significant components, being Airwair International Limited, Dr. Martens Airwair USA LLC, Dr Martens Airwair Wholesale Limited, where a full scope audit has been performed. In addition, at the request of management and the Audit and Risk Committee, we performed a full scope audit on Shanghai Airwair Trading Limited (China). To achieve the coverage desired, we identified a further five components where we performed audit procedures on specific accounts within that component based on either the size or risk profile of those accounts. The components where we performed audit procedures covered approximately 88% of the Group's profit before tax, 90% coverage of revenue and 95% of net assets.

Where work was performed by component auditors, detailed instructions were issued by us and the Group audit team conducted conference calls with component teams. For our financially significant and material components, oversight procedures included regular communication with the component team, reviewing their working papers, and attending the clearance meeting either virtually or in person. Specific audit procedures over central functions and areas of significant judgement, including consolidation, taxation, pensions, store impairment and the carrying value of goodwill were performed by the Group audit team centrally.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk.

Management has sought advice from external sustainability experts to help them understand the environmental challenges they face, and to source science-based inputs for their assessment of climate risk. We reviewed management's paper which sets out its assessment of climate change risk to the Group and the impact, if any, on the financial statements and impairment testing.

We read the disclosures in relation to climate change made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

As part of the audit, we inquired of management to understand and evaluate the Group's risk assessment process in relation to climate change.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£8.0 million.	£14.0 million.
How we determined it	5% of Profit Before Tax	Total Assets of 1%
Rationale for benchmark applied	Based on the benchmarks used in the financial statements, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.	As the parent entity, Dr. Martens plc is a holding company for the group and therefore the materiality benchmark has been determined based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was from £1.0 million to £7.2 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £6.0 million for the group financial statements and £10.6 million for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £400,000 (group audit) and £700,000 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the risk around going concern at the planning and year end phases of the audit;
- Performing a walkthrough of the Group's financial statement close process, budgeting and forecasting process and confirming our understanding of management's going concern assessment process;
- Obtaining management's going concern model which included a base case, and a severe but plausible downside scenario covering the going concern assessment period. In addition to the severe but plausible case, management prepared a reverse stress test scenario;
- Critically assessing the assumptions within the models including; assessing the historical accuracy of management's forecast and obtaining corroborating, and considering contradictory, evidence for the assumptions used;
- Considering the assumptions made regarding the extent of an economic downturn in the severe but plausible downside case and assessing whether there were any other scenarios which should be considered;
- Performing independent sensitivity analysis to the severe but plausible case to assess the impact on liquidity and covenant headroom;
- Obtaining and reviewing the Group's financing agreement, confirming our understanding of the agreements including those relating to covenant test ratio requirements. Checking the calculation of headroom in respect of the financial covenant test ratios and assessing the Group's forecast banking covenant requirements; and,
- Confirming that consistent approaches to going concern, viability, impairment and other key areas of estimation have been used.

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the reporting framework (IFRS, Companies Act 2006), the Listing Rules of the UK Listing Authority and the relevant tax compliance regulations in the jurisdictions in which Dr. Martens plc operates and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the Directors, the Audit and Risk Committee and Group General Counsel, including review of legal correspondence, internal audit reports, whistleblowing reports and Board meeting minutes and consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Challenging management on its critical accounting estimates and judgements;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above;
- Audit of the tax charge and assets including, supported by PwC experts, a review of the transfer pricing policy; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 14 July 2022 to audit the financial statements for the year ended 31 March 2023 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

OTHER MATTER

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 May 2023

Consolidated Statement of Profit or Loss

for the year ended 31 March 2023

	Note	**Total FY23 £m**	Total FY22 £m
Revenue	3	**1,000.3**	908.3
Cost of sales		**(382.2)**	(329.5)
Gross profit		**618.1**	578.8
Selling and administrative expenses	4	**(441.9)**	(349.5)
Finance income		**1.9**	0.1
Finance expense	8	**(18.7)**	(15.1)
Profit before tax		**159.4**	214.3
EBITDA[1]	3	**245.0**	263.0
Depreciation and amortisation[2]	4	**(54.2)**	(36.7)
Impairment	4	**(3.9)**	(0.2)
Exchange (losses)/gains[2]		**(10.7)**	3.2
Finance income		**1.9**	0.1
Finance expense	8	**(18.7)**	(15.1)
Profit before tax		**159.4**	214.3
Tax expense	9	**(30.5)**	(33.1)
Profit for the year		**128.9**	181.2

	Note	**FY23**	FY22
Earnings per share			
Basic	10	**12.9p**	18.1p
Diluted	10	**12.9p**	18.1p

1. Alternative Performance Measure 'APM' as defined in the Glossary on pages 227 and 228.
2. Exchange (losses)/gains were combined with depreciation and amortisation in FY22.

The results for the years presented above are derived from continuing operations and are entirely attributable to the owners of the Parent Company.

The notes on pages 177 to 215 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	**Total FY23 £m**	Total FY22 £m
Profit for the year		**128.9**	181.2
Other comprehensive income/(expense)			
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		**5.5**	4.3
Cash flow hedges		**(0.6)**	-
Tax in relation to cash flow hedges		**0.2**	-
		5.1	4.3
Total comprehensive income for the year		**134.0**	185.5

The notes on pages 177 to 215 form part of these consolidated financial statements.

Consolidated Balance Sheet

for the year ended 31 March 2023

	Note	**Total FY23 £m**	Total FY22 £m
Non-current assets			
Intangible assets	12	**265.6**	262.1
Property, plant and equipment	13	**61.3**	38.3
Right-of-use assets	13	**144.1**	105.5
Investments	21	**1.0**	-
Deferred tax assets	23	**11.8**	9.6
		483.8	415.5
Current assets			
Inventories	14	**257.8**	123.0
Trade and other receivables	15	**93.0**	85.6
Income tax assets		**-**	6.1
Derivative financial assets	20	**0.5**	0.9
Cash and cash equivalents	16	**157.5**	228.0
		508.8	443.6
Total assets		**992.6**	859.1
Current liabilities			
Trade and other payables[1]	17	**(127.7)**	(133.9)
Bank interest[1]	18	**(6.0)**	(0.8)
Lease liabilities	18	**(28.1)**	(19.8)
Derivative financial liabilities	20	**(1.3)**	(0.5)
Income tax payable		**(1.4)**	-
		(164.5)	(155.0)
Non-current liabilities			
Borrowings[2]	18	**(293.4)**	(280.9)
Lease liabilities	18	**(124.3)**	(93.1)
Provisions	19	**(4.4)**	(1.9)
Deferred tax liabilities	23	**(1.8)**	-
		(423.9)	(375.9)
Total liabilities		**(588.4)**	(530.9)
Net assets		**404.2**	328.2
Equity attributable to the owners of the parent			
Share capital	24	**10.0**	10.0
Hedging reserve	25	**(0.5)**	(0.1)
Capital reserve – own shares	25	**-**	-
Capital redemption reserve	25	**-**	-
Merger reserve	25	**(1,400.0)**	(1,400.0)
Non-UK translation reserve	25	**12.5**	7.0
Retained earnings	25	**1,782.2**	1,711.3
Total equity		**404.2**	328.2

1. Bank interest was previously included within trade and other payables.
2. Included in bank debt is £3.4m (FY22: £4.7m) of unamortised bank fees.

The notes on pages 177 to 215 form part of these consolidated financial statements.

The consolidated financial statements on pages 172 to 215 were approved and authorised by the Board of Directors on 31 May 2023 and signed on its behalf by:

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2023

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2023

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Note	Share capital £m	Hedging reserve £m	Capital reserves - own shares £m	Capital redemption reserve £m	Merger reserve £m	Non-UK translation reserve £m	Retained earnings[1] £m	Total equity £m
At 1 April 2021		**10.0**	**(0.1)**	**-**	**-**	**(1,400.0)**	**2.7**	**1,537.1**	**149.7**
Comprehensive income									
Profit for the year		-	-	-	-	-	-	181.2	181.2
Other comprehensive income		-	-	-	-	-	4.3	-	4.3
Total comprehensive income for the year		-	-	-	-	-	4.3	181.2	185.5
Dividends paid	11	-	-	-	-	-	-	(12.2)	(12.2)
Shares issued	24	-	-	-	-	-	-	-	-
Share-based payments	26	-	-	-	-	-	-	5.2	5.2
At 31 March 2022		**10.0**	**(0.1)**	**-**	**-**	**(1,400.0)**	**7.0**	**1,711.3**	**328.2**
Comprehensive income									
Profit for the year		-	-	-	-	-	-	128.9	128.9
Other comprehensive income		-	(0.4)	-	-	-	5.5	-	5.1
Total comprehensive income for the year		-	(0.4)	-	-	-	5.5	128.9	134.0
Dividends paid	11	-	-	-	-	-	-	(58.4)	(58.4)
Shares issued	24	-	-	-	-	-	-	-	-
Share-based payments	26	-	-	-	-	-	-	0.4	0.4
At 31 March 2023		**10.0**	**(0.5)**	**-**	**-**	**(1,400.0)**	**12.5**	**1,782.2**	**404.2**

[1] Included within retained earnings Dr. Martens plc (the Company) has distributable reserves of £1,377.5m (FY22: £1,389.8m).

The notes on pages 177 to 215 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	Note	**Total FY23 £m**	Total FY22 £m
Profit after taxation		**128.9**	181.2
Add back: income tax expense		**30.5**	33.1
Add back: finance expense		**16.8**	15.0
Add back: depreciation, amortisation and impairment		**58.1**	36.9
Add back: net exchange rate losses/(gains)		**10.7**	(3.2)
Add back: share-based payments charge	26	**0.5**	5.2
Increase in inventories		**(133.2)**	(18.3)
Increase in trade and other receivables		**(6.6)**	(23.3)
Decrease in trade and other payables		**(6.1)**	(1.0)
Change in net working capital[3]		**(145.9)**	(42.6)
Cash flows from operating activities			
Cash generated from operations		**99.6**	225.6
Taxation paid		**(22.3)**	(41.2)
Cash generated from operating activities		**77.3**	184.4
Cash flows from investing activities			
Additions to intangible assets	12	**(11.8)**	(9.5)
Additions to property, plant and equipment	13	**(39.6)**	(15.5)
Finance income received		**1.6**	-
Capital contributions received for right-of-use assets		**0.2**	-
Purchase of equity investment	21	**(1.0)**	-
Cash used in investing activities		**(50.6)**	(25.0)
Cash flows from financing activities			
Finance expense paid		**(7.2)**	(10.8)
Payment of lease interest[2]	28	**(4.8)**	(3.5)
Payment of lease liabilities[2]	28	**(29.1)**	(20.5)
Dividends paid	11	**(58.4)**	(12.2)
Cash used in financing activities		**(99.5)**	(47.0)
Net (decrease)/increase in cash and cash equivalents		**(72.8)**	112.4
Cash and cash equivalents at beginning of year		**228.0**	113.6
Effect of exchange on cash held		**2.3**	2.0
Cash and cash equivalents at end of year	16	**157.5**	228.0

The notes on pages 177 to 215 form part of these consolidated financial statements.

Consolidated Non-GAAP Statement of Cash Flows

	Note	**FY23 £m**	FY22 £m
EBITDA[1]		**245.0**	263.0
Change in net working capital[3]		**(145.4)**	(29.9)
Capital expenditure		**(51.2)**	(25.0)
Operating cash flow[1]		**48.4**	208.1
Net interest paid		**(5.6)**	(10.8)
Payment of lease liabilities	28	**(33.9)**	(24.0)
Taxation		**(22.3)**	(41.2)
Purchase of equity investment	21	**(1.0)**	-
Exceptional items[4]		**-**	(7.5)
Dividends paid	11	**(58.4)**	(12.2)
Net cash flow		**(72.8)**	112.4
Opening cash	16	**228.0**	113.6
Net cash exchange		**2.3**	2.0
Cash and cash equivalents at end of year	16	**157.5**	228.0

1. Alternative Performance Measures as defined in the Glossary on pages 227 and 228.
2. Payment of lease interest was previously disclosed within payment of lease liabilities.
3. The difference in working capital movements between the two cash flow statements relates to share-based payments, capital contributions received and exceptional items.
4. All exceptional items paid were in relation to the IPO and refinancing event.

1. General information

Dr. Martens plc (the 'Company') is a public company limited by shares incorporated in the United Kingdom, and registered and domiciled in England and Wales, whose shares are traded on the London Stock Exchange. The Company's registered office is: 28 Jamestown Road, Camden, London NW1 7BY. The principal activity of the Company and its subsidiaries (together referred to as the 'Group') is the design, development, procurement, marketing, selling and distribution of footwear, under the Dr. Martens brand.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated. Amounts are presented in GBP and to the nearest million pounds (to one decimal place) unless otherwise noted.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for equity investments, derivative financial instruments, money market funds, share-based payments and pension scheme assets that have been measured at fair value.

Certain amounts in the Statement of Profit or Loss and the Balance Sheet have been grouped together for clarity, with their breakdown being shown in the notes to the financial statements. The distinction presented in the Balance Sheet between current and non-current entries has been made on the basis of whether the assets and liabilities fall due within one year or more.

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the financial statements as a whole, in addition to disclosures included in the Strategic report this year. This included an assessment of the impact on the carrying value of non-current assets and the impact on forecasts used in the impairment review and the assessments of going concern and longer term viability. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is an emerging risk and not expected to have a significant impact on the Group's going concern assessment to 30 September 2024 nor the viability of the Group over the next three years.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023 and 31 March 2022. Control is achieved when the Group has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or Loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Accounting policies continued

2.3 Adoption of new and revised standards

The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective.

New standards and interpretations not yet applied

The following new or amended IFRS accounting standards, amendments and interpretations are not yet adopted and it is expected that where applicable, these standards and amendments will be adopted on each respective effective date:

- Amendments to IAS 1 – Presentation of financial statements: non-current liabilities with covenants
- Amendments to IAS 1 – Classification of liabilities as current, and disclosure of accounting policies
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

2.4 Non-UK currency

The consolidated financial statements are presented in GBP, which is the Group's functional and presentational currency. The Group includes non-UK entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of the Group entities that have a functional currency different from the presentation currency are translated into GBP at the closing rate at the date of that Balance Sheet. Income and expenses for each Statement of Profit or Loss are translated at average exchange rates for the period. Exchange differences are recognised in other comprehensive income.

The functional currency of each company in the Group is that of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in non-UK currencies are translated into GBP at the rates of exchange ruling at the period end. Transactions in non-UK currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

2.5 Going concern

The financial statements have been prepared on a going concern basis. The Directors' assessment is based on detailed trading and cash flow forecasts, including forecast liquidity and covenant compliance. The period of management's assessment is from the date of the signing of the financial statements to 30 September 2024 and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period.

The Directors also considered the Group funding arrangements at 31 March 2023 with cash of £157.5m, a term loan of £296.8m as well as available undrawn facilities of £196.3m. A bullet debt repayment of the term loan of £296.8m is not due until 2 February 2026.

FY23 experienced a steady deterioration in the global macro economy with differing impacts on several of our core markets. With the exception of China (which was closed due to strict Covid-19 related lockdowns during Q1) all our core markets had a strong Q1 trading period. However, from Q2 a more negative consumer sentiment from weaker macro economic themes began to emerge.

In EMEA, the war in Ukraine, expectation of higher inflation and significantly higher energy costs were compounded by increasing interest rates and resulted in variable DTC trading through the autumn. From November however, in part due to the benefit of a weaker base (from Covid-19 related trading restrictions in prior year), we experienced very strong DTC trading with Q4 growth accelerating compared to Q3 growth. This momentum has continued into Q1 to date.

In America, aggressively increasing interest rates and higher gas prices, dampened consumer spending with the sale of boots also negatively impacted by unseasonably warm weather through the autumn, and resulted in variable and soft DTC trading from September to the end of the financial year. This soft DTC trading is expected to continue through H1 FY24. Disappointingly, H2 was also significantly impacted by the LA DC supply bottleneck, which resulted in higher costs and slower wholesale shipments than planned. The operational issues at the LA DC have now been resolved and the planned work to expand capability and capacity to ship to all channels from our New Jersey DC is on track, to be completed for the AW23 season. This will mean we will have the ability to ship to all channels from both west and east coast. Following a review to right size forward cover inventory, we now expect to maintain the three satellite warehouses in LA for the full financial year, with inventory right-sized through H2 by buying less than we plan to sell. However, there will be a cost of renting the DCs to store the inventory of c.£15m which is included in the going concern period.

