TRUE BRAND CUSTODIANS

DR. MARTENS PLC
ANNUAL REPORT 2022

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.

drmartensplc.com

Dr. Martens plc

drmartensofficial

RECOGNISING JUST SOME OF THE MANY CUSTODIANS OF OUR BRAND

CUSTODIAN *noun*

Definition:
A person who is responsible for protecting or taking care of something or keeping it in great condition.

OUR PEOPLE MAKE US WHO WE ARE

“

We employ people with a dedicated passion, expertise and energy. Without it, we couldn’t do what we do.

As a unique consumer business, we strive to attract people who possess a proud sense of self-expression, share a united spirit and who are **true custodians of our brand**.

I can give you hundreds of examples of how our people use a custodian mindset every day in order to drive the business forward.

The following few pages provide just a few examples of what it means to be a brand custodian, and recognise some of the teams and individuals doing great work by living our values every day.

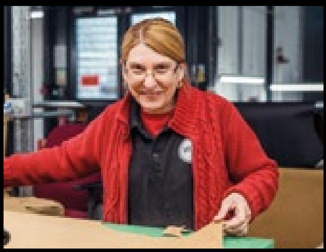
KENNY WILSON
CHIEF EXECUTIVE OFFICER

INDIVIDUAL STYLE,
UNITED SPIRIT










AMPLIFYING INDIVIDUALITY









2,229
people worldwide (FTE)

82%
of our employees feel included at work

EVERYWHERE

Introducing the DOCs family...
Our business would be nothing without our people.
Authentic individuals who share a united spirit.
People who possess a proud sense of self expression.
People who go the extra mile for our incredible brand.

THE MAGIC BEHIND A GREAT QUALITY PRODUCT

STELLA MAKINWA
SENIOR FOOTWEAR DESIGNER

“

Our product strategy is internally referred to as ‘icons and innovation’ – we need to continually invest and grow our phenomenal icon products, whilst innovating around this core to bring freshness and further grow brand heat.

ADAM MEEK
CHIEF PRODUCT OFFICER

MALCOLM MCGHEE
HEAD OF FOOTWEAR DESIGN

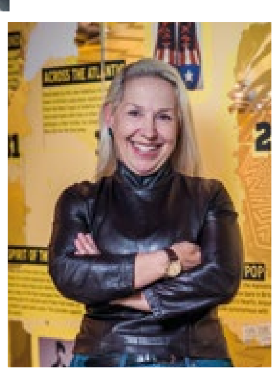
DARREN MCKOY
CREATIVE DIRECTOR

KEEPING OUR BRAND ICONIC

Our design team understands deeply our brand DNA and every product we create is rooted in the design handwriting of our Originals. Our iconic 1460 boot, 1461 shoe and 2976 Chelsea boot are at the centre of our product architecture. To add buzz each season, our design team collaborates with a hand-picked range of designers to develop exceptional collaboration products.

51%
of revenue comes from our Originals category

THE DURABILITY IS IN THE DETAIL



> "Our Intellectual Property ('IP') team ensures the core DNA is protected and respected globally. This includes taking action when our IP and designs are infringed and removing copycat products in the market.

CATRIN TURNER
HEAD OF GLOBAL IP TEAM

BRINGING TOGETHER THE MASTERS OF CRAFT

"I love to tell people I'm part of a brand that makes such amazing footwear.

HAZEL SEPPINGS
FOOTWEAR PRODUCTION APPRENTICE

HAND CRAFTED WITH

48

apprentices hired since the launch of the Dr. Martens apprenticeship scheme

OUR 'CENTRE OF EXCELLENCE'

The first Dr. Martens boot was born on 1 April 1960 in our Cobbs Lane factory in Wollaston, England. To this day, the site remains home to our own Made In England ('MIE') manufacturing facilities which we use as our 'centre of excellence'. Some of the methods and techniques used to make our boots and shoes are unique to our brand, as are the machines needed to complete them. The manufacturing process is much the same as it was over 60 years ago when the very first Dr. Martens boot was produced.

READ MORE **P69**

90+

people who work at our MIE manufacturing facilities

OUR GLOBAL SUPPLY CHAIN

Our global supply chain consists of material suppliers, supplier factories and distribution centres. We have 11 distribution centres globally, the majority third-party operated. Our products are made across 14 footwear assembly factories in South-East Asia, together with our 'Made In England' factory in Northampton.

READ MORE **P26**

PASSION

ENGAGING CONSUMERS ON A GLOBAL SCALE

EMIKO SATO
PRODUCT AND MARKETING, JAPAN

> We've increased our marketing spend which has allowed us to reach more audiences and consumers on a global scale.

MEG JOHNSON
CHIEF MARKETING OFFICER

INCREASING OUR SOCIAL MEDIA ENGAGEMENT

Dr. Martens' social media presence continues to deliver high engagement levels versus peers, demonstrating the depth of consumer connection with our brand. Consumers use the DM's online community as a place where they can connect with others who are on their own journey of Rebellious Self-Expression.

CONNECTING GLOBAL AUDIENCES

18M
views on TikTok since launching on the channel in April 2021

7%
increase in Instagram engagement over FY22

#

9.8M
followers across all social media channels over FY22

'TOUGH AS YOU' CAMPAIGN

Working with world-class established mentors such as Kojey Radical, Mahalia, Serious Klein and Claire Laffut, our 'Tough As You' campaign works to provide opportunities and exposure for under-represented creatives through its mentorship programme. Our aim is to provide the support and a platform for grassroot talent to shine and shape the future of music culture. During FY22 we also sought to work with those who are already paving the way for underrepresented talent, providing them with grants to support their causes.

READ MORE **P34**

FROM CAMDEN TOWN

158
stores worldwide acting as brand beacons

24
new store openings globally

"Ever since I got my first pair of DM's I have practically lived in them and I genuinely love the brand. Our stores are a unique opportunity to experience the brand and a great environment to work in.

HARRIET MANN
STORE MANAGER

158 own stores worldwide acting as brand beacons, allowing us to create an exciting shopping experience for our consumers. Stores enable us to fully showcase our product range and provide a physical expression of our brand, which also increases ecommerce revenue in the locality.

We opened 24 own stores during the year, with 13 new stores in EMEA and 7 in Americas.

AMERICAS REGION

41
own stores

EMEA REGION

80
own stores

APAC REGION

37
own stores

to NEW YORK

THE DOCS IN-STORE EXPERIENCE
We operate 158 own stores globally and they provide the opportunity to showcase our brand and products in the best possible physical environment. Our store teams embody the spirit of the brand and provide an exceptional customer experience.

SEE PAGES **6 to 7**

to TOKYO

COMMITTED

TO LEAVING THINGS BETTER THAN WE FOUND THEM

EMBEDDING SUSTAINABILITY ACROSS THE BUSINESS
The Dr. Martens Sustainability team act as champions for sustainability throughout the business. As the subject matter experts, they work across teams to support the business functions in embedding sustainable practices.

READ MORE **P54**

SUSTAINABILITY BY DESIGN
Sustainability by design means thinking about end of life, material choices, and other sustainable design principles right from first inception of the product.

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> Dr. Martens Foundation funds organisations which support marginalised groups, educate and build solidarity to advance social justice globally.

GOLSANA BEGUM
DR. MARTENS FOUNDATION MANAGER

READ MORE **P85**

DR.
ICON
TO C
THAN

The first
in Wollast
the '1460
Dr. Marte
subcultur
appeal ar

drmarten

"

Dr. Martens' culture means being authentic and acting in the long-term interests of the business. We work in an environment that unapologetically cultivates creativity and progress; it's the people that make Dr. Martens such a unique experience.

SUE GANNON
CHIEF HR OFFICER

CONTENTS

STRATEGIC REPORT

OUR PURPOSE IS TO...

