TRANSCRIPT

Dr.Martens FY24 Full Year Results

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Natasha Bonnet – *Morgan Stanley*

PRESENTATION

Kenny Wilson – *Dr. Martens – CEO*
Welcome to our FY24 results presentation, both here in the room and on the webcast. I'm absolutely delighted to be joined this morning by Giles Wilson, our new CFO who joined us three weeks ago. Also in the room from Dr. Martens, we have Paul Mason, our Chairman, and also Ije Nwokorie, who's our Chief Brand Officer and who will also succeed me as CEO later in this financial year. Also Bethany Barnes, our Head of Investor Relations.

So our agenda for today, I'm going to provide a very short overview of what we're going to talk about and then I'm going to hand over to Giles, who will take us through our financial results for the last year. Then I'll return to provide a business update.

So FY24, as you'll hear from Giles, our FY24 results were in line with our guidance. However, our USA performance was disappointing, which dragged down overall group performance. FY25 is going to be a year of action where we will focus on our USA action plans, on marketing and on driving savings. I'll cover this in detail later. Then in FY26, we will have Dr. Martens back into growth. With that, I'd like to hand over to Giles who will take us through the numbers.

Giles Wilson – *Dr. Martens – CFO*
Thank you, Kenny, and good morning, everyone here in the room and on the webcast. It is great to have joined Dr. Martens. I very much look forward to working with the team and getting to know you all over the coming weeks and months.

Before I run through the financial results, I thought it would be worth me giving you my first impressions from my first three weeks and what attracted me to joining Dr. Martens Plc. I have split this into three key areas. Firstly, looking at the product, and what an iconic product and brand Dr. Martens is. A brand that has more than stood the test of time and is so close to so many people's hearts. When I told my friends and my family that I'd be joining Dr. Martens, without exception, an instant reaction was a smile on their face, showing the strength of the brand. Many people telling me about a pair they owned, had owned or are now going to buy. What really stood out to me when doing my research, was the depth and the breadth of the people that the brand appealed to. Having worked in a premium and luxury goods company for the past few years, the absolute key ingredient to the long term success of any premium brand is foremost its quality. The reputation and the quality of Dr. Martens products are exceptional.

Secondly, the opportunity. Even following the historical growth rate of the past ten years, the depth and the breadth of the opportunity remains significant across three main areas. The room for growth in the key markets and products where the brand is already strong. The headroom to grow in a diversified portfolio range in those markets remains compelling. And then beyond current opportunities and looking to the longer term, there are still both untapped markets and new categories to grow into. Finally, the financials, the core gross margin of Dr. Martens is really strong, which in any business gives a great underlying base to build from. This cannot easily be started from scratch and this leads to a highly cash generative business. The downside can be where the top line declines, as we currently seeing, there is a significant deleveraging impact to the bottom line. This is particularly pronounced for us in full year 25 and full year 24, as the cost base is built in anticipation of a much larger business. Therefore it is right we now scrutinise our cost base and drive efficiencies where we can and I'll set that out on a slide later. As I said at the beginning, this is only my third week. However, I believe you'll see in the coming finance slides, I've started to introduce some more clarity in the financial information and use some more traditional metrics.

So turning to the summary financials of full year 24 and focusing on the key takeaways. Although total pairs are down 16.7%, due to the better DTC mix which can be seen in the increase in gross margin rate, the revenue decline is just under 10% on a constant currency basis. As I will explain later, most of this decline comes from USA wholesale. Even though operating costs are relatively flat in year, the operational deleverage can clearly be seen with EBITDA dropping 19% year on year. I've introduced EBIT on this slide, which I'll focus on more than EBITDA. This allows you to assess the full operating performance of the business, including the impact of depreciation. As I set out on the next slide, the impact of store estate expansion and our new distribution centres increases depreciation, and that, coupled with the shortfall of revenue, leads to a year on year drop in EBIT of 31%. Finally PBT before the FX impact of our accounts receivable and payables, as well as our Euro debt, which leads to a net 4.2 million P&L charge at the end of the year.