In APAC, Japan slowly recovered from Covid-19 through the year, with the requirement to wear masks inside finally ending in March 2023. We expect Japan to steadily continue to recover from Covid-19 related restrictions through the new financial year. China and Hong Kong have very recently seen strong growth as Covid-19 restrictions were lifted at the turn of the calendar year and we expect to see these markets recover through the new financial year, albeit from a very small base.

2. Accounting policies continued

2.5 Going concern continued

The Directors remain vigilant and continue to monitor a number of consumer confidence metrics across all our core markets. While global expectations are for inflation to slowly fall by the end of the year, interest rates are still expected to rise, the global political climate is difficult, the war in Ukraine is expected to continue, and together with recent banking volatility, this results in the Directors adopting a cautious outlook to the new financial year.

As part of the going concern assessment, management have modelled, and the Directors have reviewed, a base case and a severe but plausible downside scenario described in the Viability Statement set out on pages 60 and 61 of the Annual Report with no planned cost or working capital mitigating actions (including dividend payments).

For more detail on the central planning assumptions that form part of the base case see page 60 in the Viability Statement.

Where appropriate and practical, we assessed the impact of a number of risks, described on pages 56 to 59, crystallising and subsequent impact on trading, cash flows and covenant compliance. The risks for modelling purposes in the severe but plausible downside scenario included all factories in one key production geographic area being out of production for a period of around three months (this has been assessed for two separate countries of production), website in a significant region out of action for a period of one month during peak trading, a large distribution centre being out of action for a period of around six months and weaker consumer sentiment and lower demand. These risks impact revenue and cost growth assumptions in the base case and have been sensitised downward to model the severe but plausible downside scenario with no planned cost or working capital mitigating actions (including dividend payments). The Group continues to have satisfactory liquidity and covenant headroom under each risk modelled individually. The impact was represented by revenue growth being 3pts lower than the base case across all channels and geographies.

In the severe but plausible scenario modelled the Group continues to have satisfactory liquidity headroom but required remediation of the covenant headroom throughout the period under review. However, should this extreme downside scenario occur then mitigating actions could be taken including (but not limited to) cancellation of bonus, holding marketing investment in line with prior year percentage of revenue and delaying/cancellation of certain IT-related capex spend. Under this scenario dividends could be maintained, but would be reviewed if required. Experience through the two years of FY22 and FY23 indicated minimal wholesale bad debt risk and minimal margin risk with the principal risk being lower revenue. In the scenario modelled post mitigation, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review. A more extreme downside scenario is not considered plausible.

In addition, a reverse stress test has also been modelled to determine what could break covenant compliance estimates and liquidity before mitigating actions. To model these reverse stress tests the impact on revenue of zero covenant headroom and zero liquidity was calculated at the end of FY24. Under the covenant breach test it is concluded that the business could weather extreme growth reductions without mitigation, -26%pts[1] to revenue growth in FY24 before covenants are breached. Similarly, the business would have to experience –61%pts[1] revenue growth reduction in FY24 before zero cash headroom is reached. Under both tests modelled, there were no mitigating actions (including dividend payments) modelled. The Directors have assessed the likelihood of occurrence to be remote.

The Directors have assessed the qualitative and quantitative impact of climate-related risks on asset recoverable amounts and concluded that there would not be a material impact on the business in the viability period.

The Directors will continue to monitor the effects of global macro-economic considerations and geopolitical events on our Group and the economies and consumer confidence in the countries where we operate and we plan to maintain maximum flexibility to react, on a market-by-market basis.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the principal risks and uncertainties faced by the business. Based on the Group's trading and cash flow forecasts, the Directors are satisfied that the Group will maintain an adequate level of resources to be able to continue to operate during the period under review.

2.6 Share Incentive Plan (SIP) Trusts

The Group operates two SIP Trusts for the benefit of its employees. Under accounting standard IFRS 10 Consolidated Financial Statements, control for accounting purposes has a different test threshold than under a legal basis and as a result the Group's SIP Trusts are deemed to be under the control of Dr. Martens plc. The Trust deed for the Dr. Martens plc UK Share Incentive Plan Trust was adopted by the Board on 10 September 2021. The Trust deed for the Dr. Martens plc International Share Incentive Plan Trust was adopted by the Board on 10 September 2021.

2.7 Revenue

The Group's revenue arises from the sale of goods to customers. Contracts with customers generally have one performance obligation. The Group has concluded that the revenue from the sale of goods should be recognised at a point in time when control of the goods is transferred to the customer, which is dependent on the revenue channel. Revenue is recognised at the invoiced price less any associated discounts and sales taxes.

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[1] On a constant currency basis, an Alternative Performance Measure 'APM' as defined in the Glossary on pages 227 to 228.

2. Accounting policies continued

2.7 Revenue continued

The Group assessed its revenue channels against the IFRS 15 five-step model, identifying the contracts, the performance obligations and the transaction price, and then allocating this to determine the timing of revenue recognition. The revenue channels that have been separately assessed are as follows:

- ecommerce revenue, including delivery charge income;
- retail revenue; and
- wholesale revenue.

Control is passed to the customer on the following basis under each of the revenue channels as follows:

- ecommerce channel: upon receipt of the goods by the customer;
- retail channel: upon completion of the transaction; and
- wholesale channel: upon delivery of the goods or upon dispatch to the customer if the customer takes responsibility for delivery.

The payment terms across each of these revenue channels varies. The payments for retail are received at the transfer of control. Ecommerce payments are mainly received in advance of transfer of control by less than one week as there is a timing difference between receipt of cash on order and receipt of goods by the customer. Wholesale customers pay on terms generally between 30 and 60 days.

Some contracts for the sale of goods provide customers with a right of return and rebates. Under IFRS 15, this gives rise to variable consideration.

Rights of return

When a contract provides a customer with a right of return, under IFRS 15, the consideration is variable because the contract allows the customer to return the product. The Group uses the expected value method to estimate the goods that will be returned and recognise a refund liability and an asset for the goods to be recovered. Provisions for returned goods are calculated based on future expected levels of return for each channel, assessed across a variety of factors such as historical trends, economic factors and other measures.

Rebates

Under IFRS 15, rebates give rise to variable consideration. To estimate this the Group applies the most likely amount method.

2.8 Finance income and expenses

Finance expenses consist of interest payable on various forms of debt and finance income consists of interest receivable amounts from cash held. Both are recognised in the Statement of Profit or Loss under the effective interest rate method.

2.9 Exceptional items

Exceptional items consist of material non-recurring items and items arising outside the normal trading of the Group.

2.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax movement recognised. The tax currently payable is based on taxable profit. Taxable profit differs from net profit as reported in the Statement of Profit or Loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period. The Group applies IFRIC 23 Uncertainty over Income Tax Treatments to measure uncertain tax positions. The Group calculates each provision using either the expected value method or the most likely outcome method in line with the guidance contained within IFRIC 23. The uncertain tax positions are reviewed regularly and there is ongoing monitoring of tax cases and rulings which could impact the provision.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Accounting policies continued

2.10 Taxation continued

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the Statement of Profit or Loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Both deferred tax assets and liabilities and current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

2.11 Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

2.12 Intangible assets

Goodwill

Business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration over the fair value of the identifiable net assets acquired.

After initial recognition, positive goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. If any such indication of impairment exists, the assets' recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each year-end date and whenever there is an indication of impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill. Negative goodwill is recognised directly in the Statement of Profit or Loss.

Separately acquired intangible assets

Separately acquired intangible assets comprise other intangibles. Other intangibles that have finite useful lives are carried at cost less accumulated amortisation and any provision for impairment. The finite life other intangibles are amortised on a straight line basis over the expected useful economic life of each of the assets. Amortisation expense is charged to selling and administrative expenses. Other intangibles with an indefinite useful life are carried at cost less impairment. These are other intangibles for which the estimated useful life is indefinite. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Software

Software comprises of internally generated software development. Research expenditure is charged to income in the year in which it is incurred. Development expenditure is charged to income in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete, and the asset is available for use. These assets are considered to have finite useful lives and are amortised on a straight line basis over the expected useful economic life of the assets, which is considered to be three to seven years. Amortisation expense is charged to selling and administrative expenses. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

2.13 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and provision for impairment. Depreciation is calculated to write down the cost of the assets less estimated residual value over its expected useful life as follows:

• Freehold properties	2% straight line method
• Freehold improvements	10% straight line method
• Leasehold improvements	2% straight line method or over the life of the lease
• Plant and machinery	15% straight line method
• Office and computer equipment	33% for computer equipment and 20% for all other office equipment straight line method
• Motor vehicles	33% straight line method

Depreciation expense is charged to selling and administrative expenses. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the period that the asset is derecognised.

2. Accounting policies continued

2.14 Impairment

The carrying amounts of the Group's relevant assets are reviewed at each year-end date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year-end date and whenever there is an indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset. Refer to notes 12 and 13 for further details.

2.15 Lease accounting

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. As part of the measurement approach, the Group uses its incremental borrowing rate which is adjusted by both property type and geography. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right-of-use-assets – Shorter of lease term and estimated useful life (3 to 15 years)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in the Impairment of non-financial assets section.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (adjusted by both property type and geography) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the interest charge and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that does not increase the scope of the lease, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. A lease modification is accounted for as separate lease where the modification increases the scope of the lease, and the lease consideration increases by an amount reflecting the stand-alone price for the increase in scope.

The Group's lease liabilities are included in interest-bearing loans and borrowings (note 18).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight line basis over the lease term.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are valued at weighted average cost, including freight to warehouse and duty. Net realisable value is based on estimated selling price less any costs expected to be incurred to completion or disposal.

2. Accounting policies continued

2.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets, and to settle the liabilities simultaneously.

Categorisation of inputs for fair value measurements

Assets and liabilities held at fair value are categorised into levels that have been defined according to IFRS 13 'Fair Value Measurement' measurement hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of derivatives are calculated using quoted prices in relevant exchanges at the end of the reporting period. Where such prices are not available, the Group uses valuation models to determine the fair values based on observable market curves such as forward foreign exchange rates, discounted back to present value using risk free interest rates. The impacts of counterparty credit, volatility and currency basis are also considered as part of the fair valuation where appropriate.

All financial instruments held at fair value within the Group are assessed as being measured as Level 2 except for equity investments which are classified as Level 3 due to observable data to derive fair value being unavailable.

2.18 Financial assets

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Investments

Equity investments that are not held for trading have been irrevocably designated as fair value through other comprehensive income. Subsequent to initial recognition at fair value plus transaction costs, these assets are recorded at fair value at each period end with the movements recognised in other comprehensive income until derecognition or impaired. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is never recycled to the income statement. Dividends on financial assets at fair value through other comprehensive income are recognised in the income statement when the entity's right to receive payment is established. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

Trade and other receivables

Trade receivables are assessed under IFRS 9 and measured at amortised cost using the effective interest rate method. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss (FVPL). The most significant financial assets of the Group are its cash and trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents primarily comprise cash held within bank accounts, Money Market Funds (MMFs) and bank term deposits maturing less than three months from inception. All cash is held short term in highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Included within cash and cash equivalents are debit and credit card payments made by customers which are receivable from card acquiring financial institutions, and cash in transit from various payment processing intermediaries that provide receipting services to the Group.

All cash and cash equivalents are measured at amortised cost with the exception of MMFs which are held at fair value through profit or loss.

2. Accounting policies continued

2.19 Financial liabilities

The Group classifies and measures all of its non-derivative financial liabilities at amortised cost.

Initial recognition

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method.

2.20 Derivative financial instruments and hedging activities

The Group uses exchange forward contracts to hedge its non-UK currency risks. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Gains or losses arising from changes in fair value related to derivatives held in a cash flow hedge relationship are recognised in other comprehensive income/(expense) and deferred in the hedging reserve to the extent that the hedges are deemed effective. Amounts are transferred to the income statement in the same period in which the hedged risk affects the income statement and against the same line item.

The Group designates exchange derivative hedges on a full forward or spot basis. Where only the spot element of an exchange derivative is designated, the cost of hedging election is applied to the forward points with fair value movements recognised in other comprehensive income and released to profit or loss depending on the nature of the underlying hedged item.

The Group performs regular hedge effectiveness testing. For cash flow hedges where the forecast transaction is no longer expected to occur, hedge accounting is discontinued, and all accumulated gains or losses held in the hedging reserve are immediately recognised in profit or loss. Where hedge accounting is discontinued as a result of expiry, disposal or termination of the derivative instrument (and where the hedge relationship was deemed to be effective), accumulated gains or losses up to the point of discontinuation are held in the hedging reserve and released to profit or loss in line with the hedged item.

Derivative financial instruments consist of foreign currency exchange forward contracts, which are categorised within Level 2 under the IFRS 13 measurement hierarchy (refer to note 2.17 for further detail on fair value level categorisation).

The full fair value of derivatives which are not designated in a hedge accounting relationship are classified as a non–current asset or liability if the remaining maturity of the derivatives is more than 12 months and as a current asset or liability if the maturity of the derivatives which are not designated in a hedge accounting relationship are less than 12 months.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost using the effective interest rate method so that any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings. Details of the Group's borrowings are included in note 18.

Borrowing costs

The Group expenses borrowing costs in the period the costs are incurred. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset and amortised over the estimated useful life of the asset. Details of the Group's borrowings are included in note 18.

2. Accounting policies continued

2.22 Pension arrangements

The Group provides pension benefits which include both defined benefit and defined contribution arrangements.

Defined contribution pension schemes

For defined contribution schemes the amount charged to the Statement of Profit or Loss represents the contributions payable to the plans in the accounting period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Defined benefit pension scheme

The Group operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds for administration expenses. The Group did not make any contributions to the scheme in the year (FY22: £nil). The UK defined benefit scheme was closed to new members on 6 April 2002, from which time membership of a defined contribution plan was available. It was then closed to all future accrual for all existing members on 31 January 2006. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. The last valuation was carried out at 30 June 2022, the next valuation is due at 30 June 2025. No asset is recognised in the Balance Sheet in respect of defined benefit pension plans due to the uncertainty over the Group's right to a refund of the surplus from the Scheme as set out in note 2.26. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The net interest cost is limited by the asset ceiling. When occurring, this cost is included in employee benefit expense in the Statement of Profit or Loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.23 Share-based payments

The Group provides benefits to employees in the form of share-based payment transactions, whereby employees render services as consideration in exchange for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date the relevant employee becomes fully entitled to the award. The fair value is calculated using an appropriate option pricing model and takes into account the impact of any market performance conditions. The impact of non-market performance conditions is not considered in determining the fair value at the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of options expected to vest. The level of vesting is reviewed at each balance sheet date and the charge adjusted to reflect actual and estimated levels of vesting. The cost of share-based payment transactions is recognised as an expense over the vesting period of the awards, with a corresponding increase in equity. Further details of share-based awards granted in the year can be found in note 26.

A proportion of the annual Executive Bonus Scheme is settled in the form of purchased Parent Company shares. This is accounted for as a cash-settled scheme as although participants received equity, it is driven by a cash amount that is paid and converted into shares at a point in time. The proximity of the date of communication of the bonus to when the shares are received means that there would be minimal difference between cash- and equity-settled treatment.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Alternative Performance Measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive suitable APMs. As set out on pages 227 to 228 of the Glossary, APMs are used as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

2.26 Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements and the key areas are summarised below:

2. Accounting policies continued

2.26 Significant judgements and estimates continued

Key judgements
The following judgement has had the most significant effect on amounts recognised in the financial statements:

Defined benefit scheme surplus
The Group acknowledges that the recognition of pension scheme surplus is an area of accounting judgement, which depends on the interpretation of the Scheme Rules and the relevant accounting standards including IAS 19 and IFRIC 14. The surplus under the scheme is not recognised as an asset benefiting the Group on the Balance Sheet, as the Group believes there is uncertainty in relation to the recoverability of any surplus, which is therefore unlikely to derive any economic benefits from that surplus. In the Group's view there is uncertainty over whether the Scheme Rules provide the Group with an unconditional right to a refund of the surplus from the scheme due to third-party discretionary investment powers which could use up any surplus prior to wind-up. Consistent with previous years, given this uncertainty, the Group has applied an asset ceiling to the pension scheme surplus of zero. As such, an asset ceiling has been applied to the Balance Sheet, and the net surplus of £11.1m (FY22: £13.3m) has not been recognised on the Balance Sheet. The net surplus has been capped to £nil (FY22: £nil). The key sensitivities of the defined benefit obligation to the actuarial assumptions are shown in note 29.

Other areas of judgement and accounting estimates
The Consolidated Financial Statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. The other areas of judgement and accounting estimates are listed below:

Judgements
Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable periods (i.e. three to five years). The Group typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of leasehold property with longer non-cancellable periods (i.e. 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Sources of estimation uncertainty and assumptions
The following estimates are dependent upon assumptions which could change in the next financial year and have an effect on the carrying amount of assets and liabilities recognised at the Balance Sheet date:

Inventory provisions
Inventory provisioning requires significant judgement on which inventory lines should be classed as obsolete. Inventory age, historic sales patterns and trading forecasts are used when classifying inventory lines to be provided against.