EMPOWER REBELLIOUS SELF-EXPRESSION

OUR VALUES

Amplifying our strategic focus and guide everything we do.

1. INTEGRITY
2. PROFESSIONAL
3. PASSIONATE
4. TEAM PLAYERS
5. CREATIVE
6. FEARLESS
7. RESILIENT
8. REBELLIOUS

OUR STRATEGIC PRIORITIES

D – DIRECT-TO-CONSUMER FIRST

O – ORGANISATIONAL AND OPERATIONAL EXCELLENCE

C – CONSUMER CONNECTION

S – SUPPORT BRAND EXPANSION WITH B2B

OUR STRATEGY **P28**

OUR SUSTAINABILITY STRATEGY

PLANET

PRODUCT

PEOPLE

SUSTAINABILITY **P54**

THE FIGURES

Revenue £m

£908.3m

↑ 18%

EBITDA[1,2] £m

£263.0m

↑ 18%

Adjusted PBT[2] £m

£214.3m

↑ 43%

PBT £m

£214.3m

↑ 207%

OUR PERFORMANCE

D

- Direct-to-consumer (DTC) mix 49%, up 6pts
- Ecommerce up 11%, and up 92% compared to FY20, resulting in revenue mix of 29%
- Strong retail recovery following Covid-19 restrictions being lifted through the year, with retail revenue up 86% and mix at 20%, up 7pts
- Opened 24 new own stores globally, taking own store estate to 158
- Launched our first resale trial, an important step in our sustainability efforts

O

- Strong performance of our supply chain, in the face of significant Covid-19 lockdowns and global shipping disruption
- Successful roll out of our global ERP system in Hong Kong
- Increased our headcount by 332 FTEs, with particular focus on strengthening our talent in Technology, People and the APAC region
- Launched our DE&I strategy

C

- Brand stronger than ever, with awareness up 4pts, familiarity up 6pts and last 24 months up 2pts
- Strong product performance with continued innovation around our icons
- 'Tough As You' initiative working with leading mentors to open up the music industry to marginalised groups

S

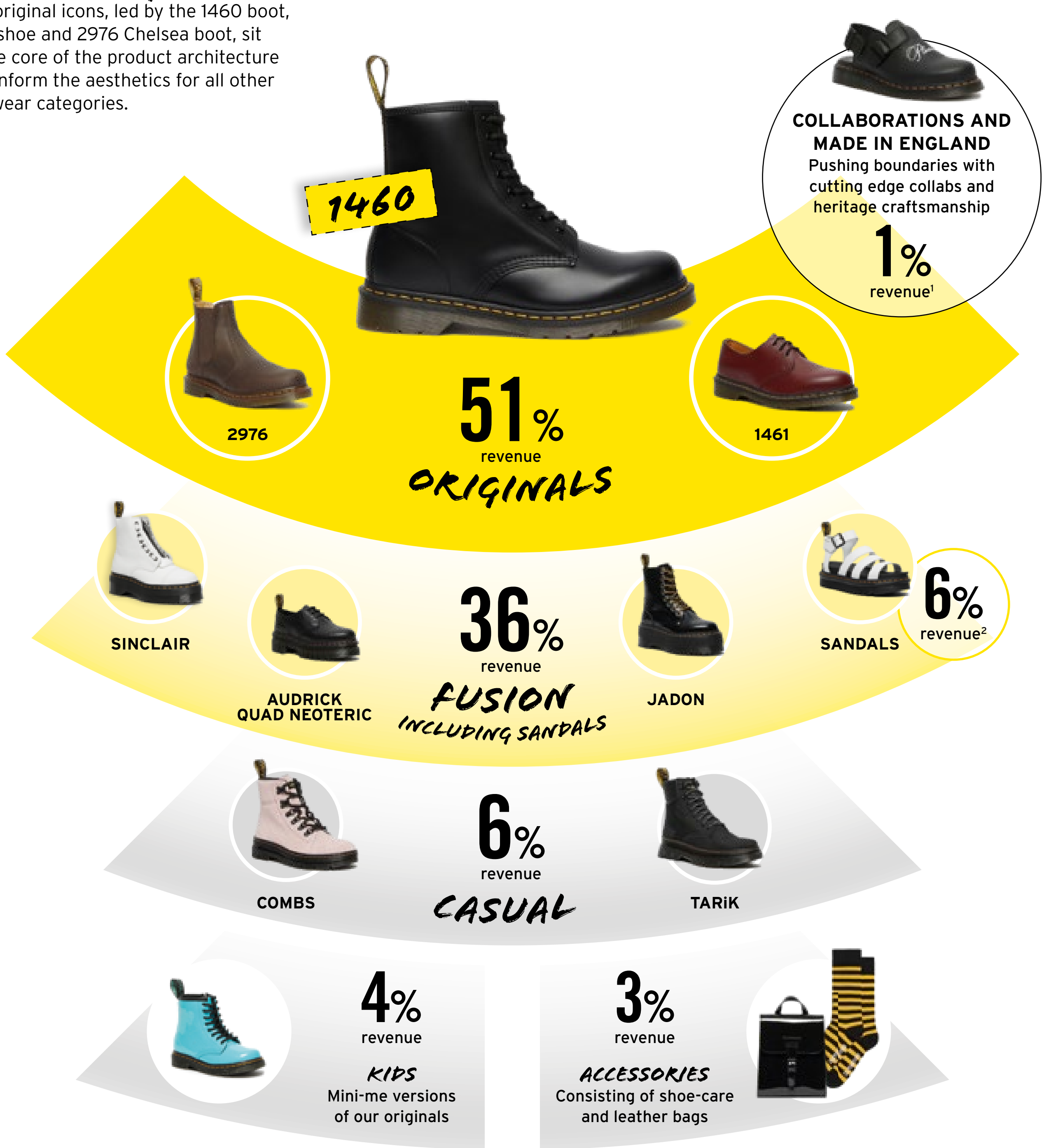
- Wholesale was up 5% after a very strong Q4 period
- Elevated brand with increasing number of shop-in-shop wholesale experiences
- Successful conversion of Italy, Spain and Portugal from a distributor model to a directly operated market, enabling us to control the brand and unlock growth

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

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.



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

ICONS

Our icons are our most coveted, recognisable products that have stood the test of time, and are the purest expression of the Dr. Martens brand. Styles that are loved by consumers the world over, our iconic products account for around 80% of our business. Our most coveted of those Original styles are the 1460 boot, the 1461 shoe, and the 2976 Chelsea boot. More recently, our consumers have also come to love some of our other franchises, such as the Jadon, known, loved and worn the world over. Our icons all have the classic Dr. Martens DNA clearly woven throughout, including the trademark heel loop, classic yellow stitching and air cushioned grooved sole. Our focus is to continually invest in these most loved styles, ensuring that we continue to excite our existing community as well as new consumers every season, keeping them front of mind at all times.

1460 MONO

85%

of our product range is continuity, which means it is always in the line

QUAD-NEOTERIC COLLABORATION WITH MARC JACOBS

VINTAGE 1460 OXBLOOD ANKLE BOOTS

INNOVATION

Our founders were innovators, and that mindset burns brightly within our creative teams still to this day. Innovating around our icons is our priority each season, delivering excitement and surprising our consumers with new takes on our most well-known styles, whether that is colour, material innovation or embellishments, or pushing the boundaries on design exploration. We also innovate around the key attributes of our products, such as delivering functional propositions like WarmWair and WinterWair for the colder months, or new sole constructs such as our Quad neoteric range which drives modernity and continued relevance for today's consumer. Our icons are always our starting point for innovation, taking the DNA and using that to move into new spaces and product lines. A great example of this is our sandal offering which is growing strongly. Innovation drives brand heat, consumer delight and continued relevance with our consumer. It is ingrained in our brand DNA.