Given the increasing impacts depreciation has on the overall profitability, and there is a particular jump up this year, I felt this was worthy of more analysis. This slide shows the three main categories of depreciation and amortisation. The top line shows the amortisation which reflects the IT projects, and this figure has grown through time as projects have come online. Depreciation mainly reflects fixtures and fittings in our stores and as store numbers increased and are refurbished, this line reflects that investment. Finally, the largest figure is IFRS 16 depreciation, which is made up of three areas. Circa 55% relates to our stores, circa 35% is distribution centres and the remaining 10% makes up the rest, for example, offices and our showrooms. The £19 million increase from full year 23 is particularly pronounced this year, with around 70% due to distribution centres, reflecting the full year impact of the centres as they only came online during 23, as well as a catch up from full year 23. New stores IFRS 16 depreciation year on year accounts for circa £6 million, reflecting the impact of the 35 new stores in year. Looking forward, we expect the year on year increases to be significantly less and only really reflecting new stores or IT projects coming online. As we show in our guidance later for full year 25, this is expected to be between £75 million and £80 million.

This slide shows the revenue by channel and I will go into a more detailed bridge on the next slide. However, the key to pull out here is the growth in retail stores revenue still reflecting post-Covid recovery as well as new and maturing stores. Underlying like for like retail stores growth is negative, which is more reflective of the overall challenging market conditions. Ecommerce remains broadly flat, and therefore overall DTC growth was 5% on a constant currency basis. The overall group revenue year on year decline is all about wholesale, mainly the USA, but also some strategic decisions across Europe and APAC. Albeit off a lower base, the DTC mix of 61% is much more the shape of the revenue that the business is looking for in the long term.

I found this really helpful in my first three weeks to really understand the reasons behind the revenue decline. The boxes in the bridge set out the key movements by channel and market. It can clearly be seen that Americas, and particularly Americas wholesale, accounts for the vast majority of the year on year decline. Over £100 million of the group's £123 million decline is Americas, with £80 million of that being Americas wholesale. This reflects the overall weak consumer spending and challenging boot market, which Kenny will pick up in more detail later. EMEA and APAC both show wholesale going backwards, but this is predominantly due to strategic decisions to reduce volumes etailers in EMEA, the transfer of some Japanese franchise stores and the exit of the China distributor. Though reduced volume in the short term, these decisions to exit wholesale accounts is the right thing to do for the long term of the business. On a more positive note is the performance from both EMEA and APAC DTC showing year on year growth as reflected by the two yellow boxes. The numbers are slightly benefited in EMEA with the timing of Easter. However, given the overall market conditions, the performances for both EMEA and APAC showed good resilience in full year 24.

A new slide for this year showing the key year on year movements in EBIT. Just to explain the slides in a bit more detail, the hatched boxes are reported EBIT each year. To show true movements, I have stripped out the impact of the FX charge as I explained earlier. The underlying EBIT drops from £186.9 million in full year 23 to £126.4 million in full year 24, driven by £99 million from the impact of volume at standard gross margin, the impacts of DTC mix and price offset this by £39 million, the continued focus on our costs in our supply chain delivers a further £18 million of upside and overall operating costs are held to be slightly negative at £5 million. And as already explained, the increased £18 million year on year on depreciation and amortisation charge, and all other items circa £5m. Therefore, the total decline in EBIT is £60 million again showing the significant impact of deleverage from the volume loss.

Turning now to cash flow, a key focus of mine as I take on my new role. The grey boxes are the net bank debt being bank debt less cash. The red boxes show the lease liabilities. The first four boxes in the bridge reflect the net cash flow generation from the operations of £88 million, being £198 million from EBITDA, offset by lease payments, working capital movements and interest and tax payments. From this £88 million of cash generation, £28 million was spent on Capex and £108 million was paid out to shareholders through a £50 million share buyback and £58 million of dividends. With a small positive movement in FX, the net bank debt increased year on year by circa £40 million, and the new lease liabilities adding a further £30 million to deliver an overall net debt of £358 million. At the end of the year the £200 million revolver remains undrawn.