Corporation tax
The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which the determination is made. Management is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies (see notes 9 and 23). In addition, the assessment of uncertain tax positions is based on management's interpretation of relevant tax rules and decided cases, external advice obtained, the statute of limitations, the status of the negotiations and past experience with tax authorities. In evaluating whether a provision is needed it is assumed that tax authorities have full knowledge of the facts and circumstances applicable to each issue.

Carrying value of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.26 Significant judgements and estimates continued
Determining the carrying value of an asset or CGU requires the use of estimates of future cash flows and discount rates in order to calculate the present value of the cash flows. For details see notes 12 and 13.

Retirement benefit liabilities
Determining the fair value of the defined benefit pension scheme, which relates to the pension of the Group, requires assumptions to be made by management and the Group's independent qualified actuary around the actuarial valuations of the scheme's assets and liabilities. For details see note 29.

Leases – estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The IBR is reassessed when there is a reassessment of the lease liability or a lease modification.

3. Segmental analysis
IFRS 8 'Operating Segments' requires operating segments to be determined by the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be both the CEO and CFO, who receive information on this basis of the Group's revenue in key geographical regions based on the Group's management and internal reporting structure. The CODM assesses the performance of geographical segments based on a measure of revenue and EBITDA[1]. To increase transparency the Group also includes additional voluntary disclosure analysis of global revenue within different operating channels. Included within EMEA is revenue attributable to Airwair International Limited and Airwair Wholesale Limited, the principal UK trading subsidiaries of Dr. Martens plc, with revenue from retail stores in Continental Europe and wholesale and export customers, America revenue is fully attributable to the USA and Canada, export revenue to certain South America markets stopped in the first half of FY22, and APAC revenue is mainly attributable to Japan, Australia, China and South Korea. The types of products from which each reportable segment derives its revenue are consistent across all segments.

	FY23 £m	FY22 £m
Revenue by geographical market[4]		
EMEA	**443.0**	398.5
America	**428.2**	382.7
APAC	**129.1**	127.1
Total revenue	**1,000.3**	908.3

4. Revenue by geographical market represents revenue from external customers; there is no inter-segment revenue.

	FY23 £m	FY22 £m
EBITDA[1] by geographical market		
EMEA	**146.1**	143.8
America	**100.1**	120.0
APAC	**33.8**	32.6
Support costs	**(35.0)**	(33.4)
EBITDA[1]	**245.0**	263.0
Depreciation, amortisation and impairment[2]	**(22.6)**	(14.4)
Depreciation and impairment of right-of-use assets[3]	**(35.5)**	(22.5)
Exchange (losses)/gains	**(10.7)**	3.2
Depreciation, amortisation, impairment and exchange (losses)/gains	**(68.8)**	(33.7)
Finance income and expense	**(16.8)**	(15.0)
Profit before tax	**159.4**	214.3

1. Alternative Performance Measure 'APM' as defined in the Glossary on pages 227 and 228.
2. Includes impairment charge of £0.6m (FY22: £0.2m), refer to note 13.
3. Includes impairment charge of £3.3m (FY22: £nil), refer to note 13.

3. Segmental analysis continued

	FY23 £m	FY22 £m
Revenue by channel		
Ecommerce	**279.0**	262.4
Retail	**241.7**	185.6
Total DTC revenue	**520.7**	448.0
Wholesale	**479.6**	460.3
Total revenue	**1,000.3**	908.3

	FY23 £m	FY22 £m
Non-current assets		
EMEA[1]	**143.3**	107.9
America	**72.6**	46.1
APAC	**15.4**	11.2
Goodwill	**240.7**	240.7
Deferred tax	**11.8**	9.6
Total non-current assets	**483.8**	415.5

[1] Included in the EMEA non-current assets is £79.4m (FY22: £60.6m) in relation to the UK legal entities.

4. Expenses analysis

Profit before tax is stated after charging and crediting:

	Notes	FY23 £m	FY22 £m
Selling and administrative expenses			
Staff costs	6	**143.8**	132.6
Operating costs		**229.3**	183.2
		373.1	315.8
Amortisation	12	**8.4**	4.7
Depreciation[1]	13	**13.6**	9.5
Depreciation of right-of-use assets	13	**32.2**	22.5
Impairment[1]	13	**0.6**	0.2
Impairment of right-of-use assets	13	**3.3**	-
Exchange losses/(gains)		**10.7**	(3.2)
Depreciation, amortisation, impairment and exchange losses/(gains)		**68.8**	33.7
Total selling and administrative expenses		**441.9**	349.5

[1] Impairment of £0.2m in FY22 was previously included within depreciation.

5. Auditor's remuneration

	PwC FY23 £m	EY FY22 £m
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**0.6**	0.6
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries	**1.1**	0.8
Other services – including interim review	**0.1**	0.1
	1.8[1]	1.5

[1] Auditor's remuneration of £2.1m disclosed in the Audit and Risk Committee Report on page 156 is different to this as it includes additional fees relating to the FY23 audit which were agreed and have been incurred as an accounting expense in FY24.

6. Staff costs

The monthly number of employees (including Directors) employed by the Group during the year was:

	FTE[1] As at 31 March		Average[2] For the year ended 31 March	
	2023 No.	2022 No.	**2023 No.**	2022 No.
EMEA	**951**	810	**1,615**	1,359
America	**580**	547	**768**	662
APAC	**468**	412	**484**	471
Global support functions	**592**	460	**594**	431
	2,591	2,229	**3,461**	2,923

1. FTE (Full Time Equivalent) is calculated by dividing the employee's contracted hours by the Group's standard full time contract hours.
2. Average is the average actual employees of the Group during the year calculated on a monthly basis.

The aggregate payroll costs were as follows:

	FY23 £m	FY22 £m
Wages and salaries	**117.5**	106.8
Social security costs	**13.4**	10.8
Pension costs	**4.7**	6.0
Other benefits[1]	**8.2**	9.0
	143.8	132.6

1. Includes share-based payments of £0.5m (FY22: £5.2m).

7. Directors' remuneration

The remuneration of Executive Directors of the Company is set out below:

	FY23 £m	FY22 £m
Salaries and benefits	**1.2**	2.6
Pension costs	**0.1**	0.1
	1.3	2.7

The remuneration of the highest paid Director was:

	FY23 £m	FY22 £m
Salaries and benefits	**0.8**	1.3
Pension costs	**-**	-
	0.8	1.3

The highest paid Director is not entitled to receive benefits under the defined benefits pension scheme. No retirement benefits are accruing to Directors under a defined contribution scheme (FY22: £nil). Further details on Directors' remuneration can be found in the Remuneration report on pages 139 to 150 of the Annual Report.

8. Finance expense

	FY23 £m	FY22 £m
Bank debt and charges[1,2]	**12.7**	10.4
Interest on lease liabilities	**4.8**	3.5
Amortisation of bank loan issue costs	**1.2**	1.2
Total financing expense	**18.7**	15.1

1. Bank debt expense was £12.7m (FY22: £10.4m), compared to interest paid in the period of £5.6m (FY22: £10.8m), with the difference of £7.1m (FY22: £0.4m) relating to timing of interest payments on the debt.
2. Interest income of £1.9m (FY22: £0.1m) was previously included within 'Bank debt and charges'.

9. Tax expense

The Group calculates the tax expense for the year using the tax rate that would be applicable to the expected total annual earnings. The major components of tax expense in the Consolidated Statement of Profit or Loss are:

	FY23 £m	FY22 £m
Current tax		
Current tax on UK profit for the year	**28.1**	40.0
Adjustment in respect of prior years	**(1.7)**	(8.8)
Current tax on overseas profits for the year	**4.3**	4.3
	30.7	35.5
Deferred tax		
Origination and reversal of temporary differences	**(1.0)**	(2.5)
Adjustment in respect of prior years	**0.8**	0.1
	(0.2)	(2.4)
Total tax expense in the Consolidated Statement of Profit or Loss	**30.5**	33.1
Other comprehensive income		
Tax in relation to unexercised share options	**-**	-
Tax in relation to cash flow hedges	**(0.2)**	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**30.3**	33.1

	FY23 £m	FY22 £m
Factors affecting the tax expense for the year:		
Profit before tax	**159.4**	214.3
Profit before tax multiplied by standard rate of UK corporation tax of 19% (FY22: 19%)	**30.3**	40.7
Effects of:		
Non-deductible expenses	**0.2**	-
Effect of change in tax rate	**0.1**	0.1
Share-based payments	**0.1**	0.2
Difference in non-UK tax rates	**0.8**	1.0
Other adjustments	**(0.1)**	(0.2)
Adjustments in respect of prior years[1]	**(0.9)**	0.2
Adjustments in respect of prior year exceptional items[2]	**-**	(8.9)
Total tax expense in the Consolidated Statement of Profit or Loss	**30.5**	33.1
Tax in relation to unexercised share options	**-**	-
Tax in relation to cash flow hedges	**(0.2)**	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**30.3**	33.1

	FY23	FY22
Effective tax rate		
Before prior year exceptional items	**19.1%**	19.5%
After prior year exceptional items	**19.1%**	15.4%

1. The adjustments in respect of the prior year are in relation to current and deferred tax on temporary differences.
2. The adjustments in respect of the prior year are in relation to bonus payments paid to all employees following the IPO in January 2021 which were treated as non-deductible. However, following a similar tax case and subsequent tax counsel advice we took a deduction in FY22.

Factors that may affect future tax charges

On 3 March 2021, the 2021 UK Budget announced an increase to the corporation tax rate from 19% to 25% effective from April 2023. This was substantively enacted on 24 May 2021.

In February 2022, the OECD released its Administrative Guidance on the Pillar Two Global Anti-Base Erosion rules. The UK has announced the intention to bring these into effect for accounting periods beginning on or after 31 December 2023 and provided draft legislation. While the overarching framework and guidance has been published, we are awaiting the final legislation and additional guidance to assess the full implications.

10. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

	FY23 £m	FY22 £m
Profit after tax	**128.9**	181.2

	FY23 No.	FY22 No.
Weighted average number of shares for calculating basic earnings per share (millions)	**1,000.5**	1,000.1
Potentially dilutive share awards (millions)	**0.7**	2.8
Weighted average number of shares for calculating diluted earnings per share (millions)	**1,001.2**	1,002.9

	FY23	FY22
Earnings per share		
Basic earnings per share	**12.9p**	18.1p
Diluted earnings per share	**12.9p**	18.1p
Underlying[1] earnings per share		
Underlying[1] basic earnings per share	**12.9p**	17.4p
Underlying[1] diluted earnings per share	**12.9p**	17.4p

1. In FY22, underlying earnings per share is calculated as earnings before adjustments in respect of prior year exceptional items of £8.9m in relation to IPO exceptional costs.

11. Dividends

	FY23 £m	FY22 £m
Equity dividends on ordinary shares declared and paid during the year		
Final dividend paid for FY22: 4.28p (FY21: nil)	**42.8**	-
Interim dividend for FY23: 1.56p (FY22: 1.22p)	**15.6**	12.2
Total dividends declared and paid during the year	**58.4**	12.2
Proposed for approval by shareholders at the AGM		
(not recognised as a liability at 31 March 2023 or 31 March 2022)		
Final dividend for FY23: 4.28p (FY22: 4.28p)	**42.8**	42.8
Total interim dividend paid and final dividend proposed	**58.4**	55.0
Dividend as a % of earnings	**45%**	30%
Dividend per share		
Total dividend per share (pence)	**5.84**	5.50

The Board has approved and the Company has proposed a final dividend of 4.28p (FY22: 4.28p). As previously guided the Board has adopted a dividend policy which is unchanged at 25% to 35% of earnings payout. The policy takes into consideration the characteristics of our business, our expectations for future cash flows and our plans for organic investment in innovation and productivity. We intend to pay dividends twice a year following the normal in-year trading profile. The Board recognises, and is confident, that the strong year end cash position, and significant cash generation expected during H2 of FY24 from purchasing less inventory than we plan to sell, coupled with future growth, will normalise the dividend payout ratio towards 35% of the earnings. The Dr. Martens plc International Share Incentive Plan Trust has waived all dividends payable by the Company in respect of the ordinary shares it holds. Subject to approval at the AGM on 13 July 2023, the dividends will be paid to shareholders on the register at 9 June 2023 with payment on 18 July 2023.

12. Intangible assets

	Software intangibles[1,2] £m	Other intangibles £m	Goodwill £m	Total[1] £m
Cost				
At 1 April 2021[1]	**29.8**	**1.2**	**240.7**	**271.7**
Additions	9.5	-	-	9.5
Disposals	(0.2)	-	-	(0.2)
Reclassifications to right-of-use assets[3]	(2.2)	-	-	(2.2)
Other intangible assets reclassification	1.9	-	-	1.9
Exchange	-	-	-	-
At 31 March 2022	**38.8**	**1.2**	**240.7**	**280.7**
Additions	11.8	-	-	11.8
Disposals	(2.5)	-	-	(2.5)
Reclassifications to right-of-use assets[3]	(0.2)	-	-	(0.2)
Reclassifications to property, plant and equipment	(0.1)	-	-	(0.1)
Exchange	0.4	-	-	0.4
At 31 March 2023	**48.2**	**1.2**	**240.7**	**290.1**
Accumulated amortisation and impairment				
At 1 April 2021[1]	**12.1**	**-**	**-**	**12.1**
Charge for the year	4.7	-	-	4.7
Disposals	(0.2)	-	-	(0.2)
Other intangible assets reclassification	1.9	-	-	1.9
Exchange	0.1	-	-	0.1
At 31 March 2022	**18.6**	**-**	**-**	**18.6**
Charge for the year	8.4	-	-	8.4
Disposals	(2.4)	-	-	(2.4)
Exchange	(0.1)	-	-	(0.1)
At 31 March 2023	**24.5**	**-**	**-**	**24.5**
Net book value				
At 31 March 2023	**23.7**	**1.2**	**240.7**	**265.6**
At 31 March 2022	20.2	1.2	240.7	262.1

1. Results for the year ended 31 March 2021 have been retrospectively restated in relation to a change in accounting policy for the treatment of cloud-based software. This resulted in £nil impact on cash.
2. Software intangible additions in the year of £11.8m (FY22: £9.5m) include permanent employee staff costs capitalised of £0.6m (FY22: £nil).
3. Relates to a reclassification of assets to right-of-use assets in relation to key money.

12. Intangible assets continued

Impairment assessment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on the higher of fair value less cost to sell and value-in-use calculations which requires the use of assumptions. The calculations use cash flow forecasts based on financial projections approved by the Board covering a five-year period. Where the recoverable amount is less than the carrying value, an impairment results. For the purposes of carrying out impairment tests, the Group's total goodwill has been allocated to a number of CGUs and each of these CGUs has been separately assessed and tested. The CGUs were agreed by the Directors as the geographical regions in which the Group operates. These regions are the lowest level at which goodwill is monitored and represent identifiable operating segments.

The aggregate carrying amount of goodwill allocated to each CGU was as follows:

	FY23 £m	FY22 £m
EMEA	**66.6**	66.6
America	**114.1**	114.1
APAC	**60.0**	60.0
	240.7	240.7

All CGUs were tested for impairment. No charge was made in the current year (FY22: £nil).

Significant judgements, assumptions and estimates

All CGUs' recoverable amounts are measured using value in use. At each period end, detailed forecasts for the following five years have been used, which are approved by the Board based on annual budgets and strategic projections representing the best estimate of future performance. Management considers forecasting over this period to appropriately reflect the business cycle of the CGUs. There have been no changes to the composition of the Group's CGUs during the period. In determining the value in use of CGUs it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Operating cash flows

The main assumptions within forecast operating cash flow include the achievement of future growth in ecommerce, retail and wholesale channels, sales prices and volumes (including reference to specific customer relationships and product lines), raw material input costs, the cost structure of each CGU, the impact of non-UK currency rates upon selling price and cost relationships and the levels of capital expenditure required to support each sales channel.

Pre-tax risk adjusted discount rates

This rate reflects the specific risks relating to each segment and considers the countries and regions they operate in. This has been considered and for the regions has been calculated to be 10.2% for EMEA (FY22: 9.1%), 10.1% for America (FY22: 9.6%), and 10.0% for APAC (FY22: 9.1%). Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long-term government bonds adjusted for risk factors such as market and region risk in the territories and averaged for the Group. Included within this analysis are long-term growth rates. To forecast beyond the detailed cash flows into perpetuity, a long-term average growth rate has been used. The long-term growth rates applied for the regions are 1.9% for EMEA (FY22: 1.8%), 2.2% for America (FY22: 3.4%), and 3.5% for APAC (FY22: 3.2%). The rates used are in line with geographical forecasts included within industry reports.