LOVED BY CONSUMERS *ON A GLOBAL SCALE*

We operate in over 60 countries globally, through a range of models:
- directly operated ecommerce sites and stores,
- wholesale partners and distributors.

We've been in our core markets for decades, and therefore benefit from high brand awareness, however we're only getting started in driving growth and achieving our potential.

158
own stores worldwide

14.1m
pairs sold in FY22 worldwide

AMERICAS

The significant majority of our Americas revenue is generated in the USA, where all of our own stores are located.

41
stores

2
country-specific websites

6
third-party stores

£382.7M
revenue

EMEA

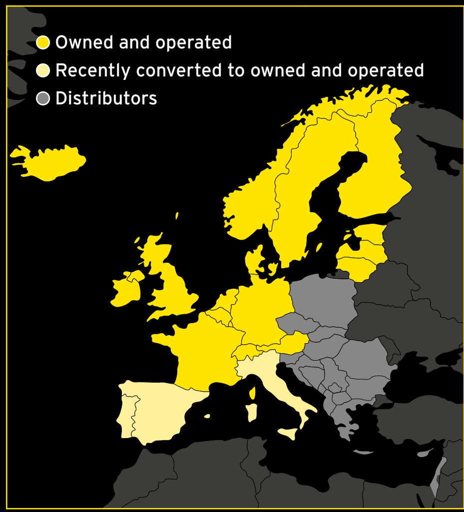
Our largest EMEA markets are the UK, Germany and France, with Italy also growing strongly since its conversion to directly operated.

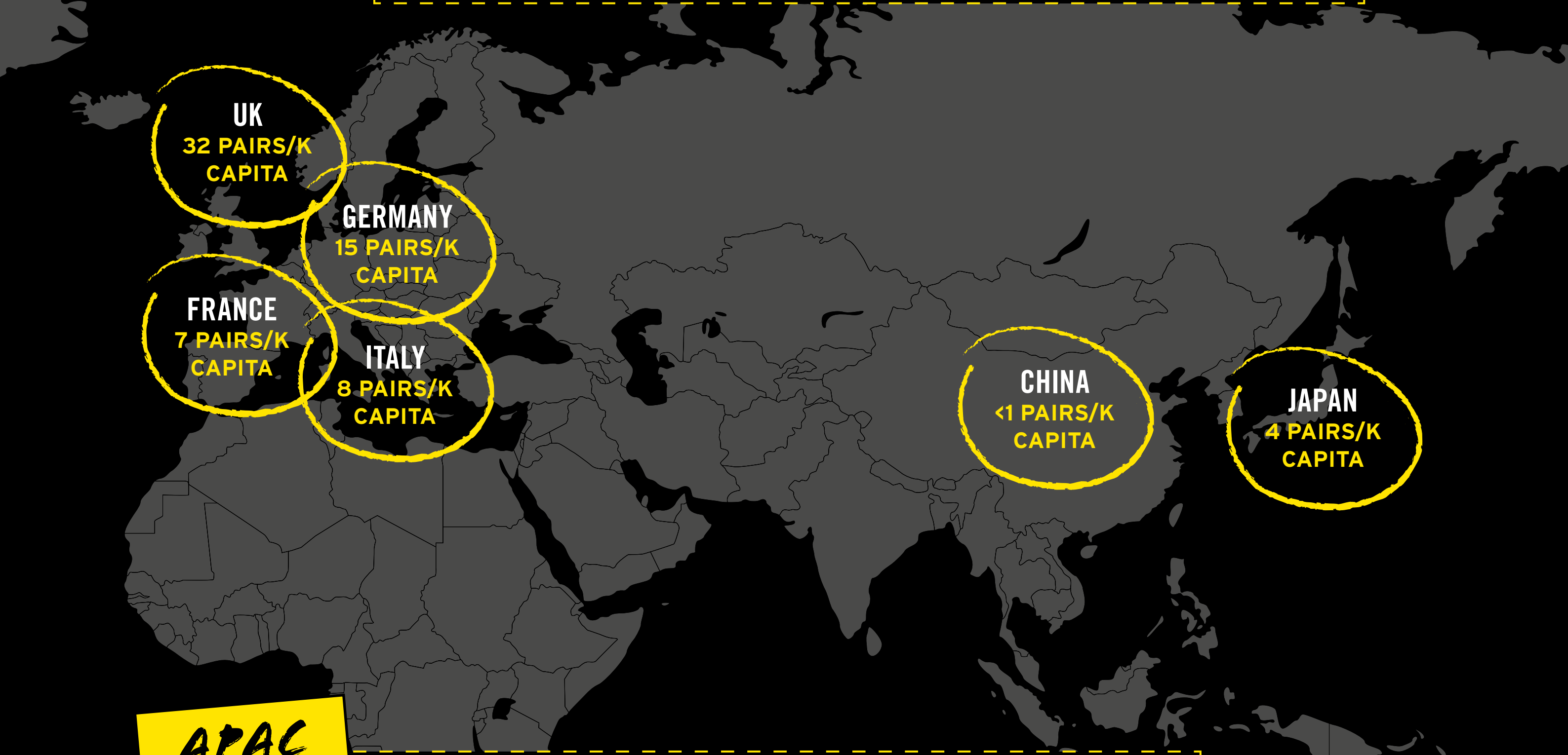
80 stores

9 country-specific websites

3 third-party stores

£398.5M revenue





APAC

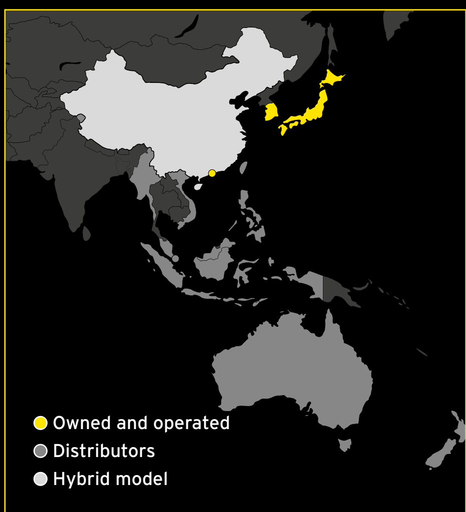
Japan is our largest and most important market in APAC. Our largest distributor market is Australia. China is a long-term growth opportunity.

37 stores

2 country-specific websites

182 third-party stores

£127.1M revenue



LOOKING TO THE FUTURE WITH CONFIDENCE

I am very pleased to introduce our second Annual Report as a publicly listed company. The theme of this year's report is 'custodian', a word which has a deep connection with all who work at Dr. Martens.

Being a brand custodian means looking after the brand and leaving it in a better position than we found it, putting the brand and business first, and making decisions for the long term. This custodian mindset starts with myself and my colleagues on the Board and flows throughout the organisation.

The results we're reporting for the year are consistent with the commitments we made when we listed on the London Stock Exchange last year, with high-teens revenue growth, up 18%, and EBITDA slightly ahead of market expectations. This is a notable achievement in the context of another year where our business was impacted by the Covid-19 pandemic. The biggest challenge Covid-19 had on the business this year was considerable disruption in our supply chain. For over three months we experienced a Covid-19 lockdown and shutdown of production in south Vietnam, which accounts for a third of our global manufacturing, constraining the supply of products we had to sell. Like many global businesses, we also experienced a significant increase in global shipping times, particularly into the USA. Against this backdrop our results are, in my view, even more impressive.

"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 growth of the brand drives every decision we take.

PAUL MASON
CHAIR

I continue to be struck by the agility, dedication and passion demonstrated by all of our people and would like to take this opportunity to thank each and every one of our teams across the world. Our people are our greatest asset; without them Dr. Martens simply wouldn't be the business it is today.