This slide is part of the additional clarity of information that I referenced at the start. This is intended to be the background to the cost action plan, which I'll explain on the next slide. The bar sets out how full year 24 total group cost base totalling £750 million is split down to EBIT. Firstly, 40% of our cost base is cost of goods, which is a very well controlled cost following the continued execution of the group's successful supply chain strategy. The next section is regional support costs, which includes the stores and the distribution centres. So in full year 26 this will benefit from the unwind of the excess USA inventory storage costs and also includes the royalties, which are a fixed percentage of revenue. The group support is flattered in full year 24 results, as there's no incentivization costs and therefore in a more normal year will be slightly higher and explains part of the full year 25 headwinds. Marketing equates to around 7% of the cost base, with depreciation and amortisation making up the remaining ten. The action plan, which I'll discuss on the next slide, is really to focus on the middle two boxes, so a total cost base of circa £320 million.

As announced in the statement today, the group has embarked on a cost efficiency action plan to target between £20 and £25 million of cost savings. This action plan will focus on all costs, but predominantly on regional and central support costs, and looks at ways of driving more efficient organisational design, a focus on the way we buy through better procurement and use the skills employed in our supply chain purchasing, and also look, where possible, to streamline internal processes without cutting into the muscle of the business. This program has the full backing of the Global Leadership Team and will be led by myself. We are not expecting any net benefit in full year 25. However, we expect to see the full benefit in full year 26. The new savings target gives a high single digit percentage on the full year cost, as I set out on the previous slide. As I'm sure you can imagine, three weeks in, it is difficult to give much more detail than this. However, this is a committed project that has started. We need to carefully manage the execution and I will give a more thorough update in the November results.

Hopefully the last few slides have given you some more clarity and detail behind our full year 24 numbers and the shape of the business. Now looking forward and our outlook. As stated in the announcement, we are not changing overall trading guidance for full year 25. However, this slide sets out some more detail on the guidance, as well as some half one thoughts and some key targets by which to measure our success in full year 25, as well as set us up for full year 26. So outside the usual financials, we expect to see USA DTC growth in H2 full year 25 positive, the impact of which will have a knock on effect on the autumn winter 25 wholesale orders in full year 26. Kenny will set out more detail the clear action plans to deliver this. As I said earlier, cash is going to be a key focus of mine and with that in mind, we want to see inventory decline by £40 million and turn that into cash. Adding this impact to other cash focus, we expect to see our net debt to be between £310 and £330 million.

Looking at the half year results, as we've already indicated, we expect full year 25 to be more second half weighted. This is due to, in the first half, the overall declines in group revenue of circa 20% year on year, predominantly driven by wholesale, which we expect to be down by a third as we increase our demand generation spend year on year in the first half to drive interest ahead of autumn winter 24 season and the impact of the incremental cost being evenly spread throughout the year. The overall impact of operational deleverage will be more pronounced in the first half. This will lead to a loss at profit before tax level in the first half, albeit we still generate a positive cash EBITDA. Finally, the box on the right gives some more guidance on specific items for FY25.

Now, before I hand back to Kenny, I'd like to update you on the position in regards to the dividend. The Board has decided to propose 0.99p final dividend, which means a total dividend of 2.55p, equating to 35% of full year 24 earnings, in line with the policy to pay out between 25% and 35%. Looking forward, it is the intention of the Board to hold the full year dividend flat in absolute terms for full year 25. The Board was keen to ensure clarity over the dividend during this year's transition. In full year 26, we intend to revert back to a policy of paying between 25% and 35% of earnings. Finally, we are announcing that we intend to move to a formulaic approach for the interim dividend, being a third of the previous year's total dividend. With that, I shall say thank you for listening and I shall hand back to Kenny.