Goodwill sensitivity analysis

The results of the Group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been reviewed and there are no reasonably possible changes to key assumptions that would cause the carrying amount of any CGU to exceed its recoverable amount.

13. Property, plant and equipment

	Freehold property and improvements £m	Leasehold improvements £m	Plant and machinery £m	Office equipment £m	Motor vehicles £m	Total £m
Cost						
At 1 April 2021	**6.8**	**47.6**	**4.2**	**6.1**	**0.1**	**64.8**
Additions	-	12.8	0.4	2.3	-	15.5
Disposals	(0.5)	(0.5)	-	(0.1)	-	(1.1)
Exchange	0.2	0.1	-	-	-	0.3
At 31 March 2022	**6.5**	**60.0**	**4.6**	**8.3**	**0.1**	**79.5**
Additions	1.0	19.9	12.7	2.8	-	36.4
Disposals	-	(5.0)	(0.9)	(2.4)	(0.1)	(8.4)
Reclassifications from intangible fixed assets	-	0.1	-	-	-	0.1
Exchange	0.5	1.3	(0.2)	-	-	1.6
At 31 March 2023	**8.0**	**76.3**	**16.2**	**8.7**	**-**	**109.2**
Accumulated depreciation and impairment						
At 1 April 2021	**0.7**	**24.9**	**2.3**	**4.2**	**0.1**	**32.2**
Charge for the year	0.1	7.0	0.9	1.5	-	9.5
Impairment	-	0.2	-	-	-	0.2
Eliminated on disposal	(0.5)	(0.5)	-	(0.1)	-	(1.1)
Exchange	0.1	0.3	-	-	-	0.4
At 31 March 2022	**0.4**	**31.9**	**3.2**	**5.6**	**0.1**	**41.2**
Charge for the year	0.3	10.3	1.0	2.0	-	13.6
Impairment	-	0.5	-	0.1	-	0.6
Eliminated on disposal	-	(5.0)	(0.9)	(2.4)	(0.1)	(8.4)
Exchange	(0.1)	1.0	0.1	(0.1)	-	0.9
At 31 March 2023	**0.6**	**38.7**	**3.4**	**5.2**	**-**	**47.9**
Net book value						
At 31 March 2023	**7.4**	**37.6**	**12.8**	**3.5**	**-**	**61.3**
At 31 March 2022	6.1	28.1	1.4	2.7	-	38.3

13. Property, plant and equipment continued

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Right-of-use assets £m
Cost or valuation	
At 1 April 2021	**116.8**
Additions	**41.9**
Reassessments of leases[1]	**5.9**
Reclassifications from intangible fixed assets	**2.2**
Disposals	**(8.4)**
Exchange	**1.1**
At 31 March 2022	**159.5**
Additions[2]	**66.3**
Reassessments of leases[1]	**5.5**
Reclassifications from intangible fixed assets	**0.2**
Disposals	**(0.8)**
Exchange	**4.7**
At 31 March 2023	**235.4**
Depreciation and impairment	
At 1 April 2021	**39.4**
Charge for the year	**22.5**
Disposals	**(8.4)**
Exchange	**0.5**
At 31 March 2022	**54.0**
Charge for the year	**32.2**
Impairment[3]	**3.3**
Disposals	**-**
Exchange	**1.8**
At 31 March 2023	**91.3**
Net book value	
At 31 March 2023	**144.1**
At 31 March 2022	**105.5**

1. Lease reassessments relate to measurement adjustments for rent reviews and stores that have exercised lease breaks.
2. Additions include £3.2m of direct costs (FY22: £nil) and £2.7m (FY22: £0.4m) in relation to costs of removal and restoring.
3. During the year, impairment charge was mainly in relation to three stores in the US where footfall recovery, in their locality, was weak, and they were written down to £nil.

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each retail store is a separate CGU. Each CGU is tested for impairment at the Balance Sheet date if any indicators of impairment have been identified.

Significant judgements, assumptions and estimates

All CGUs' recoverable amounts are measured using value in use. At each reporting period end, detailed forecasts for the following five years have been used, which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Management considers forecasting over this period to appropriately reflect the business cycle of the CGUs. There have been no changes to the composition of the Group's CGUs during the periods. In determining the value in use of CGUs it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Operating cash flows

The main assumptions within forecast operating cash flow include the achievement of future growth in the retail channel, sales prices and volumes, raw material input costs, the cost structure of each CGU, the impact of non-UK currency rates upon selling price and cost relationships and the levels of maintenance capital expenditure required to support each sales channel.

13. Property, plant and equipment continued

Pre-tax risk adjusted discount rates

This rate reflects the specific risks relating to each segment and considers the countries and regions they operate in. This has been considered and for the Group has been calculated to be approximately 10% (FY22: 9%). Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long-term government bonds in the territories and averaged for the Group.

Sensitivity analysis

The results of the Group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions of the Group. The cash flow projections include assumptions on store performance throughout the remaining contractual lease term. In particular, the retail revenue recovery profile in the budget for FY24 represents sources of significant estimation uncertainty. The projections and sensitivity analysis for future years are consistent with the long term forecast approved by the Board. We have concluded no material reasonable possible changes in assumptions will result in an impairment and therefore no sensitivity analysis has been disclosed.

14. Inventories

	FY23 £m	FY22 £m
Raw materials	**2.3**	1.2
Finished goods	**255.5**	121.8
Inventories net of provisions	**257.8**	123.0

	FY23 £m	FY22 £m
Inventory provision	**2.7**	3.1
Inventory written off to Consolidated Statement of Profit or Loss	**0.8**	0.8

The cost of inventories recognised as an expense and included in cost of sales amounted to £348.8m (FY22: £301.1m). The remainder of total cost of sales of £382.2m (FY22: £329.5m) relates to freight including shipping out costs.

15. Trade and other receivables

	FY23 £m	FY22 £m
Trade receivables	**80.6**	76.6
Less: allowance for expected credit losses	**(1.8)**	(0.7)
Trade receivables – net	**78.8**	75.9
Other receivables	**7.5**	5.6
	86.3	81.5
Prepayments	**6.7**	4.1
	93.0	85.6

All trade and other receivables are expected to be recovered within 12 months of the year-end date. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. The carrying value of trade receivables represents the maximum exposure to credit risk. For some trade receivables the Group may obtain security in the form of guarantees, insurances or letters of credit which can be called upon if the counterparty is in default under the terms. As at 31 March 2023 the amount of collateral held was £0.3m (FY22: £0.4m).

As at 31 March 2023 trade receivables of £4.5m (FY22: £0.2m) were due over 90 days. trade receivables of £1.4m (FY22: £0.2m) were due between 60-90 days and trade receivables of £75.0m (FY22: £76.2m) were due in less than 60 days. The Group establishes a loss allowance that represents its estimate of potential losses in respect of trade receivables, where it is deemed that a receivable may not be recovered, and considers factors which may impact risk of default. Where appropriate, we have grouped these receivables with the same overall risk characteristics. When the receivable is deemed irrecoverable, the provision is written off against the underlying receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (bad debt provision) which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses (bad debt provision), trade receivables have been grouped based on customer segment, geographical location, and the days past due. The expected loss rates are based on the historical credit losses experienced in previous periods. The rates are adjusted to reflect current and forward-looking information, including macro economic factors, by obtaining and reviewing relevant market data affecting the ability of customers to settle the receivables based on their customer segment and geographical location. Where objective evidence exists that a trade receivable balance may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered. Evidence of impairment may include such factors as a customer entering insolvent administration proceedings.

15. Trade and other receivables continued

As at 31 March 2023 trade receivables were carried net of expected credit losses (bad debt provision) of £1.8m (FY22: £0.7m). The individually impaired receivables relate mainly to accounts which are outside the normal credit terms. The ageing analysis of these provisions against trade receivables is as follows:

	FY23 £m	FY22 £m
Up to 60 days	**0.4**	0.2
60 to 90 days	**0.1**	0.1
Over 90 days	**1.3**	0.4
	1.8	0.7

	FY23 £m	FY22 £m
At 1 April	**0.7**	1.3
Change in provision for expected credit losses	**1.1**	(0.6)
At 31 March	**1.8**	0.7
Debtor days[1]	**52**	42

[1] Trade debtor days higher mainly due to EMEA.

The carrying amount of the Group's trade and other receivables is denominated in the following currencies:

	FY23 £m	FY22 £m
UK Sterling	**4.1**	7.4
Euro	**28.0**	15.1
US Dollar	**43.7**	45.5
Japanese Yen	**1.5**	3.0
Other currencies	**1.5**	4.9
	78.8	75.9

16. Cash and cash equivalents

	FY23 £m	FY22 £m
Cash and cash equivalents	**157.5**	228.0

17. Trade and other payables

	FY23[1] £m	FY22[1] £m
Trade payables	**64.2**	52.4
Taxes and social security costs	**10.2**	6.9
Other payables	**5.6**	5.5
	80.0	64.8
Accruals[2]	**47.7**	69.1
	127.7	133.9

[1] Bank interest of £6.0m (FY22: £0.8m) was previously included within trade and other payables, but is now separately disclosed within borrowings.

[2] Included within accruals is the refund ability of £4.5m (FY22: £4.4m) and deferred income of £1.8m (FY22: £1.4m). The balance of £41.4m (FY22: £63.3m) consists of accruals for royalties, goods received not invoiced and other accruals.

All trade and other payables are expected to be settled within 12 months of the year-end date. Due to the short-term nature of the current payables, their carrying amount is considered to be the same as their fair value. At 31 March 2023, other payables included £5.6m (FY22: £4.4m) in relation to employment related payables, mainly the holiday pay accrual.

18. Borrowings

	FY23 £m	FY22 £m
Current		
Bank interest[1]	**6.0**	0.8
Lease liabilities (note 28)	**28.1**	19.8
Total current	**34.1**	20.6
Non-current		
Bank loans (including unamortised fees)	**293.4**	280.9
Lease liabilities (note 28)	**124.3**	93.1
Total non-current	**417.7**	374.0
Total borrowings[2]	**451.8**	394.6
Split of above (excluding lease liabilities):		
Non-current bank loans	**293.4**	280.9
Add back unamortised fees	**3.4**	4.7
Total gross bank borrowings	**296.8**	285.6

1. Bank interest was previously included within trade and other payables of £6.0m (FY22: £0.8m), but is now separately disclosed within borrowings.
2. From total borrowings, only bank loans (excluding unamortised bank fees) and lease liabilities are included in debt for bank loan covenant calculation purposes.

On 29 January 2021, the Group entered into a New Facilities Agreement, comprising a new Term Loan B facility of €337.5m (equivalent to £300.0m at that date) and a new multi-currency revolving credit facility of £200.0m. These facilities have a maturity date of 2 February 2026. Under the ancillary facility a total of £3.7m (FY22: £6.0m) has been utilised primarily related to landlord bank guarantees.

The Group value of debt as at 31 March 2023 (excluding unamortised fees and accrued interest) of £296.8m (FY22: 285.6m) is £3.2m (FY22: £14.4m) lower than the amount borrowed on 29 January 2021 due to GBP Euro exchange rate movement.

The Group's total gross borrowings (excluding lease liabilities) is denominated in the following currencies:

	FY23 £m	FY22 £m
Euro Term Loan B[1]	**296.8**	285.6
Total borrowings	**296.8**	285.6

1. Euro denominated amount €337.5m (FY22: €337.5m).

Loan repayments will occur as follows:

Year to 31 March	Term Loan B (Euro) £m
2026 (2 February 2026) (€337.5m)	296.8
Total	296.8

Interest on the Euro Term Loan B is charged with a variable margin depending on the Group leverage over floating EURIBOR. The weighted total interest rate for this instrument in the year was 3.57% (FY22: 2.75%).

18. Borrowings continued

Implementation of alternative benchmark interest rates

Following the cessation of several 'Inter Bank Offer Rates' (IBORs) the Group has continued to transition to using alternative benchmark interest rates where appropriate, with the overall impact assessed as being immaterial.

The Group's existing £200m multi-currency revolving credit facility was transitioned to allow the continued drawing of GBP and JPY as currencies fixing against Risk Free Rates (SONIA and TONIA respectively) from LIBOR.

The Group's €337.5m Euro Term Loan B currently fixes against floating EURIBOR where, following a methodology reform of this benchmark by the European Money Markets Institute (EMMI) in 2019, no indication has been given that it is likely to cease in the near future. The Group assesses there to be no other material impact as part of the reform and has no interest rate hedge accounting relationships as at 31 March 2023.

Bank loans

	FY23 **£m**	FY22 £m
Revolving credit facility utilisation		
Guarantees	**3.7**	3.2
Exchange hedging contracts	**-**	2.8
Total utilised facility	**3.7**	6.0
Available facility (unutilised)	**196.3**	194.0
Total revolving facility	**200.0**	200.0
	%	%
Interest rate charged on unutilised facility	**0.83**	0.88

The bank loans are secured by a fixed and floating charge over all assets of the Group.

On 29 January 2021, the Group entered into a £200.0m multi-currency revolving credit facility available until 2 February 2026.

Fair value measurement

The fair value of the items classified as loans and borrowings is shown above. The book and fair values of borrowings are deemed to be materially equal.

Movements in bank loans (excluding the accrual and payment of interest) were as follows:

		Cash flows			
	1 April 2022 £m	New loans £m	Repayment of capital £m	Exchange movement £m	**31 March 2023** **£m**
Euro Term Loan B	285.6	-	-	11.2	**296.8**
Total borrowings	285.6	-	-	11.2	**296.8**

		Cash flows			
	1 April 2021 £m	New loans £m	Repayment of capital £m	Exchange movement £m	31 March 2022 £m
Euro Term Loan B	287.5	-	-	(1.9)	285.6
Total borrowings	287.5	-	-	(1.9)	285.6

19. Provisions

	Other provisions £m	Property provisions £m	Total £m
At 1 April 2021	0.1	1.5	1.6
Arising during the year	-	0.4	0.4
Amounts utilised	(0.1)	-	(0.1)
At 31 March 2022	-	1.9	1.9
Arising during the year	-	2.7	2.7
Amounts utilised	-	(0.2)	(0.2)
At 31 March 2023	**-**	**4.4**	**4.4**

The property provisions relate to the estimated repair and restatement costs for retail stores at the end of the lease. The provisions are not discounted for the time value of money as this is not considered materially different from the current cost.

20. Derivative assets and liabilities

	FY23 £m	FY22 £m
Assets		
Exchange forward contracts – current	**0.5**	0.9
Liabilities		
Exchange forward contracts – current	**(1.3)**	(0.5)

Derivative financial instruments consist of exchange forward contracts, which are categorised within Level 2 (refer to note 2.17 for details on fair value hierarchy categorisation). The full fair value of a derivative which is designated in a hedge accounting relationship is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Exchange forward derivatives
The Group takes a holistic approach to exchange risk, viewing exposures on Group wide net cash flow basis, seeking to maximise natural offsets wherever possible. Where considered material the Group manages its exposure to variability in GBP from foreign exchange by hedging highly probable future cash flows arising in other currencies. The Group's principal net currency exposures are to EUR, CAD, JPY and USD.

The Group adopts a rolling, layered approach to hedging its operating cash flows using forward exchange contracts on an 18-month horizon. Other derivative contracts and longer tenors may be used provided these are approved by the Board and Audit and Risk Committee. The Group also utilises foreign exchange derivatives in a hedging relationship to partially hedge the foreign exchange translation risk (into functional GBP) on its term loan.

The following table represents the nominal amounts of derivatives in a continued hedge relationship as at each Balance Sheet date:

	FY23	FY22
Average exchange rate		
Cash flow hedges: sell GBP buy EUR	**1.1225**	1.1716
Cash flow hedges: sell EUR buy GBP	**1.1381**	1.1779
Nominal amounts		
Cash flow hedges: sell GBP buy EUR	**€m**	€m
Less than a year	**136.3**	107.8
More than a year but less than two years	**-**	-
Cash flow hedges: sell EUR buy GBP	**£m**	£m
Less than a year	**76.0**	39.2
More than a year but less than two years	**5.8**	8.2

21. Investments

	FY23 £m	FY22 £m
Investments	1.0	-

On 16 January 2023 the Group made an investment of £1.0m in the share capital of Generation Phoenix Ltd (GP), a company that specialises in producing a sustainable alternative to leather, and produces a recycled leather product using part processed offcuts. The investment is equivalent to 3.35% of the share capital of GP and will help to drive our sustainability strategy. As a minority equity investment, it is held at fair value through Other Comprehensive Income. The election to account for the instrument at fair value through Other Comprehensive Income was made so that any changes in value do not impact profit or loss.