Governance

As custodians of the brand we are committed to strong corporate governance. Over the past year we continued to invest time and energy so that our new Non-Executive Directors could deepen further their understanding of the business, and ensure that the Board, as a whole, leverages effectively their rich and diverse skillsets to further improve our business.

We also carried out a comprehensive Board evaluation, our first as a listed business, for which we adopted a hybrid approach of joint facilitation by our Company Secretary and third-party consultancy ghSMART. The Board's conversations and reflections on our effectiveness as a PLC Board were open, honest, and appropriately challenging, with Board members making commitments based on the feedback shared during this exercise.

During the year I was pleased to meet with some of our largest institutional shareholders, alongside our Senior Independent Director and Company Secretary, to hear their views and discuss our governance approach and sustainability efforts. I look forward to continued engagement in the coming year.

You can read more about our corporate governance from page 107.

Sustainability

In last year's report we were pleased to include a detailed Sustainability report and announce stretching commitments, including targeting all our footwear to be made from sustainable materials by 2040 without compromising quality. Over the past year the teams have been working hard to devise roadmaps and metrics to ensure that we achieve these commitments. Our sustainability efforts are two-fold: to reduce the impact of our current ways of working, whilst also investing and researching new ways of operating and creating our products in the future. I hope you enjoy reading our Sustainability report, which starts on page 54.

Looking ahead

In my view, the Dr. Martens business is only at the early stages of its growth opportunity. The growth we've achieved in key markets like the USA and conversion markets such as Germany and Italy give me significant confidence for the sustainability of our future performance. This also reinforces to me the amount of self-help still available to us as we continue to invest in the business. In Kenny and Jon we have two very experienced and passionate Executive Directors, ably supported by a world-class leadership team and rich talent globally.

I would like to thank our shareholders for their continued support and belief in the business, and we look forward to delivering another great year in Dr. Martens' history.

PAUL MASON
NON-EXECUTIVE CHAIR
31 May 2022

+18%

FY22 Revenue growth

GOVERNANCE HIGHLIGHTS

The Board's activities during FY22

- Received regular updates on views of our investor base, external communications and other key external stakeholders.
- Strategic deep-dive sessions with GLT members in the areas of People strategy, Supply Chain, Product, Brand and Cyber Security.
- Oversaw the conversion of Italy and Iberia into directly operated markets.
- Reviewed and approved the FY23 budget and five-year plan.
- Approved the sustainability roadmaps to enable us to achieve our commitments.
- Deepened Board members' understanding of the business through market visits and listening groups.

Corporate governance highlights

- Proposed a full-year dividend of 5.50p per share.
- Undertook our first governance roadshow with major institutional shareholders.
- Carried out our first Board Effectiveness Review as a plc.

GOVERNANCE **P107**

Q &

A

WITH KENNY WILSON

CHIEF EXECUTIVE OFFICER

"The people at Dr. Martens make us who we are, and our culture and brand are the things that truly differentiate us from other companies. These are what will underpin and drive our continued success in the years ahead.

Q COULD YOU TELL US ABOUT YOUR BRAND CUSTODIAN PHILOSOPHY?

A

We are all privileged to work at such an iconic brand as Dr. Martens, and for every single person at Docs our first priority is to enhance and protect the brand – which we refer to as being a brand 'custodian'. We believe that if we focus first on growing brand equity, then revenue and profits will follow. Being a custodian means taking a long-term view – doing the right thing and making decisions as if it was our own business, not taking short-cuts or focusing on short-term results. The Dr. Martens brand will thrive for decades to come, long after we have all left the business, and our legacy is to pass it to the next generation in an even better position than we inherited it.

> At Docs we are all custodians for the brand, and this drives long-term decision-making and the overarching desire to do the right thing.

Q HOW HAS DR. MARTENS PERFORMED THIS YEAR?

A

Our continued focus on our DOCS strategy meant that we delivered in line with the commitments we made when we listed. We achieved revenue growth of 18%, or 22% constant currency, and EBITDA of £263m. These strong results were despite unprecedented disruption in our supply chain due to Covid-19, with our factories in south Vietnam, which account for a third of total production, being closed for over three months and significant global shipping delays.

We have a DTC-first strategy and during the year DTC revenue grew by 34% to 49% mix. Ecommerce revenues were up 11%, or 92% on a two-year basis. Retail recovered strongly as Covid-19 restrictions were lifted through the year, with revenue up 86% or 12% on a two-year basis.

Our largest two regions, Americas and EMEA, accounted for the majority of our growth, as planned, with revenue growing by 29% and 19% respectively. APAC continues to be impacted by Covid-19 restrictions and this resulted in 10% revenue decline. We continue to expect that the majority of our growth over the coming few years will be driven by the Americas and EMEA, driven by DTC growth and, in the latter, conversion markets.

Growing brand equity is crucial for our long-term sustainable growth and I am very pleased with the results of our latest comprehensive brand survey, with global brand awareness of 72%, up 4pts; familiarity of 47%, up 6pts; and last 24 months purchased of 8%, up 2pts.

For me, one of the other key achievements this year is the refresh of the Global Leadership Team. In Adam Meek (Chief Product Officer), Jen Somers (Americas President), Sue Gannon (Chief HR Officer) and Meg Johnson (Chief Marketing Officer) we have fantastic talent, with global experience, and they have added significant value and perspectives to the team already.

Q HOW DO YOU THINK ABOUT FASHION RISK AT DR. MARTENS?

A

I don't see Dr. Martens as a fashion brand. Our products transcend fashion trends with 85% of FY22 revenue coming from continuity brands. Our products are iconic wardrobe staples and are adopted by consumers globally who use them as a key component of their own individual style. Inevitably, there will be a small number of consumers who buy into the brand based on a specific look, but this has been the case for many years, and the durability, comfort and range of products means that these consumers are also very likely to stay loyal to the brand and go on to buy other products at a later date.

The long-term growth opportunity is not only supported by the level of underpenetration that we have in key markets such as the USA and continental Europe, but by the timeless relevance of our iconic products. Our iconic products have resonated through over six decades of changing fashion trends – they are wardrobe staples. Our confidence in this growth continuing well into the future is exemplified by the extraordinary high demand for collaborations with other brands, which want to borrow from our iconicity and timelessness. We also manage the brand using the mentality of a luxury brand – for instance price discipline, never discounting our continuity iconic products, managing supply to wholesale and continually investing in the brand and our relationship with consumers. This approach I believe will further reinforce the sustainability and longevity of our future growth.

Q WHAT IS DR. MARTENS DOING TO BECOME MORE SUSTAINABLE?

A

Sustainability has long been important to our business – our consumers care about it as do the people who work at Dr. Martens – in fact, it's one of the most common topics raised at our internal town hall meetings or when we're interviewing people to come and work with us. Our key principles of product durability and timeless design are inherently rooted in a sustainable, long-term approach. The most sustainable product is something you already own, so we invest effort into educating our consumers about how they can make their Docs last longer – I have pairs I still wear regularly that are several decades old.

In last year's Annual Report we included a detailed sustainability section and launched ambitious commitments. This year we're giving a detailed update on our progress, including how we developed the roadmaps to achieve our longer-term aims. We're also reporting against the TCFD framework for the first time.