Kenny Wilson – *Dr. Martens – CEO*
Great. Thank you very much. So Giles has covered FY24 in some detail. We're now into FY25, and I just wanted to make some key points around the year ahead. As we told you in April, we expect USA wholesale to be down double digit year on year. Also, we've assumed no meaningful in-season reorders in USA wholesale in our forecast. We will be shifting the focus of our marketing to product marketing in the year ahead. We also have a clear action plan in place for the USA Direct to Consumer business. As you've heard from Giles, we will deliver growth in the second half in USA DTC. Also, as Giles has told you, we're taking action to reduce our costs, and our boots action plan will reduce our inventories in the second half. Then in FY26, Dr. Martens will return to growth driven by boots and a growing USA business. We will have lowered our cost base and the key IT systems we have been investing in will start to deliver results.

Starting first with our EMEA region. Our conversion markets continue to be a growth engine in the medium term. Germany, Italy and Spain all delivered strong double-digit DTC growth, and the UK also delivered DTC growth though at a lower level. This year, total revenue in Italy grew, but overall revenue in Germany declined slightly, and this was driven by the decision to reduce etailer volume. Our brand awareness remains strong across the EMEA region, and we grew awareness across all of our key conversion markets by between 2 and 3%. By the end of 24, we had 19 stores in Germany and 12 in Italy.

Moving to Asia Pacific, Japan continues to be our most important market in APAC. The revenue and EBITDA of this business has accelerated since we completed our successful franchise take back in the cities of Tokyo and Osaka. Today, more than 60% of our company owned stores are in these two cities. We have significant growth opportunities ahead of us in Japan as we expand the brand across the rest of the country. Brand awareness is growing, but we are still at low levels in Japan relative to other markets and in Tokyo, where we have a larger retail presence, we have higher awareness.

Moving to our product strategy, which is about boots and shoes and sandals. In financial year 24, direct to consumer pairs of shoes and sandals grew more than 20% year on year, however boots saw a small decline. Our key goal in FY25 is to drive desire and demand for our boots globally.

Turning to the more difficult market, the United States. In FY24, the boots market in the USA was particularly challenging. As this data on the slide from circana, previously we've talked about them as NPD, shows, boots were down 17% year on year. This weakness resulted in our wholesale customers buying less boots from us across the year. However, as we previously communicated, we believe our implementation in the USA market could also have been better and now we've put in place clear action plans which will improve this performance in the year ahead.

Where is that key focus in the United States? Well, the major area of focus in the next 12 months will be with those people who know our brand in the United States, but they haven't purchased yet. If you look at net consideration of our brand, it's up 5% amongst those who have purchased before, so that says we're retaining consumers. However, consideration amongst non buyers is down 8%. Therefore, we need to change our approach.

So what's going to be different this year versus last year? Well, firstly, I wanted to talk about what we're going to do differently in all markets before turning my attention specifically to the United States. In the last four months since he joined the business, Ije has refocused our marketing on product marketing. We will talk specifically about our product rather than talking about our brand. In Autumn Winter 24, we will lead with boots. Our focus will be showing consumers that we have product for them, thus broadening appeal. And we will lead with our icons, but we will support that innovation.

Moving specifically to the United States. Our USA Action Plan will focus on three areas. On marketing, on digital and on wholesale. We will be increasing our marketing investment as a percentage of revenue in the year ahead in the USA whilst ensuring we maximise the return and the efficiency of the spend. Our marketing focus in the USA will be on icons and four key concepts and will be focusing on product marketing to drive consideration. Social media will be a key component of our plan. In digital, we will improve the quality of our product detail pages, and we will drive more qualified traffic and optimise our current checkout process to improve conversion. We will also implement order in store, which we already have in our EMEA business. In wholesale, our focus is clearly on driving sell-through with our key partners so that we stimulate reorders, as Giles has said, for FY26.

So how does it look on the calendar if you look at that in the United States? Our USA marketing efforts will be product focussed. As I said, it's all about driving consideration. We're going to support our icons across the whole of the Autumn Winter season, with icons always on, and they'll be a focal point in October ahead of the key holiday season of Thanksgiving and Christmas. All of our marketing in the United States will support boots, with soft leathers in July, with the rigger boot in August, with square toe in September, and then obviously Winterised in November. Throughout the second half of this year, USA consumers will get a clear boots message from the Dr. Martens brand.