22. Financial instruments

IFRS 13 requires the classification of financial instruments measured at fair value to be determined by reference to the source of inputs used to derive fair value.

The fair values of all financial instruments, except for leases, in both years are materially equal to their carrying values. All financial instruments are measured at amortised cost with the exception of derivatives, cash amounts held within Money Market Funds, and investments in equity instruments which are measured at fair value. Derivatives and Money Market Funds are classified as Level 2 under the fair value hierarchy, and investments in equity instruments as Level 3, which is consistent with that defined in note 2.17 of the Consolidated Financial Statements for the year ended 31 March 2023.

	31 March 2023			
	Assets at amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit or loss £m	Total £m
Assets as per Balance Sheet				
Investments	-	1.0	-	1.0
Trade and other receivables excluding prepayments and accrued income	86.3	-	-	86.3
Derivative financial assets – Current	-	0.5	-	0.5
Cash and cash equivalents	86.3	-	71.2[1]	157.5
	172.6	1.5	71.2	245.3

[1] In FY23 a proportion of our cash was invested in high-quality overnight money market funds to mitigate concentration and counterparty risk.

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit or loss £m	Total £m
Liabilities as per Balance Sheet				
Bank debt	293.4	-	-	293.4
Bank interest – Current	6.0	-	-	6.0
Lease liabilities – Current	28.1	-	-	28.1
Lease liabilities – Non-current	124.3	-	-	124.3
Derivative financial instruments – Current	-	1.3	-	1.3
Trade and other payables excluding non-financial liabilities	115.7	-	-	115.7
	567.5	1.3	-	568.8

	31 March 2022		
	Assets at amortised cost £m	Fair value through other comprehensive income £m	Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments and accrued income	81.5	-	81.5
Derivative financial instruments – Current	-	0.9	0.9
Cash and cash equivalents	228.0	-	228.0
	309.5	0.9	310.4

22. Financial instruments continued

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	**Total £m**
Liabilities as per Balance Sheet			
Bank debt[2]	280.9	-	**280.9**
Bank interest – Current[1]	0.8	-	**0.8**
Lease liabilities – Current	19.8	-	**19.8**
Lease liabilities – Non-current	93.1	-	**93.1**
Derivative financial instruments – Current	-	0.5	**0.5**
Trade and other payables excluding non-financial liabilities[1,3]	125.6	-	**125.6**
	520.2	**0.5**	**520.7**

1. Bank interest was previously included within trade and other payables of £6.0m (FY22: £0.8m), but is now separately disclosed within borrowings.
2. Bank debt as at 31 March 2022 was previously presented gross of unamortised bank fees of £4.7m. This has been represented to show it's carrying amount.
3. Trade and other paybles excluding non-financial liabilities was previously reported at 31 March 2022 as £64.8m.

Group financial risk factors
The Group's activities expose it to a wide variety of financial risks including liquidity, credit and market risk (including exchange and interest rate risks). The Group's Treasury policies seek to manage residual financial risk to within the Board agreed tolerance in a cost-effective manner and taking advantage of natural offsets that exist or can be created through its operating activities. Where appropriate the Group uses derivative financial instruments to hedge certain risk exposures (for example to reduce the impacts of exchange volatility).

Risk management is carried out by a central Treasury department under policies approved by the Board of Directors and the Audit and Risk Committee. Group Finance and Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's Regional operating units. The Board agrees written principles for overall risk management as well as written policies covering specific areas such as exchange risk, interest rate risk, credit risk and liquidity risk. These policies cover the allowable use of selective derivative financial instruments and investment management process for excess liquidity.

Liquidity risk
Cash flow forecasting is regularly performed in the operating entities of the Group and aggregated by Group Treasury. Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom in its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants. Surplus cash held by operating entities over and above balances required for working capital are transferred to Group Treasury to be managed centrally. Treasury policy is to invest surplus cash in high quality, short-term, interest-bearing instruments including current accounts, term deposit and low volatility money market funds.

The Group continually reviews any medium to long-term financing requirements to ensure cost effective access to funding is available if and when it is needed (including any debt refinancing).

The table below sets out the contractual maturities (representing undiscounted contractual cash flows) of loans, borrowings and other financial liabilities:

	At 31 March 2023				
	Up to 3 months £m	**Between 3 & 12 months £m**	**Between 1 & 5 years £m**	**More than 5 years £m**	**Total £m**
Bank loans – Principal	**-**	**-**	**296.8**	**-**	**296.8**
Bank loans – Interest	**7.8**	**8.6**	**37.7**	**-**	**54.1**
Total bank loans	**7.8**	**8.6**	**334.5**	**-**	**350.9**
Lease liability	**8.4**	**25.9**	**99.3**	**39.9**	**173.5**
Derivative financial instruments	**0.2**	**1.1**	**-**	**-**	**1.3**
Trade and other payables excluding non-financial liabilities	**115.7**	**-**	**-**	**-**	**115.7**
	132.1	**35.6**	**433.8**	**39.9**	**641.4**

22. Financial instruments continued

Liquidity risk continued

	At 31 March 2022				
	Up to 3 months £m	Between 3 & 12 months £m	Between 1 & 5 years £m	More than 5 years £m	**Total £m**
Bank loans – Principal	–	–	285.6	–	**285.6**
Bank loans – Interest[2]	2.7	5.9	22.4	–	**31.0**
Total bank loans	2.7	5.9	308.0	–	**316.6**
Lease liability[1]	6.4	18.5	73.2	29.2	**127.3**
Derivative financial instruments	–	–	0.5	–	**0.5**
Trade and other payables excluding non-financial liabilities[2,3]	125.6	–	–	–	**125.6**
	134.7	24.4	381.7	29.2	**570.0**

1. Lease liability maturity analysis as at 31 March 2022 was presented using discounted contractual cash flows. This analysis has been re-presented to show undiscounted cash flows.
2. Bank interest was previously included within trade and other payables of £6.0m (FY22: £0.8m), but is now separately disclosed within interest.
3. Trade and other paybles excluding non-financial liabilities was previously reported at 31 March 2022 as £64.8m.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Cash investments and derivative transactions are only executed with financial institutions who hold an investment grade rating with at least one of Moody's, Standard & Poor's or Fitch rating agencies. The Group's Treasury policy defines strict limits that do not allow concentration of risk with individual counterparties.

For wholesale customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are regularly monitored. Sales to wholesale customers are settled primarily by bank transfer and retail customers are settled in cash or by major debit/credit cards. The Group has no significant concentration of credit risk as exposure is spread over a large number of customers.

Market risk

Non-UK exchange risk

The Group operates internationally and is exposed to non-UK exchange risk arising from the various currency exposures, primarily with respect to the US Dollar, Euro, Canadian Dollar and Japanese Yen. Non-UK exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in overseas operations. Non-UK exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group purchases the vast majority of its inventory from factories in Asia which are paid in US Dollars. Approximately 80% of Group EBITDA is earned in currencies other than Pounds Sterling. In addition, the Group has other currency denominated debt and investments in overseas operations whose net assets are exposed to non-UK currency translation risk upon consolidation.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its floating rate bank debt and cash amounts held. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's bank debt borrowings are denominated in Euros, and incur interest at variable rates subject to a EURIBOR floor.

At 31 March 2023 if interest rates on bank borrowings had been 50 basis points higher or lower with all other variables held constant, the calculated pre-tax profit for the year would change by £1.5m (FY22: £1.5m).

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains consistent with that from the past few years.

The capital structure of the Group consists of net debt disclosed in note 18 and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 24 and 25 and the Consolidated Statement of Changes in Equity. The Group's Board of Directors reviews the capital structure on an annual basis. The Group is not subject to any externally imposed capital requirement.

22. Financial instruments continued

Non-UK currency risk

The Group has analysed the impact of a movement in exchange rate of the major non-GBP currencies on its EBITDA[1] (all other exchange rates remaining unchanged) as follows:

10% appreciation of currency	FY23 £m	FY22 £m
US Dollar	**2.8**	2.4
Euro	**19.9**	18.0
Yen	**4.1**	3.6

[1] Alternative Performance Measure (APM) as defined in the Glossary on pages 227 and 228.

Note the US Dollar movement is lower as the Group earns US Dollars from its US business and purchases substantially all inventory in US Dollar, which provides a degree of natural offset. In addition to the above, a 10% appreciation on the Euro rate would impact annualised bank loan interest by £0.9m (FY22: £0.9m) under the terms of the new loan agreement.

23. Deferred taxation

The analysis of deferred tax assets and liabilities is as follows:

	FY23 £m	FY22 £m
Non-current		
Assets	**11.8**	9.6
Liabilities	**(1.8)**	-
	10.0	9.6

The gross movement on the deferred income tax is as follows:

	FY23 £m	FY22 £m
Credit for the year in the Statement of Comprehensive Income	**0.4**	2.2

The deferred tax asset provided in the financial statements is supported by budgets and trading forecasts and relates to the following temporary differences:

- accelerated capital allowances are the differences between the net book value of fixed assets and their tax base;
- other temporary differences are the other differences between the carrying amount of an asset/liability and its tax base that eventually will reverse;
- unrealised profits in intra-group transactions and expenses;
- trade losses expected to be utilised in future years; and
- deferred tax on share-based payments in relation to the expected future tax deduction on the exercise of granted share options spread over the vesting period.

The movement in deferred income tax assets and liabilities during the year is as follows:

	Accelerated capital allowances £m	Unrealised intra-group profits £m	Other temporary differences £m	Tax losses £m	Share-based payments £m	Total £m
At 1 April 2021	**(0.6)**	**2.5**	**5.3**	**0.2**	**-**	**7.4**
Statement of Profit or Loss (charge)/credit	(1.4)	0.7	2.0	0.4	0.7	2.4
Credited directly to equity	-	-	-	-	-	-
Exchange	-	-	(0.2)	-	-	(0.2)
At 31 March 2022	**(2.0)**	**3.2**	**7.1**	**0.6**	**0.7**	**9.6**
Statement of Profit or Loss (charge)/credit	(0.4)	0.8	0.1	0.1	(0.4)	0.2
Credited directly to equity	-	-	0.2	-	-	0.2
Exchange	-	-	-	-	-	-
At 31 March 2023	**(2.4)**	**4.0**	**7.4**	**0.7**	**0.3**	**10.0**

23. Deferred taxation continued

Deferred taxation not provided in the financial statements:

	FY23 £m	FY22 £m
Tax losses[1]	**9.1**	9.3

[1] This is the tax effected amount of losses that have not been provided for in the financial statements, calculated using the rate at which the losses would be expected to be used. There is £36.6m (FY22: £37.0m) of gross tax losses that have not been provided for because they are either capital losses (which can only be used against future capital gains which we are not forecasting) or they are non-trade loan relationship losses which can only be used in the same company (and are in companies we don't expect to have any loan relationship profits).

The deferred tax assets and liabilities have been measured at the corporation tax rate expected to apply to the reversal of the timing difference. There are no material temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax liabilities have not been recognised.

24. Share capital

	FY23 No.	FY23 £	FY22 No.	FY22 £
Authorised, called up and fully paid				
Ordinary shares of £0.01 each	**1,000,793,898**	**10,007,939**	1,000,222,700	10,002,227

The movements in the ordinary share capital during the year ended 31 March 2023 and 31 March 2022 were as follows:

	FY23 Shares no.	FY23 Share capital £m	FY22 Shares no.	FY22 Share capital £m
At 1 April 2022	**1,000,222,700**	**10.0**	1,000,000,100	10.0
Shares Issued	**571,198**	**-**	222,600	-
At 31 March 2023	**1,000,793,898**	**10.0**	1,000,222,700	10.0

The cost of shares purchased by the SIP Trusts is offset against the profit and loss account, as the amounts paid reduce the profits available for distribution by the Company.

25. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Hedging reserve	Represents the movements in fair value on designated hedging instruments.
Capital reserve – own shares	This reserve relates to shares held by SIP Trusts as 'treasury shares'. The shares held by the SIP Trusts were issued directly to the Trusts in order to satisfy outstanding employee share options and potential awards under the employee share incentive schemes. The Company issued shares directly to the Trusts of 93,228 during the year and held 110,153 as at 31 March 2023 (31 March 2022: 16,925).
Capital redemption reserve	A non-distributable reserve into which amounts are transferred following the redemption or purchase of own shares. The reserve was created in order to ensure sufficient distributable reserves were available for the purpose of redeeming preference shares in the prior years.
Merger reserve	The difference between the nominal value of shares acquired by Dr. Martens plc (the Parent Company) in the share for share exchange with Doc Topco Limited and the nominal value of shares issued to acquire them on 11 December 2020.
Non-UK currency translation reserve	Includes translation gains or losses on translation of non-UK subsidiaries' financial statements from the functional currencies to the presentational currency.
Retained earnings	Retained earnings represent the profits of the Group made in current and preceding years, net of distributions and equity-settled share-based awards. Included in retained earnings are distributable reserves.

26. Share-based payments

The Group has two SIP Trusts, Dr. Martens plc UK Share Incentive Plan Trust ('SIP-UK') and Dr. Martens plc International Share Incentive Plan Trust ('SIP-International'), for the purpose of facilitating the holding of shares in Dr. Martens plc for the benefit of employees of the Group. The assets of the employee share trusts are held by the separate trusts, of which the Directors consider that Dr. Martens plc has control for accounting purposes.

On 29 January 2021, the Group approved the award of shares to Executive Directors and other senior executives under a new equity-settled Long Term Incentive Plan (LTIP) – the Performance Share Plan (PSP) for the Executive Directors and Global Leadership Team (GLT) and the Restricted Share Plan (RSP) for GLT direct reports. The LTIP is a discretionary share plan under which awards are approved and granted at the discretion of the Remuneration Committee.

Long Term Incentive Plan – Performance Share Plan (PSP)

Conditional awards of share options are granted to the Executive Directors and other senior managers. These awards are currently capable of vesting over the period from 9 February 2021 to the 2024 results announcement, subject to the achievement of performance conditions and continued service. The performance conditions attached to the awards are Total Shareholder Return (TSR), which is a market-based performance condition, and EPS growth, which is a non-market-based performance condition. The fair value of the TSR element of the performance conditions is calculated and fixed at the date of grant using a Stochastic options pricing model. The fair value of the EPS element of the performance conditions is reviewed at each balance sheet date and adjusted through the number of options expected to vest. The awards will generally vest to participants at the end of the vesting period subject to good and bad leaver provisions. There are no cash settlement alternatives and the Group accounts for the PSP as an equity-settled plan.

Long Term Incentive Plan – Restricted Share Plan (RSP)

Service conditional awards of shares under the RSP are granted to certain employees of the Group. The awards vest in two tranches, with 50% vesting 18 months following the grant date and 50% vesting 36 months following the grant date. The members of the RSP must be employed by the Group at the end of the vesting or service period for each tranche. If employees leave the Group after the first 50% tranche has vested but before the second 50% tranche is due to vest, the second tranche will lapse. The fair value of restricted awards is the face value of the awards at the date of grant. There are no cash settlement alternatives. The Group accounts for the restricted shares as an equity-settled plan. Full details on the performance conditions for all the LTIP awards can be found in the Remuneration report on pages 139 to 150 of the Annual Report.

Global Bonus Scheme Share Plan

The Remuneration Committee of the Group has determined that a proportion of the annual Executive Bonus Scheme will be settled in the form of purchased Parent Company shares. There were no cancellations or modifications to the awards during the year.