Over the past year we've continued to invest in sustainability, particularly focusing on the management of our carbon footprint and climate impact. I'd categorise our sustainability efforts as being dual-track – on the one hand we're working hard to reduce the impact on the planet of how we currently operate. This includes measuring and reducing our carbon footprint, further improving our leather traceability and reducing wastage. At the same time, we're also working hard to create and develop new ways to operate and manufacture our products in the future. The targets we've set are ambitious, for example, having 100% of our footwear made from sustainable materials, without compromising quality, by 2040. Being uncompromising on quality means any different materials we use have to be durable enough to last a long time and at the moment, there are not many sustainable materials around that meet the standards the consumer expects from our products. As we sit here today, we don't know exactly how we'll achieve elements of some of our commitments. What we do know however is how important it is to set such a stretching target and start working to achieve it. We're engaging with innovative start-ups and universities and are determined that we'll get there – and, crucially, we won't compromise on the quality or durability of the product itself.

We hope to have 100% of our footwear made from sustainable materials by 2040.

I hope you enjoy reading our Sustainability report which starts on page 54.

Q WHAT ARE THE KEY PRIORITIES FOR THE NEXT 12 MONTHS?

A

My overarching aim remains to build the brand – we make footwear that stands for Rebellious Self Expression. We will focus and energise the business to execute the DOCS strategy – in short, to sell more pairs of boots, shoes and sandals, to more consumers, through our own channels, primarily in our seven priority markets. So, that is about volume-driven growth, across our footwear offering and selling more pairs through our own channels. It is predicated on customer recruitment as well as retention, and really focusing our efforts on those markets where we have the biggest future growth opportunity. Ensuring that the whole business remains focused on this strategy and the growth opportunity ahead is imperative.

As everyone who works for Dr. Martens is a custodian of the brand, my other priorities are people focused. So secondly, I am focused on ensuring that the Global Leadership Team is a high performing team, working collaboratively to deliver the results and execute the strategy. Investing in talent across the business and continuing to improve our capability, to create the future leaders of the business, is also a focus and motivator for me.

Finally, the priority for me in the next 12 months, as the world emerges from Covid-19, at varying speeds globally, is bringing our people together, ensuring that people who have joined Dr. Martens in the past two years are fully immersed in our fantastic culture, and can connect with their colleagues and understand the importance of their role as custodians.

We need to do this in a way that is right for all of our stakeholders, for our brand, for the planet and for our people.

CONVICTION IN FUTURE GROWTH

Our strong results for the year were driven by our proven DTC-first strategy and continue to build upon our track record of volume-led growth. When we listed, we committed to deliver high-teens revenue growth, and we were pleased to report 22% constant currency growth. Our results were achieved against unprecedented Covid-19 disruption in our supply chain, which our teams navigated with flexibility and dedication.

I have always said that driving brand equity is our first priority, as it will ensure sustainable growth in the decades ahead. Our recent comprehensive brand survey shows that our brand is stronger than ever, with significant growth in awareness, familiarity and recent purchase. Dr. Martens remains incredibly underpenetrated globally, giving us conviction in our future growth ambition.

I am proud to report that our first full year as a listed company has seen our strategy continue to deliver strong results, with revenue up 18%, or 22% constant currency, and EBITDA ahead of market expectations. We grew pairs by 10% and DTC revenue mix increased by 6pts to 49%.

These results were achieved against significant supply chain disruption due to Covid-19. Our third-party factories in south Vietnam, which account for a third of our production, were closed for over three months and we also experienced a near-doubling of global shipping times to the USA. This brought additional operational complexity and required us to prioritise allocation of inventory at peak periods into our own higher margin DTC channels. In addition, we have faced continued demand impacts from Covid-19 restrictions, most notably in our smallest region, APAC.

> “We have a unique, iconic brand and thousands of passionate people globally, who act as brand custodians every day. I would like to thank each and every one of them for their hard work.
>
> **KENNY WILSON**
> CHIEF EXECUTIVE OFFICER

THE DOCS STRATEGY

Across the entire organisation we act as brand custodians, focused on protecting and enhancing the brand and the business for future generations. This long-term view guides everything we do and ensures that we make the right decisions and investments for the future, as part of our long-term sustainability commitments.

Whilst the overall strategic framework is unchanged, we periodically assess and refine the strategy and focus areas to ensure that they best reflect the opportunities ahead and our key priorities. We have therefore fine-tuned the strategy:

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

D

DIRECT-TO-CONSUMER FIRST
We aim to build brand equity and drive margin expansion. This pillar includes increasing the number of own stores and expanding our own digital platforms, developing our omnichannel capabilities and building a profitable resale, repair and end of life business model.

O

ORGANISATIONAL AND OPERATIONAL EXCELLENCE
We are investing in and improving our organisation, operations and IT to enable growth and unlock value. This includes driving our culture with a focus on engagement and people development, building a best in class, scalable supply chain, and continuing to transform technology into a key business enabler.

C

CONSUMER CONNECTION
Here we are focused on acquiring new consumers and driving loyalty. We aim to inspire Rebellious Self Expression, ground product innovation in icons and year-round consumer relevance, lead in sustainability through our product durability and innovation, and harness insights to drive cut-through marketing initiatives.

S

SUPPORT BRAND EXPANSION WITH B2B
We have refocused this pillar on our B2B business, which is made up of wholesale and distributors, with the aim of managing these activities holistically and purposefully. We will continue to partner with fewer and better B2B partners to reach more consumers and grow the brand further. This includes improving our B2B brand presentation and increasing controlled in-store branded spaces to enhance the consumer experience. Our conversion market strategy is also included within this pillar.

OUR STRATEGY **P28**

The Group delivered revenue of £908.3m, up 18% year-on-year, in line with the high-teens growth guidance given at the time of the IPO, and up 22% on a constant currency basis. DTC continues to grow ahead of wholesale, in line with our DOCS strategy. Our ecommerce and retail channels are mutually beneficial, with ecommerce benefitting locally when we open new own retail stores, as brand and product awareness and consumer engagement grows. Our medium-term milestones are unchanged: 60% of revenue from DTC, 40% of revenue from ecommerce and 20% from retail.

Ecommerce revenue was up 11% to represent 29% of Group revenue. Compared to FY20, ecommerce revenues were up 92% and mix up 9pts. We continue to invest in our online trading capabilities and in increased digital marketing, and benefit from the long-term shift in consumer spending to ecommerce.

Retail continues to be an important and profitable channel, allowing us to fully showcase the brand and our product range. FY22 retail revenue was £185.6m, up 86% and up 12% compared to FY20. When Covid-19 restrictions were lifted across EMEA and Americas we generally saw a very good retail recovery, ahead of our expectations. Our retail performance across all markets in APAC continued to be heavily impacted by Covid-19 restrictions, particularly in Japan and China.

We opened 24 new own stores globally, taking our total own store estate to 158. These included two new stores in Italy and one in Spain, following the successful conversion of these markets to directly operated; seven new stores in the USA, particularly focused on the Mid-West, and two stores in Shanghai, China, as a first trial in operating directly operated stores in the country.

Wholesale allows us to reach more consumers in more places globally and we aim to have collaborative relationships with quality wholesale partners who understand and appreciate our brand. We run a tiered and focused strategy in wholesale, ensuring that a targeted product range is sold to each tier of wholesale customer, reflecting their consumer base and strategic purpose to our brand. Over the medium term we continue to expect wholesale revenues to grow in absolute terms but become a smaller part of our Group revenue in percentage terms. In FY22 wholesale revenues were £460.3m, up 5%, driven mainly by USA.

At a regional level, revenues continue to be driven by our two largest regions, with Americas revenue up 29% (33% constant currency) and EMEA up 19% (23% constant currency). In EMEA we saw a particularly strong performance in Italy, following the successful conversion to a directly operated business at the start of FY22, with constant currency revenue up 62% and up 122% in the second half. We also saw a good performance in our most established market of the UK, driven by strong demand for product categories such as shoes and sandals, with UK revenue up in line with EMEA overall. The UK accounted for 17% of Group revenue in FY22. In the Americas we saw strong growth across all channels and are especially pleased by our performance in states such as Texas where we have been opening stores and investing in brand marketing.