So in summary, FY25 is going to be a year of transition for Dr. Martens. However, we will drive a focus on product marketing. We will deliver a clear action plan for USA DTC improvement. We will lower our cost base and we will reduce our inventories. What that does is give us the platform to return the business and the brand to growth in FY26. Thank you so much for your attention. Giles and I will be very happy to take questions. First here in the room and then also, for those of you who are on the webcast, and it will be really helpful given Giles is new that if you just give us your name and who you work for, that would be super helpful. Thank you very much.

John Stevenson – *Peel Hunt*
John Stevenson at Peel Hunt. A couple of questions just to get us going. I mean, just looking at the USA, can you talk a little bit about the wholesale market in terms of where we are in terms of the number of accounts and the type of accounts you've got? Are you in the right place? Are you happy with the partners you've got? Have you lost any over the last 12 months? And in marketing, what are you offering them in terms of marketing, are we talking about spending more in terms of in-store environments and actually helping them to promote the brand in terms of POS that sort of stuff? You did talk a little bit about the USA marketing cost in terms of the amount you're going to be putting into the USA to get this going. A final question just on the cost savings, the £20-£25m, is that incremental to the excess storage cost we've got the moment?

Kenny Wilson – *Dr. Martens – CEO*
Okay. Thanks, John. If I start with USA wholesale and I'll take that and marketing and Giles can take the cost question. So to answer your question specificly, around number of accounts in the USA. We think we broadly got the right number of accounts, and we think that we've got the right partners. This is really about now increasing shelf space with the accounts that we want to increase with. So I think we're we're happy with the account base overall and Ije and myself were over in the USA recently, and we've had the opportunity to meet with all of our key accounts and talk through what we're going to do. In terms of marketing, there will be accounts that we work with specifically in terms of in-store and also the accounts that we work with around training and development of their staff and again, we've agreed those action plans with accounts. But I think all accounts in the USA and our own direct to consumer business will benefit from the fact that we're going to put 100 basis points more into marketing in the USA. We're also going to spend more earlier in the season. August and September are critical months in the USA business in terms of supporting back to school and back to college, so that when that person makes their choice of footwear, they're choosing Dr. Martens for the second half, and then, as I've shown, we'll support boots all the way through the second half. So I think we've got a very strong action plan in marketing supporting USA business.

Giles Wilson – *Dr. Martens – CFO*
Actually, it's a very short answer. Yes, it is incremental.

Alison Lygo – *Deutsche Numis*
Hi there. Alison Lygo from Deutsche Numis. So three for me first, just on the capex of £28 million was perhaps a bit light where I was expecting. Is there anything to be aware of there in terms of phasing and cash hasn't gone out yet, flowing into next year or has Capex actually just come in lower than expectations and what was the driver of that? Next question then could you just remind us on the shape of the DCs in terms of where they are and what capacity that gives you, by market? And then finally on the USA, so marketing plan really clear there, thank you for setting that out. But just wondering a bit about your store opening pipeline there. Are you focussed on leveraging the existing stores that you've got in the USA, or will you be opening new stores to support with brand awareness over there?

Giles Wilson – *Dr. Martens – CFO*
So just to take the capex, that is the right number that has come in, there is no big phasing. There was a little bit of a slowdown in the second half, more to do with the planned store openings. You'll see if you look forward we're guiding £40 million for full year 25.

Kenny Wilson – *Dr. Martens – CEO*
Okay. I think next question was around DCs, Alison. So what do we have? In Europe we've got two distribution centres. We've got one in the UK to serve the UK. We've got one in Netherlands, which serves all of the rest of the European environment. In the United States, our main DC is outside Los Angeles to service west of the Mississippi and then we've got one in New Jersey for the east side of the country. Before I go to Asia, in answer to your question are we set up to service the business? Absolutely. As Giles mentioned, we've actually put a distribution infrastructure in place for a bigger business and obviously this year the business has declined. We've got no issues around our ability to service as we return the company to growth in FY26. In Asia Pacific, because of the distances between the countries, we've got market by market DCs. So Japan has its own distribution centre, Korea has its own distribution centre, Hong Kong has its own distribution centre. So it's a country by country network there.