Included in staff costs and accruals is £0.4m (FY22: £1.9m) in relation to expenses arising from cash-settled share-based payments.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	FY23		FY22	
	LTIP		LTIP	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**3,187,899**	**-**	2,665,803	–
Granted	**4,593,183**	**£0.00**	1,017,177	£0.00
Vested	**(402,860)**	**-**	–	–
Forfeited	**(589,640)**	**-**	(495,081)	–
Outstanding at the end of the year	**6,788,582**	**£0.00**	3,187,899	£0.00
Weighted average contractual life remaining (years)	**1.8**	**£0.00**	1.9	£0.00

	FY23		FY22	
	Free share award		Free share award	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**-**	**-**	–	–
Granted	**-**	**-**	222,600	£0.00
Vested	**-**	**-**	(205,675)	£0.00
Forfeited	**-**	**-**	(16,925)	–
Outstanding at the end of the year	**-**	**-**	–	–
Weighted average contractual life remaining (years)	**-**	**-**	–	–

26. Share-based payments continued

Fair value measurement

The following table lists the inputs to the models used for the three plans for the year ended 31 March 2023:

	FY23		
	LTIP		
	PSP	RSP	RSP
Date of grant	**15/06/2022**	**15/06/2022**	**08/12/2022**
Share price (pence)	**238**	**238**	**193**
Fair value at grant date (pence)	**205**	**238**	**193**
Exercise price (pence)	**0**	**0**	**0**
Dividend yield (%)	**Nil**	**Nil**	**Nil**
Expected volatility (%)	**50.71%**	**0**	**0**
Risk-free interest rate (%)	**2.23%**	**0**	**0**
Expected life (years)	**3 years**	**3 years**	**2.7 years**
Model used	**Monte Carlo**	**N/A**	**N/A**

	FY22				
	LTIP				
	PSP	PSP	PSP	RSP	RSP
Date of grant	06/07/2021	15/12/2021	15/12/2021	06/07/2021	15/12/2021
Share price (pence)	451	388	388	453	388
Fair value at grant date (pence)	371	301	388	453	388
Exercise price (pence)	0	0	0	0	0
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	54.11%	54.57%	0.00%	0.00%	0.00%
Risk-free interest rate (%)	0.10%	0.42%	0.00%	0.00%	0.00%
Expected life (years)	2.7 years	2.3 years	2.3 years	2.7 years	2.3 years
Model used	Monte Carlo	Monte Carlo	N/A	N/A	N/A

Volatility

For determining expected volatility, IFRS 2 requires the fair value to take into account historical volatility over the expected term. As Dr. Martens plc has been listed for less than the expected life of the plans it does not have sufficient information on historical volatility, and it computes volatility for the longest period for which trading activity is available. It also considered the historical volatility of similar entities in the same industry for the equivalent period of their listed share price history.

Free share award

On 8 October 2021, the Group granted free shares to all employees, offering all employees awards of ordinary shares in the Company at an exercise price of £nil. All awards vested on 31 March 2022 and the vesting of these share awards was dependent on continued employment from the grant date.

Share Incentive Plan (SIP)

In September 2022 the Company launched the purchase and matching element of the HMRC Approved Share Incentive Plan (SIP) known as Buy As You Earn. Employees can elect to make a monthly contribution from their monthly gross pay to purchase shares in Dr. Martens plc (‘Partnership shares’). For each Partnership share acquired, the Company will award a ‘Matching’ share. Matching shares are subject to a three year forfeiture period.

The Matching shares fall within the scope of IFRS 2 and are classed as equity-settled share-based payments with a three year forfeiture period, due to the condition of continued service for three years from the allocation date. A new invitation to join the plan will be rolled out each year effective 1 September. On 11 November 2022, the first Matching shares were allocated to employees who had opted into the plan and purchased Partnership shares. These awards are subject to a three year forfeiture period after the date of purchase of the corresponding Partnership shares. There are no cash settlement alternatives and the Group accounts for the SIP as it is an equity-settled plan.

Included in staff costs is £0.5m (FY22: £5.2m) in relation to expenses arising from equity-settled share-based payments. Within this amount is £nil (FY22: £0.8m) in relation to the free share award and £nil (FY22: £nil) in relation to the SIP.

26. Share-based payments continued

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	FY23 SIP No.
Outstanding at the beginning of the year	-
Granted	**93,591**
Vested	-
Forfeited	**(1,273)**
Outstanding at the end of the year	**92,318**
Weighted average contractual life remaining (years)	**3 years**

Fair value measurement

The following table lists the inputs to the model used for the plans for the year ended 31 March 2023:

	FY23 SIP
Date of grant	**15/09/2022**
Share price (pence)	**128-290**
Fair value at grant date (pence)	**128-290**
Exercise price (pence)	-
Dividend yield (%)	-
Expected volatility (%)	-
Risk-free interest rate	-
Expected life (years)	**3**
Model used	**N/A**

Employer payroll taxes

Employer payroll taxes are being accrued, where applicable, at local rate, which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. The total employer payroll taxes for the year relating to all the awards was £nil (FY22: £0.7m).

27. Financial commitments

Total future minimum lease payments (not discounted) under non-cancellable lease rentals are payable as follows:

	FY23 £m	FY22 £m
Not later than one year	**34.3**	24.9
Later than one year and not later than five years	**99.3**	73.2
Later than five years	**39.9**	29.2
	173.5	127.3

The financial commitments note has been prepared on the basis that the lease commitments will continue to the end of the lease term and these lease breaks will not be exercised. The future minimum lease payments to the lease break are £102.8m (FY22: £84.6m).

Guarantees exist in the form of a duty deferment guarantee to HMRC for a maximum amount of £nil (FY22: £0.9m), rent guarantees to various landlords of £3.5m (FY22: £2.1m) and other guarantees of £0.2m (FY22: £0.2m). These guarantees which aggregate to £3.7m (FY22: £3.2m) are guaranteed under the revolving credit facility.

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	FY23 £m	FY22 £m
Property, plant and equipment	**1.7**	0.8
	1.7	0.8

27. Financial commitments continued

The Group has additional commitments relating to leases where the Group has entered into an obligation but does not yet have control of the underlying asset. The future lease payments to which the Group is committed, over the expected lease term, but are not recorded on the Group's Balance Sheet are as follows:

	FY23 £m	FY22 £m
Not later than one year	**1.1**	0.4
Later than one year and not later than five years	**6.6**	2.0
Later than five years	**8.5**	1.9
	16.2	4.3

28. Leases

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	FY23 £m	FY22 £m
At 1 April	**112.9**	84.8
Additions[1]	**60.6**	41.9
Reassessments	**5.5**	5.9
Disposals	**(0.8)**	-
Interest expense (note 8)	**4.8**	3.5
Lease capital and interest repayments	**(33.9)**	(24.0)
Exchange	**3.3**	0.8
At 31 March	**152.4**	112.9
Current (note 18)	**28.1**	19.8
Non-current (note 18)	**124.3**	93.1

[1] Additions comprises ROU additions less working capital £5.9m.

The following amounts were recognised in the Statement of Profit or Loss:

	FY23 £m	FY22 £m
Depreciation expense of right-of-use assets	**32.2**	22.5
Interest expense on lease liabilities (note 8)	**4.8**	3.5
Expenses relating to short-term leases	**1.3**	1.3
Variable lease payments	**2.8**	2.0
Total operating expenses recognised in profit	**4.1**	3.3
Total amount recognised in profit	**41.1**	29.3

Variable lease payments on sales

Some leases of retail stores contain variable lease payments that are based on sales that the Group makes at the store. These payment terms are common in retail stores in some countries where the Group operates. Fixed and variable payments for the year ended 31 March 2023 were as follows:

£000's	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	10.2	2.8	13.0	0.1

28. Leases continued

Turnover related rent is where the contract states the lease rent is the higher of the fixed base rent or percentage of turnover of the store. Unless specified otherwise in the lease, turnover rent is defined as net turnover (i.e. excluding returns), not including click and collect. To verify the correct rent, the landlord often requests 'turnover certificates' on a regular basis, e.g. monthly/quarterly/annually. The rent is invoiced in arrears based on this calculation and accrued monthly. It is paid as invoiced depending on the lease terms. The fixed base element is capitalised as above and the variable element (based on turnover) is expensed to the Consolidated Statement of Profit or Loss.

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group will reassess and remeasure when there is a significant event or change in circumstances. For example, lease renewals or business decisions to exercise lease breaks. These are reviewed and embedded to the model by the Property Accountant as they occur.

£m	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (undiscounted)
Leases with lease extension options	35.3	56.6

29. Pensions

Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £4.7m for the year ended 31 March 2023 (FY22: £6.0m) and at 31 March 2023 £0.8m (FY22: £0.8m) remained payable to the pension fund.

Defined benefit scheme

Dr Martens Airwair Group Limited and Airwair International Limited (subsidiaries of the Group) operate a pension arrangement called the Dr. Martens Airwair Group Pension Plan (the Plan). The Plan has a defined benefit section that provides benefits based on final salary and length of service on retirement, leaving service or death. The defined benefit section closed to new members on 6 April 2002 and closed to future accrual with effect from 31 January 2006. The Plan also has a defined contribution section that provides money purchase benefits to some current and former employees.

The Plan is managed by a board of Trustees appointed in part by Airwair International Limited and in part from elections by members of the Plan. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The defined benefit section of the Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. The last valuation was carried out at 30 June 2022 which confirmed that the Plan had sufficient assets to meet the Statutory Funding Objective. The next valuation is due at 30 June 2025. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these financial statements.

During the year, no discretionary benefits were awarded. There were no Plan amendments, settlements or curtailments during the year.

The weighted average duration of the defined benefit obligation is approximately 13 years (FY22: 17 years). Around 50% of the undiscounted benefits are due to be paid beyond 17 years' time, with the projected actuarial cash flows declining to zero in about 70 years.

Key risks

The defined benefit section of the Plan exposes Airwair International Limited to a number of risks:

- Investment risk. The Plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The value of the Plan's liabilities is assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities, the value of the assets and liabilities may not move in the same way. The Plan holds derivatives to manage a proportion of the interest rate risk.
- Inflation risk. A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements in inflation expectations over the short term could lead to a deficit emerging. The Plan holds some derivatives to hedge a proportion of the potential changes in the value of the liabilities due to changes in market inflation expectations.
- Mortality risk. In the event that members live longer than assumed, a deficit could emerge in the Plan.

29. Pensions continued

Although the Lloyds Banking Group Pensions Trustees Limited v. Lloyds Bank PLC (and others) court judgment on 26 October 2018 (and the subsequent court judgment on 20 November 2020) provided some clarity in respect of GMP equalisation and the obligations that this places on schemes, the actual impact of equalising the Plan's GMPs remains uncertain. An approximate allowance equivalent to 0.8% (FY22: 0.8%) of the value of the liabilities has been made in the disclosures for the impact of GMP equalisation. There were no other plan amendments, curtailments or settlements during the year.

Effect of the Plan on the Company's future cash flows

Airwair International Limited is required to agree a Schedule of Contributions with the Trustees of the Plan following a valuation, which must be carried out at least once every three years. Following the valuation of the Plan at 30 June 2022, a Schedule of Contributions was agreed under which Airwair International Limited was not required to make any contributions to the defined benefit section of the Plan (other than payments in respect of administrative expenses). Accordingly, Airwair International Limited does not expect to contribute to the defined benefit section of the Plan, although it will continue to contribute to the defined contribution section in line with the Schedule of Contributions. The next valuation of the Plan is due at 30 June 2025. If this reveals a deficit then Airwair International Limited may be required to pay contributions to the Plan to repair the deficit over time.

The amounts recognised in the Balance Sheet (under IAS 19 Employee Benefits) are determined as follows:

	FY23 £m	FY22 £m
Fair value of plan assets – defined benefit section	**49.5**	68.6
Present value of funded obligations – defined benefit section	**(38.4)**	(55.3)
Surplus of funded plans	**11.1**	13.3
Impact of asset ceiling	**(11.1)**	(13.3)
Net pension asset	**–**	–

Although the Plan has a surplus, this is not recognised on the grounds that Airwair International Limited is unlikely to derive any future economic benefits from the surplus. As such, an asset ceiling has been applied to the Balance Sheet, and the net surplus of £11.1m (FY22: £13.3m) has not been recognised on the Balance Sheet. The net surplus has been capped to £nil (FY22: £nil).

A reconciliation of the net defined benefit asset over the year is given below:

	FY23 £m	FY22 £m
Net defined benefit asset at beginning of year	**–**	–
Total defined benefit charge in the Statement of Profit or Loss	**–**	–
Remeasurement losses in the Statement of Comprehensive Income	**–**	–
Employer's contributions	**–**	–
Net defined benefit asset at end of the year	**–**	–

The amount charged to the Statement of Profit or Loss and Statement of Comprehensive Income in respect of the defined benefit section of the Plan was £nil (FY22: £nil). Costs in respect of the defined contribution section of the Plan, and other defined contribution arrangements operated by Airwair International Limited, are allowed for separately.

29. Pensions continued

The remeasurements in respect of the defined benefit section of the Plan, to be shown in the Statement of Comprehensive Income, are shown below:

	FY23 £m	FY22 £m
Losses/(gains) on defined benefit assets in excess of interest	**18.3**	(1.4)
Gains from changes to demographic assumptions	**(0.4)**	-
Gains from changes to financial assumptions	**(15.4)**	(2.9)
Change in effect of asset ceiling	**(2.5)**	4.3
Total remeasurements to be shown in other comprehensive income	**-**	-

The change in defined benefit scheme assets over the year was:

	FY23 £m	FY22 £m
At 1 April	**68.6**	67.8
Interest on defined benefit assets	**1.7**	1.3
Movement on defined benefit section assets less interest	**(18.3)**	1.4
Benefits paid from the defined benefit section	**(2.5)**	(1.9)
At 31 March	**49.5**	68.6

The change in the defined benefit scheme funded obligations over the year was:

	FY23 £m	FY22 £m
At 1 April	**55.3**	59.0
Past service cost	**-**	-
Interest cost on defined benefit obligation	**1.4**	1.1
Changes to demographic assumptions	**(0.4)**	-
Changes to financial assumptions	**(15.4)**	(2.9)
Benefits paid from the defined benefit section	**(2.5)**	(1.9)
At 31 March	**38.4**	55.3

The change in the effect of the asset ceiling over the year was as follows:

	FY23 £m	FY22 £m
At 1 April	**13.3**	8.8
Net interest charge on asset ceiling	**0.3**	0.2
Changes in the effect of the asset ceiling excluding interest	**(2.5)**	4.3
At 31 March	**11.1**	13.3

29. Pensions continued

A breakdown of the assets is set out below, split between those assets that have a quoted market value in an active market and those that do not. The assets do not include any investment in shares of Airwair International Limited, nor any property owned or occupied by the Group.

	FY23 £m	FY22 £m
Assets with a quoted market value in an active market:		
Cash and other		
Domestic	**0.2**	-
	0.2	-
Assets without a quoted market value in an active market:		
Equities and property		
Domestic	**0.2**	0.5
Foreign	**4.5**	15.9
	4.7	16.4
Fixed interest bonds		
Unspecified	**9.4**	17.9
	9.4	17.9
Index linked gilts		
Domestic	**30.1**	28.6
	30.1	28.6
Alternatives		
Unspecified	**3.9**	6.3
	3.9	6.3
Property		
Unspecified	**1.0**	1.0
	1.0	1.0
Insured annuities		
Domestic	**0.9**	1.3
	0.9	1.3
Cash and other		
Domestic	**1.0**	3.0
Foreign	**-**	0.1
Unspecified	**(1.7)**	(5.9)
	(0.7)	(2.8)
Fair value of plan assets	**49.5**	68.7

29. Pensions continued

A full actuarial valuation was carried out at 30 June 2022. The results of that valuation were updated to 31 March 2023 by a qualified independent actuary. The principal assumptions selected by Airwair International Limited and used by the actuary to calculate the Plan's defined benefit obligation were:

		FY23 £m	FY22 £m
Discount rate		**4.8%**	2.6%
Inflation assumption (RPI)		**3.3%**	3.6%
Inflation assumption (CPI)		**2.6%**	2.9%
LPI pension increases subject to 5% cap		**3.2%**	3.5%
LPI pension increases subject to 3% cap		**2.5%**	2.7%
Revaluation in deferment		**2.6%**	2.9%
Post retirement mortality assumption		**105% (males) and 111% (females) of S3PA tables, with allowance for future improvements in line with the CMI_2021 core projection model using 7.5% 2020 and 2021 weight parameters, a long-term rate of improvement of 1.0% p.a. and an initial addition of 0.2%**	100% for males and 102% for females of the S3PA tables with CMI_2020 projections using a 0% 2020 weight parameter, a long-term improvement rate of 1.00% p.a. and no initial addition
Tax free cash		**Members are assumed to take 50% of the maximum tax free cash possible**	Members are assumed to take 50% of the maximum tax free cash possible
Proportion married at retirement or earlier death		**80% of male members and 65% of female members are assumed to be married at retirement or earlier death**	70%
Age difference		**Males three years older than dependant, females one year younger than dependant**	Males three years older than dependant, females three years younger than dependant
Assumed life expectancies on retirement at age 65 are:			
Retiring today:	Male	**21.3**	21.8
	Female	**23.4**	24.0
Retiring in 20 years' time:	Male	**22.3**	22.8
	Female	**24.5**	25.2

The key sensitivities of the defined benefit obligation to the actuarial assumptions are shown below:

	FY23 £m	FY22 £m
Discount rate		
Plus 0.5%	**(2.2)**	(4.2)
Minus 0.5%	**2.4**	4.7
Plus 1.0%	**(4.4)**	N/A
Minus 1.0%	**5.5**	N/A
Rate of inflation		
Plus 0.5%	**0.9**	4.1
Minus 0.5%	**(0.7)**	(3.7)
Life expectancy		
Plus 1.0 year	**1.4**	2.6
Minus 1.0 year	**(1.4)**	(2.6)

29. Pensions continued

The sensitivity illustrations set out in previous page are approximate. They show the likely effect of an assumption being adjusted while all other assumptions remain the same. Only the impact on the liability value (i.e. the defined benefit obligation) is considered – in particular:

- no allowance is made for any changes to the value of the Plan's invested assets in scenarios where interest rates or market inflation expectations change; and
- no allowance is made for changes in the value of the annuity policies held by the Plan, which is calculated using the same actuarial assumptions as for the Plan's defined benefit obligation.