As anticipated, our APAC performance was impacted heavily by Covid-19, with revenue down 10% (down 5% constant currency), to account for 14% of total Group revenue. Our largest market in the region is Japan, which experienced a varying degree of Covid-19 restrictions through the year. Given the relatively high proportion of revenues generated through retail in the country this had a disproportionate impact, although when restrictions were lifted, for example in October and November, we saw a strong retail recovery, in line with the experience in other markets. Overall the performance of Japan was encouraging, with revenue up high single digit constant currency. China is a small part of our overall business, accounting for a fifth of APAC and only 3% of Group revenues. We are focused on establishing our brand and laying the foundations for the long term in this market.

We have agreed to transfer control of approximately half of our 31 Dr. Martens branded franchise stores in Japan into our own retail at the end of FY23 when the contract expires. This has a compelling business case, as it will increase our control of the brand in this important market and enable us to drive growth harder in the years ahead. Following the transfer our DTC share in Japan will be around 75%.

FY22 EBITDA[1,2] was £263.0m, up 18%, with an EBITDA[1,2] margin of 29.0%, up 0.2pts. This strong performance was driven by a combination of volume and improved DTC mix, with margin partially offset by increased marketing investment, cost annualisation and a return to business as usual spending.

Group PBT before exceptional items[2] was £214.3m, up 43%, with net finance costs, including unamortised loan costs and interest on lease liabilities of £15.0m. Profit after tax was £181.2m, compared to £34.7m in FY21 when we incurred £80.5m of exceptional costs related to the IPO. Underlying earnings per share were 17.4p, up 21%.

Operating cash flow[2] after capex was strong at £208.1m, with conversion of 79%. As at 31 March 2022 we had cash of £228.0m (31 March 2021: £113.6m) and undrawn facilities of £189.5m.

Through FY22 we changed several members of the Global Leadership Team (GLT). Sue Gannon, our Chief HR Officer, joined in June 2021 having held senior HR roles previously at Netflix and Suntory. In late 2021 we welcomed Adam Meek as our new Chief Product Officer, and Jennifer Somer as our new President, Americas; both have exceptionally strong backgrounds in the footwear industry.

11%
Ecommerce: change yoy

86%
Retail: change yoy

5%
Wholesale: change yoy

SUPPLY CHAIN

This year saw the most challenging global supply chain backdrop we have experienced, with Covid-19 resulting in factory closures in the south of Vietnam (which accounts for around a third of our global production) for over three months, and a near-doubling of shipping times from APAC to the USA. In this context our supply chain teams worked incredibly hard to keep products moving and deliver the results we're announcing today. At the time of writing, all our factories are open and operating at an average of 90% capacity, in line with our planning assumptions.

We had decided to enter FY22 with higher levels of continuity product than normal, given the uncertain environment, and this decision proved incredibly valuable as it enabled us to fulfil some of the product shortfall due to the factory closures. We prioritised inventory towards our own DTC channels, particularly during the peak Q3 trading period, delaying some wholesale orders into Q4.

We also worked flexibly, sourcing increased product from other factories wherever possible.

We also benefitted from the significant work done in recent years to diversify the supply chain, moving to product dual sourcing wherever possible and expanding our geographical footprint. For AW22, our Tier 1 production by geography will be approximately 30% from the south of Vietnam, 22% from the north of Vietnam, 22% from Laos, 10% from China, 8% from Bangladesh, 7% from Thailand and 1% from the UK.

The unprecedented level of disruption in the global shipping industry and a near-doubling of global sea freight shipping times, particularly to the USA, also brought with it further operational challenges and complexities. The large proportion of our product which is continuity in nature, and therefore non-seasonal, was however a significant relative advantage.

READ MORE **P70**

Finally, in April 2022 Meg Johnson joined as our first ever Chief Marketing Officer, with a background in global marketing roles. Read more about our GLT members on page 118.

The Dr. Martens brand

Recently we ran our comprehensive annual brand survey, to assess the health of our brand across all our primary markets. The results are highly encouraging, with global brand awareness of 72%, up 4pts; familiarity of 47%, up 6pts; and last 24 months purchased of 8%, up 2pts. Combined with the level of underpenetration of Dr. Martens, these results give us significant conviction in our growth opportunity.

Our brand continues to strengthen in our home UK market, demonstrating the growth opportunity even in our most established country. We also saw particularly strong results in Germany and Italy, as we continue to build our businesses following their conversion to directly operated. The USA results were very strong, underpinning our confidence in the DTC growth opportunity. Finally, we are very pleased by the results of the brand survey in Japan, with the franchise stores transfer enabling us to build upon this even further.

Over the summer of 2021 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. As a result, as communicated in our half year results, we are increasing prices from AW22 by approximately 8% on average globally, with the wholesale order book already written on this basis. We anticipate no impact on demand as a result of these changes. The pricing study showed that, even with the price changes, consumers believe that our products represent compelling value for money given our durability and quality. We expect our pricing headroom to increase further as we continue to invest in the brand and our product proposition. We will repeat the pricing study in summer 2022.

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

The Dr. Martens brand has deep resonance with consumers and we continue to increase our investment in marketing to grow consumer connection and engagement. We have a strong presence on social media, with 9.8 million followers across our platforms, up 8% year on year. On Instagram we continue to have a leading engagement rate versus our competitive set. Last year we launched on TikTok with a highly encouraging result. We now have over 300k followers, have received almost 18 million views and two million likes.

Our 'Tough As You' initiative, which enlists mentors and supports grassroot talent in the music and creative industries, goes from strength to strength. With the aid of mentors including Kojey Radical, Mahalia, Kelvyn Colt and Claire Laffut we aim to open up the music industry to marginalised groups and amplify their voices. We also brought 'Tough As You' to several festivals over the year, including the TAY Fest in Milan in October 2021. This sold-out festival over two days attracted 1,200 attendees and significant consumer reach online.

Product

Our product strategy is rooted in our Originals, our most renowned styles, anchored within the 'big three' of the 1460 boot, the 1461 shoe and the 2976 Chelsea boot. Our Originals category accounted for 51% of total revenue during the year. The DNA of these icons drives the rest of our product offering, ensuring that we stay true to our brand essence. The 1461 shoe and 2976 Chelsea boot grew revenues faster than the 1460 boot, in line with our strategy to broaden the Originals across the 'big three'. We have also started to focus and amplify some of our other icons, most notably the Adrian loafer, which delivered significant growth across all regions, and we will be investing further in this silhouette going forward to build on this for the future. In conjunction with the 1461 shoe, we've grown our wider shoe proposition, driven by the Polley Mary Janes, enabling us to expand this category of product and offer a year-round proposition.

Our Fusion range continues to be driven through platforms, predominantly the Jadon and Sinclair boots. Fusion accounted for 36% of revenue in FY22, with sandals 6% of revenue and included within Fusion. Sandals revenue grew by 23%. Sandals continue to deliver good growth with our Zebrillus collection the driving force behind this, led by the Blaire and Voss models. SS22 saw the reintroduction of Made In England (MIE) sandals, elevating and cementing our position in the sandals category in the top tiers of distribution for the most influential consumers. This was exemplified by the Jorge II which we launched as a highly successful collaboration with Pleasures, and then as a mainline product, with very strong sell-through.

Our Casual range, which aims to broaden our consumer reach, continues to be driven by our Tract collection which saw strong growth across all regions. AW21 saw the introduction of Tarian, an evolution of Tract, delivering a more contemporary and progressive look. The launch was supported by two collaborations with Herschel and Atmos with a highly encouraging market reaction.