In terms of your question around USA stores, we didn't open any stores in the United States in the second half of FY24. That was a very deliberate choice because we wanted to focus on the stores we already had. In the guidance that Giles gave for the number of stores for the year ahead, I would expect very, very limited store openings in the United States, think very low single digit. The reason for that is we need to deliver on what we said we're going to do, which is turn around the existing USA DTC estate and also clearly the e-commerce business there. So we want to minimise distraction. Longer term, we still believe that we've got the opportunity to have a lot more stores in the United States and all of the new ones that we've opened in the last 18 to 24 months are profitable stores so it's really a focus question.

Kate Calvert– *Investec*
Morning, Kate Calvert, from Investec. Just following up on the store openings you have highlighted 25 to 30. So how are they going to be split between, Europe and APAC? And also, could you give us an idea in terms of Japan as to what you think the optimal numbers of own stores could be there? Second, coming back on John's question, you talked about a reduction of 300 wholesale customers year on year. Can you just give a bit more of a split by geography as to where those were taken out? And the final question is just on the USA wholesale channel. What's your data saying about where your partners are, in terms of their level of stock, how well are they getting through and reducing they stock levels? Thank you.

Kenny Wilson – *Dr. Martens – CEO*
Okay. I'll start and feel free to chime in Giles given its three weeks. So on the store openings, the 25 to 30, let's call it 1 to 3 in Americas, so very limited. And then, broadly, the others will be split between Europe and Asia Pacific. Europe think continental Europe, so not the UK and Asia Pacific, think Japan and some in China, as we start to build out the owned and operated business there.

In terms of your second question, which is around the stores in Japan. Clearly what the slide shows is the company owned stores are in Tokyo and Osaka. There's more than 100 million people live in Japan, there's Nagoya, Hiroshima, Kyoto, Fukuoka in the South, Sapporo in the north. I mean, there's a lot of opportunity for us to grow the business and we believe that we can potentially double the number of stores that we have in Japan versus today. I think there's also opportunity, by the way, for more stores in Tokyo, too.

In terms of your question around wholesale customer reduction, it's the sort of general weeding and seeding across all of our markets. So, you know, we add new premium doors where we want to go in and we take doors out. The country where we had the largest reduction in door numbers was actually Italy and that is because Italy is quite a fragmented market. So in a country like the UK, you have one account with many doors. In Italy it's often a 1 to 1 relationship between accounts and doors and we're just going through that last phase of taking the business back from the distributor. As you know, we pruned the doors over a number of years so that's basically where the big numbers are.

The last question was around with our USA wholesale customers inventory situation. We've said previously our sales in wholesale are down, let's call it circa 20%. Inventories are down more than that. So clearly we've taken a hit in the last year, as Giles showed, with a big reduction of sell-in to USA wholesale. We believe that's absolutely the right thing to do because we're sitting in a very clean position so when we start to drive demand for boots again in the United States the reorders will come. As you know, we’ve assumed no meaningful reordering in this financial year, we assume that's going to come in at FY26. But I'm very happy, as are our key accounts in the United States, with their inventory positions.

Adrien Duverger - *Goldman Sachs*
Adrien Duverger from Goldman Sachs. I have two questions, please. The first one would be on the UK market. Can you tell us a bit more about the performance and the organic trends that you're seeing? How would you describe the performance specifically with regards to new customer acquisitions and maybe sales across repeat customers and maybe just overall, are you seeing any new competition entering in the boots category? I'm thinking, for example, about Birkenstock and their boots that they just released.