Such changes to the asset values would be likely to partially offset the changes in the defined benefit obligation.

The net Balance Sheet and Statement of Profit or Loss are not sensitive to the actuarial assumptions used at the current time, due to the effect of the asset ceiling.

30. Related party transactions

Transactions with related parties

Transactions between the Company and its wholly owned subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. A list of investments in subsidiary undertakings can be found in note 12 to the Parent Company financial statements.

	FY23 £'000	FY22 £'000
Alter Domus[1]		
Amounts incurred	**-**	29.4
Amounts payable by/(owed) at year end	**-**	-
Genesys[1]		
Amounts incurred	**159.6**	40.9
Amounts payable by/(owed) at year end	**(4.7)**	(0.6)
Klarna[1]		
Amounts incurred	**484.4**	187.6
Amounts payable by/(owed) at year end	**-**	46.6
TeamViewer[1]		
Amounts incurred	**17.1**	6.0
Amounts payable by/(owed) at year end	**-**	-
Zendesk[1]		
Amounts incurred	**156.9**	-
Amounts payable by/(owed) at year end	**-**	-

1. Alter Domus, Genesys, Klarna, TeamViewer and Zendesk are related to the Group as they provide services or have a transactional relationship with the Group and are all investments within funds advised by Permira Advisers LLP. The Group's largest investor, IngreLux S.àr.l., is also owned by funds advised by Permira Advisers LLP.

Key management personnel compensation

The compensation of key management (including Executive Directors) for the year was as follows:

	FY23 £m	FY22 £m
Salaries and benefits	**5.5**	8.7
Pensions	**0.2**	0.2
LTIPs – Share-based payments	**0.9**	2.7

31. Events after the reporting period

The Group will seek the necessary approvals at its forthcoming AGM for an initial share buyback programme of £50m. The buyback will involve shares worth £50m being purchased from the open market and cancelled upon redemption.

PARENT COMPANY STATEMENTS

IN THIS SECTION

Parent Company Balance Sheet

As at 31 March 2023

Company registration number 12960219

	Note	**Total FY23 £m**	Total FY22 £m
Fixed assets			
Investments	6	**1,413.4**	1,413.4
		1,413.4	1,413.4
Current assets			
Debtors	7	**1.7**	34.0
Cash and cash equivalents	8	**0.2**	-
		1.9	34.0
Total assets		**1,415.3**	1,447.4
Current liabilities			
Trade and other payables	9	**(10.5)**	(30.9)
Total liabilities		**(10.5)**	(30.9)
Net assets		**1,404.8**	1,416.5
Equity			
Called up share capital	10	**10.0**	10.0
Capital reserve – own shares	11	**-**	-
Capital redemption reserve	11	**-**	-
Retained earnings	11	**1,394.8**	1,406.5
Total equity		**1,404.8**	1,416.5

As permitted by section 408 of the Companies Act 2006, the Company's Statement of Profit or Loss has not been included in these financial statements.

The Company generated a profit for the year to 31 March 2023 of £46.2m (FY22: £17.0m).

The notes on pages 219 to 222 are an integral part of these financial statements.

The financial statements on pages 217 to 222 were approved and authorised by the Board of Directors on 31 May 2023 and signed on its behalf by:

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2023

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2023

Parent Company Statement of Changes in Equity

for the year ended 31 March 2023

	Note	Share capital £m	Capital reserve – own shares £m	Capital redemption reserve £m	Retained earnings[1] £m	Total equity[1] £m
At 1 April 2021		10.0	-	-	1,396.5	**1,406.5**
Comprehensive income						
Profit for the year		-	-	-	17.0	**17.0**
Total comprehensive income for the year		-	-	-	17.0	**17.0**
Dividends paid	5	-	-	-	(12.2)	**(12.2)**
Shares issued	10	-	-	-	-	**-**
Share-based payments		-	-	-	5.2	**5.2**
At 31 March 2022		10.0	-	-	1,406.5	**1,416.5**
Comprehensive income						
Profit for the year		-	-	-	46.2	**46.2**
Total comprehensive income for the year		-	-	-	46.2	**46.2**
Dividends paid	5	-	-	-	(58.4)	**(58.4)**
Shares issued	10	-	-	-	-	**-**
Share-based payments		-	-	-	0.5	**0.5**
At 31 March 2023		**10.0**	**-**	**-**	**1,394.8**	**1,404.8**

1. The profits of Dr. Martens plc (the Company) for the year have been received in the form of dividends from subsidiary. The Directors consider that, based on the nature of these receivables and the available cash resources of the Group and other accessible sources of funds, at 31 March 2023, the Company has distributable reserves of £1,377.5m (FY22: £1,389.8m).

Notes to the Parent Company Financial Statements
for the year ended 31 March 2023

1. General information
Dr. Martens plc (the 'Company') is a public company limited by shares incorporated in the United Kingdom, and registered and domiciled in England and Wales, whose shares are traded on the London Stock Exchange. The Company's registered office is: 28 Jamestown Road, Camden, London NW1 7BY. The principal activity of the Company and its subsidiaries (together referred to as the 'Group') is the design, development, procurement, marketing, selling and distribution of footwear, under the Dr. Martens brand.

2. Accounting policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated. Amounts are presented in GBP and to the nearest million pounds (to one decimal place) unless otherwise noted.

Basis of preparation
The financial statements of the Company have been prepared in accordance with Companies Act 2006, and Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis under the historical cost convention. FRS 101 enables the financial statements of the Company to be prepared in accordance with IFRS but with certain disclosure exemptions. The main areas of reduced disclosure are in respect of equity-settled share-based payments, financial instruments, the Statement of Cash Flows, and related party transactions with Group companies. The accounting policies adopted for the Company are otherwise consistent with those used for the Group which are set out on pages 177 to 187.
As permitted by Section 408 of the Companies Act 2006, the Statement of Profit or Loss of the Company is not presented as part of the financial statements.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the significant judgements and estimates section.

Financial Report Standard 101 – reduced disclosure exemptions
The change in basis of preparation has enabled the Company to take advantage of the applicable disclosure exemptions permitted by FRS 101 in the financial statements. The following disclosures have not been provided as permitted by FRS 101:

- a cash flow statement and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS;
- disclosures in respect of the compensation of key management personnel as required;
- statement of compliance with all IFRS; and
- an opening statement of financial position at the date of transition.

The Company has also taken the exemption under FRS 101 available in respect of the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 (Share-based Payment) in respect of Group settled share-based payments as the Consolidated Financial Statements of the Company include the equivalent disclosures.

First time application of FRS 101
In the current year the Company has adopted FRS 101. In previous years the financial statements were prepared in accordance with United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice, UK GAAP).

The Company has revised its accounting policies in accordance with FRS 101, however this change in the basis of preparation has not materially altered the recognition, measurement and disclosure requirements previously applied in accordance with UK GAAP. The Company has elected to measure its investment in subsidiary using a deemed cost, being the previous GAAP carrying amount.

Recognition and measurement bases for financial statement line items have not been altered as a result of this transition with the exception of the application of IFRS 9 for intercompany debtor balances, however this has not resulted in a material change in the provision recognised.

The Company is required to inform its shareholders and provide a reasonable opportunity for its shareholders to object to the use of FRS 101. A shareholder or shareholders holding, in aggregate, 5% or more of the total allotted shares in Dr. Martens plc may object to the Company applying FRS 101 'Reduced Disclosure Framework' to its individual financial statements by notifying the Company Secretary, in writing, at the registered address of the Company shown above by 13 July 2023.

2. Accounting policies continued

Going concern

The financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern is contingent on the ongoing viability of the Group. The Directors have considered the business activities, as well as the principal risks, the other matters discussed in connection with the viability statement, and uncertainties faced by the business. Based on this information, and the Group's trading and cash flow forecasts, the Directors are satisfied that the Group will maintain an adequate level of resources to be able to operate during the period under review. Refer to note 2.5 of the Consolidated Financial Statements for further information.

Distributable reserves

When making a distribution to shareholder, the Directors determine the profits available for distribution by reference to guidance on realised and distributable profits under Companies Act 2006 issued by the Institute of Chartered Accountants in England and Wales.

Investments

Investments are stated at cost less any provision for impairment.

Share-based payments

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services as consideration in exchange for equity instruments ('equity-settled transactions'). Refer to note 2.23 of the Consolidated Financial Statements for further information.

Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Significant judgements and estimates

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Investments

The Company assesses, at each reporting date, whether there is an indication that any investment may be impaired. If any indication exists, or when annual impairment testing for an investment is required, the Company estimates the investment's recoverable amount. In assessing an investment's recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

3. Staff costs

Other than the Directors, the Company had no employees during the year (FY22: none). Details of Directors' remuneration can be found in note 7 to the Consolidated Financial Statements and in the Remuneration report on pages 139 to 150.

4. Auditor's remuneration

The Company has incurred audit fees of £20,000 with PwC (FY22: EY £15,750) for the year.

5. Dividends

Details in respect of dividends proposed and paid during the year by the Company are included in note 11 to the Consolidated Financial Statements.

6. Investments

	FY23 £m	FY22 £m
At 1 April	**1,413.4**	1,413.4
Acquisitions	**-**	-
At 31 March	**1,413.4**	1,413.4

The Company's investment was tested for impairment and no charge was made in the current year (FY22: £nil).

The results of the Company's impairment tests are dependent upon estimates and judgements made by management. Sensitivity analysis to potential changes in key assumptions have been reviewed and there are no reasonable possible changes to key assumptions that would cause the carrying amount to exceed its recoverable amount.

A list of the Company's investments in subsidiary undertakings can be found in note 12.

7. Debtors

	FY23 £m	FY22 £m
Social security and other taxes	**-**	0.1
Prepayments and accrued income	**0.8**	0.5
Amounts owed by subsidiary undertakings[1]	**0.9**	33.4
	1.7	34.0

[1] Amounts owed by subsidiary undertakings are non-interest bearing trading balances and are repayable on demand.

IFRS 9 expected credit losses have been assessed as immaterial in relation to both balances.

8. Cash and cash equivalents

	FY23 £m	FY22 £m
Cash and cash equivalents	**0.2**	-

9. Trade and other payables

	FY23 £m	FY22 £m
Trade creditors	**0.1**	0.5
Amounts due to subsidiary undertakings[1]	**10.3**	27.8
Accruals and deferred income	**0.1**	2.4
Taxation	**-**	0.2
	10.5	30.9

[1] Amounts owed to subsidiary undertakings are non-interest bearing trading balances and are repayable on demand.

10. Called up share capital

	FY23	FY23	FY22	FY22
	No.	£m	No.	£m
Authorised, called up and fully paid				
Ordinary shares of £0.01 each	**1,000,793,898**	**10.0**	1,000,222,700	10.0

For details of share transactions during the year, refer to note 24 of the Consolidated Financial Statements.

The movements in the ordinary share capital during the year ended 31 March 2023 and 31 March 2022 were as follows:

	FY23	FY23	FY22	FY22
	Shares No.	Share capital £m	Shares No.	Share capital £m
At 1 April 2022	**1,000,222,700**	**10.0**	1,000,000,100	10.0
Shares issued	**571,198**	**-**	222,600	-
At 31 March 2023	**1,000,793,898**	**10.0**	1,000,222,700	10.0

The cost of shares purchased by the SIP Trusts is offset against the profit and loss account, as the amounts paid reduced the profits available for distribution by the Company.

11. Reserves

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Capital reserve – own shares	This reserve relates to shares held by SIP Trusts as 'treasury shares'. The shares held by the SIP Trusts were issued directly to the Trusts in order to satisfy outstanding employee share options and potential awards under the employee share incentive schemes. The Company issued shares directly to the Trusts of 93,228 during the year and held 110,153 as at 31 March 2023 (31 March 2022: 16,925).
Capital redemption reserve	A non-distributable reserve into which amounts are transferred following the redemption or purchase of own shares. The reserve was created in order to ensure sufficient distributable reserves were available for the purpose of redeeming preference shares in the prior years.
Retained earnings	To recognise the profit or loss, all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere, and the value of equity-settled share-based awards provided to Executive Directors and other senior executives as part of their remuneration (refer to note 26 of the Consolidated Financial Statements for further details).

12. Subsidiary undertakings

The registered address and principal place of business of each subsidiary undertaking are shown in the footnotes below the table. The financial performance and financial position of these undertakings have been consolidated in the Consolidated Financial Statements.

			Nature of investment		
Name	**Country of registration**	**Class of share capital held**	**Direct**	**Indirect**	**Nature of business**
Airwair (1994) Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Management company
Airwair (1996) Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Management company
Airwair International Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Footwear retail and distribution
Airwair Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Management company
Airwair Property Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Property investment
Ampdebtco Limited[2]	England and Wales	Ordinary	100%	–	Management company
DM Airwair Germany GmbH[13]	Germany	Ordinary	–	100%	Footwear retail and distribution
DM Airwair Sweden AB[14]	Sweden	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair (Ireland) Limited[12]	Republic of Ireland	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Trading (Zhuhai) Company Limited*[4]	China	Ordinary	–	100%	Manufacturing support
Dr Martens Airwair Belgium SA[8]	Belgium	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Canada Inc.[19]	Canada	Capital of no par value	–	100%	Footwear retail and distribution
Dr Martens Airwair France SAS[9]	France	Ordinary	–	100%	Footwear retail and distribution
Dr Martens Airwair Group Limited[1]	England and Wales	Ordinary	–	100%	Management company
Dr. Martens Airwair Hong Kong Limited[5]	Hong Kong	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Japan K.K.[7]	Japan	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Korea Limited[6]	Korea	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Spain S.L.U.[17]	Spain	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair USA LLC[3]	USA	Capital of no par value	–	100%	Footwear retail and distribution
Dr Martens Airwair Wholesale Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Footwear retail and distribution
Dr Martens Airwair Italy S.R.L.[15]	Italy	Ordinary	–	100%	Footwear retail and distribution
Dr Martens Airwair Netherlands B.V.[10]	Netherlands	Ordinary	–	100%	Footwear retail and distribution
GFM GmbH Trademarks[11]	Germany	Ordinary	–	50%	Trademark registration
Shanghai Airwair Trading Limited*[16]	China	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Poland Z.o.o.[20]	Poland	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Denmark ApS[21]	Denmark	Ordinary	–	100%	Footwear retail and distribution
Dr Martens Airwair Limited	England and Wales	£1 Ordinary shares	–	100%	Dormant
Dr. Martens Sports & Leisure Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Dormant
Dr. Martens Airwair Singapore PTE Ltd[18]	Singapore	Ordinary	–	100%	Dormant
Dr Martens Airwair & Co. Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Dormant
Dr. Martens Dept. Store Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Dormant

* The financial year of this entity ends on 31 December in line with local requirements.

1. Cobb's Lane, Wollaston, Northamptonshire, England, NN29 7SW.
2 28 Jamestown Road, Camden, London, England, NW1 7BY.
3. 16192 Coastal Hwy, Lewes, Delaware 19958, United States.
4. No. 04B, F16. Seat B, No 2021, Jiuzhou Avenue West, Zhuhai 519000, Guangdong Province, China.
5. Unit 2306-11, 23F, Sun Life Tower, The Gateway Tower 5, Harbour City, 15 Canton Road, Tsim Sha Tsui, Hong Kong.
6. 1F, Yanghwa-ro 10-gil 45, Mapo-gu, Seoul, South Korea.
7. 5-2-28 Jingumae, Shibuya, Tokyo, Japan 150-0001.
8. Avenue du Port 86C, Box 204, 1000 Brussels.
9. 5, Cité Trévise 75009 Paris, France.
10. Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam, Netherlands.
11. Seeshaupt, Landkreis Weilheim-Schongau, Germany. Note: this entity is equity accounted for and not consolidated.
12. 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Republic of Ireland.
13. 5. Etage, Plane Mühle 2 40221 Düsseldorf, Germany.
14. Blekingegatan 48, 11662 Stockholm, Sweden.
15. Via Morimondo 26–20143 Milano, Italy.
16. No. 101-217, Floor 1, No.5 Building, Alley 128, Linhong Road, Changning District, Shanghai, China.
17. C/Principe de Vergara, 112 4A Planta 28002, Madrid, Spain.
18. 77 Robinson Road, 13-00 Robinson 77, Singapore 068896.
19. 69 Wingold Avenue, Suite 107, Box 122, Toronto, Ontario, Canada M6B 1P8.
20. Rondo, Daszyńskiego 2B, 00-843 Warsaw, Poland.
21. H.C. Andersens Boulevard 38, 3. Th, 1553, København, 1553 Langebro, Denmark.