Innovation around our product core is crucial to build brand equity and drive repeat purchase. AW21 saw the launch of a brand new, modern, light-weight platform outsole 'Quad Neoteric'. This was launched with Marc Jacobs Heaven, with a 3 eye shoe, 8 eye boot and a sandal, with very limited quantities, followed by a mainline collection, with very strong sell-through. Another example of innovation, our WinterWair collection continues to grow strongly, with our WinterGrip & WarmWair technologies driving innovation in our most iconic models, the 1460 boot and 2976 Chelsea boot. We also continue to bring innovation to our Originals through colour and material amplification and see further opportunity here in the seasons ahead.

Our collaboration strategy centres around working with some of the best partners globally to bring a new lens to the brand and to drive brand heat. Key collaborations through the year included Supreme, ACW, Stussy, Suicoke and Lazy Oaf. Recently we launched a new collaboration for SS22 with The National Gallery, with very positive consumer traction. Alongside our collaborations, amplifying our craft heritage through our MIE category is a key focus area for the seasons ahead.

Sustainability

We create durable, high quality and timeless footwear, and these principles are rooted in a sustainable, long-term custodian approach. Again, we have increased investment in our sustainability capabilities over the past year, expanding the team and working with leading third-party advisers. In our supply chain, we maintain close relationships with a relatively small number of suppliers, and this year took steps to support some suppliers facing challenging times due to Covid-19 impacts by temporarily accelerating payments to them.

Last year we announced our key sustainability commitments, including zero waste going to landfill across the value chain by 2028 and 100% of products sold having a sustainable end of life option and, without compromising quality, all footwear being made from sustainable materials by 2040.

During FY22, our efforts have been focused predominantly on three areas. Firstly, building detailed roadmaps with near-term targets to enable us to achieve our long-term commitments. These include doing internal wear-trials on products made from alternative materials, with some encouraging early signs. Secondly, we have invested in carbon footprinting and our data capture processes. We have also worked on aligning our reporting to TCFD, which can be found on page 90.

Thirdly, as part of our evolved DOCS strategy, we have introduced a new focus area, to build a profitable resale, repair and end of life business model, and we are excited about the future opportunities here. As a first step over the past year we have been working on the first trial of a repair and resale offering, which launched in April 2022. This trial, initially just in the UK, is currently live and delivering encouraging early results.

During the year, we also made further improvements to our business, including:

- Sourcing 100% of our leather from Leather Working Group medal rated tanneries. From AW21 this applied to all of our upper leather, and for SS22 onwards this also included all other specified leather including linings, leather goods and footbeds.
- We optimised our standard shoe boxes, which are used across all regions, reducing the volume of fibre used by 25% whilst ensuring the same durability. The reduced box weight will also result in carbon savings during shipping.
- In EMEA, where we use ecommerce shipping bags, we introduced a new design made from approximately 50% less plastic and which is fully recyclable. This bag is already in use in the UK and will be rolled out across EMEA in the coming year.

READ MORE **P54**

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2022

MARKET TRENDS AND OPPORTUNITIES

MACRO-ECONOMIC TRENDS

TREND

The macro-economic backdrop presents challenges, with higher inflation and tightened consumer spending.

Like other consumer brands we are experiencing increased inflation. We have a very strong brand with significant market share growth opportunities in our core markets, particularly the USA and continental Europe. The business model is volume-led to grow our market penetration, with pricing broadly offsetting inflation. This is supported by the ongoing channel shift from wholesale to DTC, which underpins our profitability. At DM's we have fixed price contracts with our factory partners, agreed at least six to nine months prior to a season, giving us a high degree of visibility. For AW22, we expect c.6% cost inflation, with a broadly similar figure expected for SS23.

We set our prices first and foremost based on consumer elasticity. We carry out detailed pricing studies across all of our major markets and will repeat this exercise annually. These studies analyse consumers' perception of product value, wider footwear market pricing and model elasticity of demand. Based on the latest data we are increasing prices in AW22, by $20 in the Americas, and £10 or €10 in EMEA for 1460 boots, with the pricing of other product categories moving accordingly, all to cover cost inflation. We have tested these higher prices through DTC in the USA on a key product line and sold in the AW22 wholesale order book, with no impact on demand.

Looking ahead, consumer research continues to show that our products remain good value for money, and as we continue to invest, we anticipate brand equity increasing further. This provides additional pricing headroom for the future. Geopolitical events and increased inflation are expected to lead to tighter consumer spending. Relative to other brands, we believe that the under-penetration of our brand globally, together with the enduring appeal and quality of our product, puts us in a relatively strong position.

6-9 MONTHS

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

KEY TAKEAWAYS

- We have a high degree of visibility over cost of goods sold, with pricing agreed with our suppliers over six months in advance.
- Our model of pricing offsetting inflation, and growth predominantly driven by higher volumes, remains intact.
- As we continue to invest in the brand and execute the DOCS strategy we expect to further grow brand equity, providing pricing headroom.

A GROWING MARKET

TREND

The global footwear market had global retail sales of £282bn in 2021 and this is expected to grow by 10% CAGR by 2025, according to Statista.

The footwear market is a large and growing market. It is comprised of several sub-categories: sneakers, which is expected to grow 12% CAGR by 2025, athletic footwear (forecasted 11% CAGR by 2025), leather footwear (forecasted to grow 7% CAGR by 2025) and textile and other footwear categories. The majority of Dr. Martens products are leather, which is the second largest category of global footwear in absolute terms and forecast to deliver good growth. We have a very low market share, particularly in the USA and continental Europe, which presents a significant opportunity in the years ahead.

We have also seen a good performance in our casual and sandals ranges, which represent additional growth opportunities for us, enabling us to grow share of wallet from consumers who predominantly buy from other categories such as sneakers.

10%

Forecast CAGR of global footwear market revenues by 2025

KEY TAKEAWAYS

- We operate in a large and growing market, with our very low market share providing a significant opportunity.
- As we drive product range awareness in our key markets this will provide the opportunity to further grow our revenues of shoes, sandals and casual categories.
- Our consumer analysis shows that there is relatively little customer crossover between Dr. Martens and other boot brands, further emphasising the unique positioning of our brand.

ECOMMERCE CONTINUING TO GROW SHARE OF WALLET

TREND

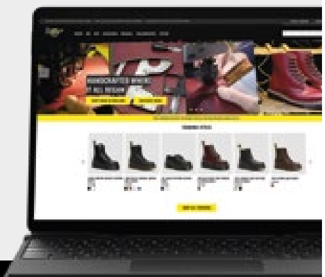
Following the gradual lifting of restrictions during the Covid-19 pandemic, consumers continue to show a long-term preference for online shopping, with physical retail providing an opportunity to engage with consumers and further grow sales, both offline and online.

The Covid-19 pandemic accelerated the growth of ecommerce retail globally and, whilst we have seen a good recovery of retail demand as restrictions globally have eased, the increase in ecommerce revenues experienced whilst stores were closed has largely remained. This trend has been further aided by increased investments by brands and retailers in their digital capabilities and offerings.

Ecommerce is our most important channel and our marketing activity remains heavily weighted towards digital activities, to further drive our ecommerce revenue. Our stores, located in key cities across our largest markets, enable us to fully showcase our brand, range of products and allow our talented store teams to engage with consumers and bring the brand to life. We continually see our stores driving increased ecommerce sales in the store vicinity, demonstrating this interplay between online and physical retail.

In FY22 ecommerce revenue grew by 11%, and 92% on a two-year view, with mix increasing by 9%pts over this timeframe to account for 29% of revenue. In the medium term we expect ecommerce to account for at least 40% of our Group revenue.

92%
revenue growth in ecommerce compared to FY20



KEY TAKEAWAYS

- Ecommerce continues to grow strongly, even following the opening of stores after Covid-19.
- Stores drive growth in ecommerce sales in the surrounding area, showing the interplay between the two DTC channels.
- We continue to increase our investment in marketing activities, primarily through digital channels, to drive increased brand awareness and range awareness.