Kenny Wilson – *Dr. Martens – CEO*
Okay. So in terms of the UK market, globally, the best data that we have is our own direct to consumer business. We said in the statement that our direct consumer sales in the UK grew low single digit, on top of a very good year the year before. So our most mature market continues to grow. We feel very good about the health of the brand in the UK. In terms of your question about recruiting new consumers versus repeat consumers, I wish our data sets were better than they are, that's why we're implementing our customer data platform at the moment, which will give us a single view of consumers. What I can say is that we've got good recruitment of consumers in the UK. I think it's part of the reason why we've got such, such a healthy business. Unfortunately, I can't get precise data because we don't have it.

In terms of the last question about competition on boots and Birkenstock. I think Birkenstock is the number one player in the market for sandals globally. I think they're a great sandals brand. In terms of boots, is that where our major competition comes from? No, I don't think so. I don't think we're seeing any major new emerging competitor in boots that we feel, if we're talking specifically for this market, that is stealing share from us. No.

Conference call operator

Thank you very much, Kenny. If you would like to ask a question, please press star followed by one on your telephone keypad now. When preparing to ask your question, please ensure your phone is unmuted locally. We have a question from Natasha Bonnet from Morgan Stanley. Natasha, your line is now open.

Natasha Bonnet – *Morgan Stanley*
Hi, this is Natasha from Morgan Stanley. Thank you for taking my questions. My first one is just on your guidance for fiscal year 25. The -20% revenue decline in H1 and the single digit decline for the full year implies quite a sequential acceleration in the second half. So can you tell us what gives you confidence for the acceleration in H2 and assume it's mostly being driven by DTC, given the performance of wholesale? But I believe on the call you said your underlying retail like for like is negative. So can you just give us some more clarity on that. Coming back to your stores, what gives you confidence in store opening plans of20 to 25 stores this year given underlying like for like

retail. The last question will just be on your order books because you obviously flagged that order books in the USA you know are down. What are you seeing in terms of order books for EMEA and APAC please? Thank you.

Giles Wilson – *Dr. Martens – CFO*
Okay. I'll take the guidance for full year 25. Yes, you're absolutely right. We are guiding circa 20% down in H1 and you've listened to what Kenny has talked about, about the focus in the second half particularly in boots, particularly in the plans to reignite. We've also got very weak comps that were coming off in the second half of full year 24. So that's where we get the confidence in that return in the second half.

Kenny Wilson – *Dr. Martens – CEO*

Your question Natasha about store openings and what gives us confidence in store openings. If we look at the performance of the new stores that we've opened over the last two years, and we review this every six months. We're very happy with the profitability of the new stores that we've opened. We're also happy that those new stores, we can prove everywhere in the world that when consumers in those cities go on to buy more online. So continuing to open the right stores, in the right places, is is absolutely the right thing to do for the business. However, as we've said, where we've got a tougher business right now in the United States, we've deliberately slowed down new store openings because it doesn't make any sense to distract the team with more projects when they can focus on the here and now. In terms of the order books for the other two regions, I mean, obviously when we gave guidance in April when we said the business would decline single digit in FY25, we had full visibility on the order books for all three regions. We said the Americas would be tough. We're very happy with the order books for EMEA and Asia-Pacific so the only piece of the year that we don't know the answer for is spring summer 25, which in this financial year will be January, February, March 25. We won't have visibility on that for a few months, but we don’t have heroic planning assumptions in there. So that was a long-winded answer. The short answer is we're very happy with EMEA and APAC and the USA as we said, it was difficult.

Conference call operator

Thank you very much. To ask any further questions, please press star followed by one on your telephone keypad. We currently have no further questions. I am now handing back to Kenny Wilson.

Kenny Wilson – *Dr. Martens – CEO*
Thank you very much, both in the room and on the webcast for giving us your attention today. I think the key message that we want you to hear is FY24 was disappointing, especially our performance in the United States, but we had a strong performance in EMEA and APAC DTC. FY25 is going to be a year of transition, but it's also going to be a year of action. We're doing a lot of things to drive the sales line. We're also doing things to ensure that we make the right actions in terms of savings, and we will bring our inventories down and what that will do is it will give us the platform and make sure that Dr. Martens gets back to where it should be, growing again in FY26. Thank you very much.