ADDITIONAL INFORMATION

IN THIS SECTION

Five-year financial summary (unaudited)

For the year ended 31 March 2023

	FY23 **£m**	FY22 £m	FY21[1] £m	FY20 £m	FY19 £m	CAGR %
Revenue:						
Ecommerce	**279.0**	262.4	235.4	136.4	72.7	*40%*
Retail	**241.7**	185.6	99.7	165.2	126.7	*18%*
DTC	**520.7**	448.0	335.1	301.6	199.4	*27%*
Wholesale[5]	**479.6**	460.3	437.9	370.6	255.0	*17%*
	1,000.3	908.3	773.0	672.2	454.4	*22%*
Gross profit	**618.1**	578.8	470.5	401.5	260.5	*24%*
Operating expenses	**(373.1)**	(315.8)	(247.6)	(217.0)	(175.5)	*(21%)*
EBITDA[2]	**245.0**	263.0	222.9	184.5	85.0	*30%*
Profit before tax and exceptional items	**159.4**	214.3	150.2	113.0	34.1	*47%*
Profit before tax[3]	**159.4**	214.3	69.7	101.0	28.9	*53%*
Tax expense	**(30.5)**	(33.1)	(35.0)	(26.2)	(11.7)	*(27%)*
Profit after tax	**128.9**	181.2	34.7	74.8	17.2	*65%*
Earnings per share						
Basic	**12.9p**	18.1p	3.5p			
Diluted	**12.9p**	18.1p	3.5p			
Underlying earnings per share						
Basic	**12.9p**	17.4p	14.4p			
Diluted	**12.9p**	17.4p	14.4p			
Key statistics:						
Pairs sold (m)	**13.8**	14.1	12.7	11.1	8.3	*14%*
No. of stores[4]	**204**	158	135	122	109	*17%*
DTC mix %	**52%**	49%	43%	45%	44%	
Gross margin %	**61.8%**	63.7%	60.9%	59.7%	57.3%	
EBITDA %	**24.5%**	29.0%	28.8%	27.4%	18.7%	

1. Results for the year ended 31 March 2021 have been retrospectively restated in relation to a change in accounting policy for the treatment of cloud-based software. This resulted in £nil impact on cash.
2. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation, impairment and exceptional items.
3. Post exceptional items.
4. Own stores on streets and malls operated under arm's length leasehold arrangements.
5. Wholesale revenue including distributor customers.

	FY23 £m	FY22 £m	FY21[1] £m	FY20 £m	FY19 £m	CAGR %
Revenue by region:						
EMEA	**443.0**	398.5	335.6	287.9	195.1	*23%*
America	**428.2**	382.7	295.8	252.2	161.1	*28%*
APAC	**129.1**	127.1	141.6	132.1	98.2	*7%*
	1,000.3	908.3	773.0	672.2	454.4	*22%*
Revenue mix:						
EMEA %	**44%**	44%	44%	43%	43%	
America %	**43%**	42%	38%	37%	35%	
APAC %	**13%**	14%	18%	20%	22%	
EBITDA[2] by region:						
EMEA	**146.1**	143.8	115.3	92.4	39.5	*39%*
America	**100.1**	120.0	91.9	75.4	33.0	*32%*
APAC	**33.8**	32.6	39.7	35.5	23.7	*9%*
Group support costs	**(35.0)**	(33.4)	(24.0)	(18.8)	(11.2)	*(33%)*
	245.0	263.0	222.9	184.5	85.0	*30%*
EBITDA % by region:						
EMEA	**33.0%**	36.1%	34.4%	32.1%	20.2%	
America	**23.4%**	31.4%	31.1%	29.9%	20.5%	
APAC	**26.2%**	25.6%	28.0%	26.9%	24.1%	
	24.5%	29.0%	28.8%	27.4%	18.7%	

1. Results for the year ended 31 March 2021 have been retrospectively restated in relation to a change in accounting policy for the treatment of cloud-based software. This resulted in £nil impact on cash.
2. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation, impairment and exceptional items.

First half/second half analysis (unaudited)

For the year ended 31 March 2023

	H1			H2			FY		
	Unaudited FY23 £m	Unaudited FY22 £m	Variance %	**Unaudited FY23 £m**	Unaudited FY22 £m	Variance %	**Audited FY23 £m**	Audited FY22 £m	Variance %
Revenue by channel:									
Ecommerce	**88.8**	82.6	8%	**190.2**	179.8	6%	**279.0**	262.4	6%
Retail	**91.0**	65.9	38%	**150.7**	119.7	26%	**241.7**	185.6	30%
DTC	**179.8**	148.5	21%	**340.9**	299.5	14%	**520.7**	448.0	16%
Wholesale[4]	**238.8**	221.4	8%	**240.8**	238.9	1%	**479.6**	460.3	4%
	418.6	369.9	13%	**581.7**	538.4	8%	**1,000.3**	908.3	10%
Gross profit	**257.8**	226.6	14%	**360.3**	352.2	2%	**618.1**	578.8	7%
EBITDA[1]	**88.8**	88.8	-	**156.2**	174.2	-10%	**245.0**	263.0	-7%
Profit before tax[2]	**57.9**	61.3	-5%	**101.5**	153.0	-34%	**159.4**	214.3	-26%
Tax expense	**(13.2)**	(12.7)	-4%	**(17.3)**	(20.4)	-15%	**(30.5)**	(33.1)	-8%
Profit after tax	**44.7**	48.6	-8%	**84.2**	132.6	-37%	**128.9**	181.2	-29%
Earnings per share									
Basic	**4.5p**	4.8p	-6%	**8.4p**	13.3p	-37%	**12.9p**	18.1p	-29%
Diluted	**4.5p**	4.8p	-6%	**8.4p**	13.3p	-37%	**12.9p**	18.1p	-29%
Underlying EPS									
Basic	**4.5p**	4.8p	-6%	**8.4p**	12.6p	-33%	**12.9p**	17.4p	-26%
Diluted	**4.5p**	4.8p	-6%	**8.4p**	12.6p	-33%	**12.9p**	17.4p	-26%
Key statistics:									
Pairs sold (m)	**6.3**	6.3	-	**7.5**	7.8	-4%	**13.8**	14.1	-2%
No. of stores[3]	**174**	147	18%	**204**	158	29%	**204**	158	29%
DTC mix %	**43%**	40%	+3pts	**59%**	56%	+3pts	**52%**	49%	+3pts
Gross margin %	**61.6%**	61.3%	+0.3pts	**61.9%**	65.4%	-3.5pts	**61.8%**	63.7%	-1.9pts
EBITDA[1] %	**21.2%**	24.0%	-2.8pts	**26.9%**	32.4%	-5.5pts	**24.5%**	29.0%	-4.5pts
Revenue by region:									
EMEA	**179.0**	167.6	7%	**264.0**	230.9	14%	**443.0**	398.5	11%
America	**179.7**	147.5	22%	**248.5**	235.2	6%	**428.2**	382.7	12%
APAC	**59.9**	54.8	9%	**69.2**	72.3	-4%	**129.1**	127.1	2%
	418.6	369.9	13%	**581.7**	538.4	8%	**1,000.3**	908.3	10%
Revenue mix:									
EMEA %	**43%**	45%	-2pts	**45%**	43%	+2pts	**44%**	44%	-
America %	**43%**	40%	+3pts	**43%**	44%	-1pts	**43%**	42%	+1pts
APAC %	**14%**	15%	-1pts	**12%**	13%	-1pts	**13%**	14%	-1pts
EBITDA[1] by region:									
EMEA	**52.8**	55.2	-5%	**93.3**	88.6	5%	**146.1**	143.8	2%
America	**41.4**	40.0	4%	**58.7**	80.0	-27%	**100.1**	120.0	-17%
APAC	**13.1**	10.7	22%	**20.7**	21.9	-5%	**33.8**	32.6	4%
Support costs	**(18.5)**	(17.1)	-8%	**(16.5)**	(16.3)	1%	**(35.0)**	(33.4)	5%
	88.8	88.8	-	**156.2**	174.2	-10%	**245.0**	263.0	-7%
EBITDA[1] margin:									
EMEA	**29.5%**	32.9%	-3.4pts	**35.3%**	38.4%	-3.1pts	**33.0%**	36.1%	-3.1pts
America	**23.0%**	27.1%	-4.1pts	**23.6%**	34.0%	-10.4pts	**23.4%**	31.4%	-8.0pts
APAC	**21.9%**	19.5%	+2.4pts	**29.9%**	30.3%	-0.4pts	**26.2%**	25.6%	+0.6pts
Total	**21.2%**	24.0%	-2.8pts	**26.9%**	32.4%	-5.5pts	**24.5%**	29.0%	-4.5pts

1. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation, impairment and exceptional items.
2. Post exceptional items.
3. Own stores on streets and malls operated under arm's length leasehold arrangements.
4. Wholesale revenue including distributor customers.

Glossary and Alternative Performance Measures (APMs)

The Group tracks a number of key performance measures (KPIs) including Alternative Performance Measures (APMs) in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board.

The Group is no longer presenting underlying operating cash flow, EBITDA post exceptional items, adjusted PBT and adjusted EPS. In previous years these metrics were introduced to present existing performance measures exclusive of exceptional costs. The Group recognised £nil exceptional costs in FY23 and FY22, as such these adjusted measures are no longer relevant.

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the Consolidated Financial Statements relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. However, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

Metric	Definition	Rationale	APM	KPI
Revenue	Revenue per financial statements.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	No	Yes
Revenue by geographical market Revenue: EMEA Revenue: America Revenue: APAC	Revenue per Group's geographical segments.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	No	Yes
Revenue by channel		Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	No	Yes
Revenue: ecommerce	Revenue from Group's ecommerce platforms.			
Revenue: retail	Revenue from Group's own stores (including concessions).			
Revenue: DTC	Revenue from the Group's direct-to-consumer (DTC) channel (= ecommerce plus retail revenue).			
Revenue: wholesale	Revenue from the Group's business-to-business channel, revenue to wholesale customers, distributors and franchisees.			
Constant currency basis	Non-GBP results with the same exchange rate applied to the current and prior periods, based on the current budgeted rates.	Presenting results of the Group excluding exchange volatility.	No	No
Gross margin	Revenue less cost of sales (raw materials and consumables). Cost of sales is disclosed in the Consolidated Statement of Profit or Loss.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	No	No
Gross margin %	Gross margin divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	Yes	No
Opex	Selling and administrative expenses and finance expenses less depreciation, amortisation, foreign exchange gains/(losses) and finance expense.	Opex is used to reconcile between gross margin and EBITDA.	Yes	No
EBITDA	Profit/(loss) for the year before income tax expense, financing expense, exchange gains/(losses), depreciation of right-of-use assets, depreciation, amortisation and exceptional items. Exceptional items are material items that are considered exceptional in nature by virtue of their size and/or incidence.	EBITDA is used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance.	Yes	Yes

Metric	Definition	Rationale	APM	KPI
EBITDA %	EBITDA divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	Yes	Yes
Operating cash flow	EBITDA less change in net working capital, share-based payment expense and capital expenditure.	Operating cash flow is used as a trading cash generation measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance.	Yes	Yes
Operating cash flow conversion	Operating cash flow divided by EBITDA.	Used to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditure and working capital requirements.	Yes	Yes
Free cash flow	Operating cash flow less cash outflows for exceptional items, net interest paid, taxation, and lease liabilities.	Free cash flow is used as a net cash flow measure for the Group before changes in the debt/capital structure.	Yes	No
Consolidated non-GAAP Statement of Cash Flows	Movement in cash flows from EBITDA.	To aid the understanding of the reader of the financial statements of how the Group's cash and cash equivalents changed during the period, including cash inflows and outflows in the period.	Yes	No
Earnings per share	IFRS measure	This indicates how much money a company makes for each share of its stock, and is a widely used metric to estimate company value.	No	Yes
Basic earnings per share	The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period/year.	A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.	No	Yes
Diluted earnings per share	Calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period/year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.	Used to gauge the quality of EPS if all convertible securities were exercised.	No	No
Underlying EPS (previously normalised adjusted EPS)	EPS is calculated as earnings before taking into account exceptional items, preference share interest and prior year tax deductions.	Reconciliation of EPS from the Remuneration Committee report.	Yes	Yes
Ecommerce mix %	Ecommerce revenue as a percentage of total revenue.	Helps evaluate progress towards strategic objectives.	No	Yes
DTC mix %	DTC revenue as a percentage of total revenue.	Helps evaluate progress towards strategic objectives.	No	Yes
No. of stores	Number of 'own' stores open in the Group.	Helps evaluate progress towards strategic objectives.	No	Yes
Pairs	Pairs of footwear sold during a period.	Used to show volumes and growths in the Group.	No	Yes

Analysis of share register

Ordinary shares

As at 31 March 2023, the Company had 458 registered holders of ordinary shares. Their shareholdings are analysed below.

Range of shareholding	Number of shareholders	Percentage of total shareholders	Total number of shares	Percentage issued share capital
1-500	35	7.64%	6,086	0.00%
501-1,000	22	4.80%	17,383	0.00%
1,001-2,000	19	4.15%	29,147	0.00%
2,001-5,000	36	7.86%	121,001	0.01%
5,001-10,000	31	6.77%	246,489	0.02%
10,001-100,000	113	24.67%	4,081,833	0.41%
100,001-1,000,000	118	25.76%	45,681,559	4.56%
1,000,001 to highest	84	18.34%	950,610,400	94.99%
Totals	**458**	**100.00%**	**1,000,793,898**	**100.00%**

Shareholders' enquiries

Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our registrar, Equiniti, using the telephone number or address on this page.

Electronic shareholder communications

Shareholders can elect to receive communications by email each time the Company distributes documents, instead of receiving paper copies. This can be done by registering via Shareview at no extra cost, at **www.shareview.co.uk**. In the event that you change your mind or require a paper version of any document in the future, please contact the registrar.

Access to Shareview allows shareholders to view details about their holdings, submit a proxy vote for shareholder meetings and notify a change of address. In addition to this, shareholders have the opportunity to complete dividend mandates online which facilitates the payment of dividends directly into a nominated account.

Financial calendar

Announcement of full year results	1 June 2023
Ex-dividend date for final dividend	8 June 2023
Record date for final dividend	9 June 2023
Annual General Meeting	13 July 2023
Payment date for final dividend	18 July 2023
Announcement of half year results	30 November 2023

Shareholder security

Shareholders should be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free company reports. These are typically from purported 'brokers' who target UK shareholders with offers to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms. If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before getting involved. This can be done by visiting **www.fca.org.uk/register**.

If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information and guidance for shareholders on how to avoid scams can be found on the FCA's website at **www.fca.org.uk/consumers/protect-yourself/unauthorised-firms**.

AGM

The AGM will be held at Holiday Inn London-Camden Lock, 30 Jamestown Road, Camden, NW1 7BY at 9:30am on Thursday 13 July 2023. Shareholders are strongly encouraged not to attend the meeting in person and to send any questions they may have for the Board, that relate to the business of the meeting, in advance by email to company.secretariat@drmartens.com. Questions relating to the business of the meeting can be emailed to and will be responded to in full. We will also publish all answers to any questions submitted that relate to the business of the meeting, together with the full voting results for the 2023 AGM, on **www.drmartensplc.com** shortly after the meeting.

Website

The investor section of Dr. Martens' corporate website, drmartensplc.com, contains a wide range of information including regulatory news, results announcements, share price information and information about our Board and Committees.

It is also possible to sign up to receive regulatory news relating to Dr. Martens plc alerts by email at **www.drmartensplc.com/investors/regulatory-news/rns-alerts/**.

Our privacy policy

Our privacy policy, which sets out how Dr. Martens collects and uses personal information, can be found at **www.drmartensplc.com/privacy-policy**.

Company information

Registered office

28 Jamestown Road
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London
NW1 7BY

Investor relations

investor.relations@drmartens.com

Registrar

Equiniti Limited
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BN99 6DA

Tel: 0371 384 2030 (from the UK)
Tel: +44 121 4157047 (from overseas)

Independent auditor

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Notes

Notes

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