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 are making purchasing decisions, and the inherent durability and longevity of our products, together with the timelessness of our design, again means we are relatively well placed.

Consumers look to Dr. Martens as a trusted and functional choice of footwear, with 76% of consumers agreeing that the brand allows them to express themselves, and 67% agree it makes them feel like they "can take on anything".

76%
of consumers agree our brand allows them to express themselves

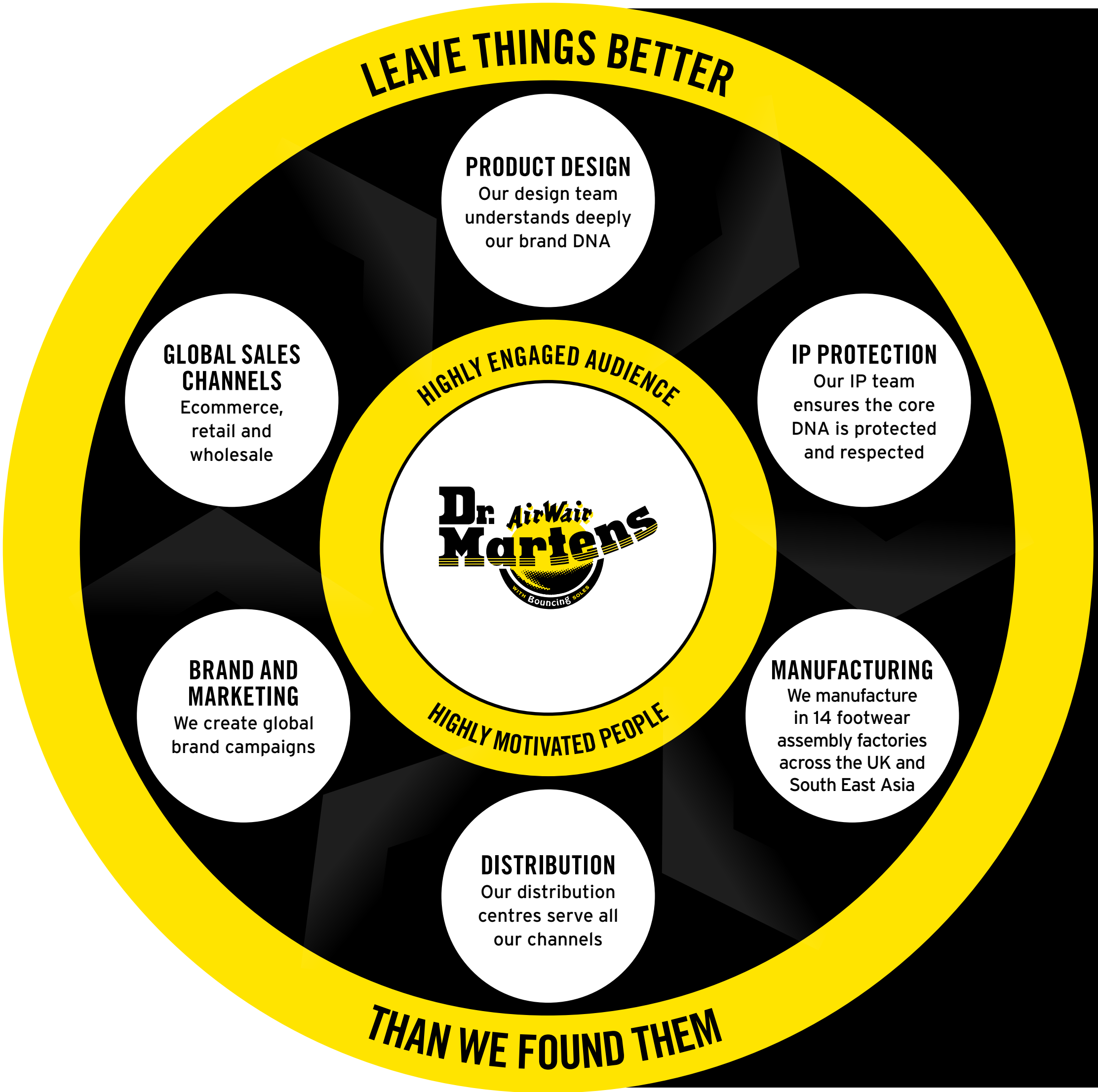
KEY TAKEAWAYS

- Dr. Martens has the advantage of being a democratic brand, and a blank canvas through which free thinking individuals choose to express themselves. This is increasingly relevant against the backdrop of societal trends such as gender fluidity.
- There is a growing consumer demand for more sustainable products, which we can benefit from given both our efforts in this area and the durability and longevity of our products.

HOW WE CREATE VALUE

Doing the right thing is at the heart of the long-term custodian mindset at Dr. Martens. The quality of our earnings is as important to us as the quantity, as this will drive long-term sustainable value creation.

CORE COMMERCIAL ACTIVITIES



STRONG FOUNDATIONS:

Our People

We employ **2,229** FTEs and without their passion, expertise and energy, we couldn't do what we do.

Our Brand

Our brand is iconic across the globe and our custodian mindset drives the decisions we take every day.

Consumers

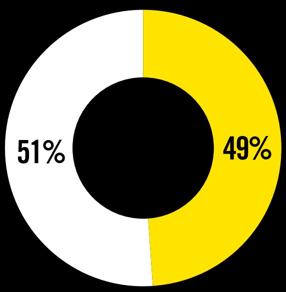
Deepening our connection with existing consumers and gaining new consumers are crucial for our long-term growth.

What we do
Dr. Martens is an iconic global brand and one of the most recognised footwear brands in the world, selling 14.1 million pairs of footwear annually in more than 60 countries with revenue of £908.3m in the year ended 31 March 2022.

The Company 'perfectly' invented and launched its first boot in 1960, the eight-holed 1460 boot, with a yellow welt stitch, grooved sole and black and yellow heel loop, which remains largely unchanged today.

READ MORE **P4**

GLOBAL REVENUE CHANNELS



VALUE BACK INTO THE BUSINESS

24

New stores opened in FY22

DIRECT-TO-CONSUMER

Ecommerce
Our single most important store is our own .com websites, with 12 country/language-specific sites globally. Our digital team creates the sites centrally, and our regional teams then operate them at a local level.

Retail
We operate 158 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.

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.

Americas
Headquartered in Portland, Oregon, with offices in New York and Los Angeles, our Americas 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.

Suppliers

We have long-term supplier relationships and making our boots and shoes requires specific machinery and skill sets.

Financial

We have strong margins, high cash conversion and a robust balance sheet, enabling us to invest in our business to drive future growth.

STAKEHOLDER VALUE CREATION

INVESTORS
We believe that executing against our strategy and growing the business will drive value creation for our shareholders

OUR PEOPLE
Our people are our biggest asset and we invest in talent, development and further strengthening our culture

CONSUMERS
As a democratic brand we make decisions with the consumer front of mind

SUPPLIERS
Vital to the business, we have long-standing and close supplier partnerships

OUR COMMUNITY AND ENVIRONMENT
Empowering and doing the right thing by our communities is at the heart of the Dr. Martens brand

OUR STAKEHOLDERS **P22**

MEETING THE NEEDS OF OUR STAKEHOLDERS

The following pages describe the ways in which the Board engages with the Company's key stakeholder groups to deepen its understanding of the things that matter most to them and to ensure that stakeholder priorities inform Board decision-making.

Our formal Section 172 Statement follows, whilst further information regarding how the principles underpinning Section 172 are reflected across the wider business are incorporated by cross-reference and in the table below.

SECTION 172 STATEMENT

The Board recognises that maintaining strong relationships and healthy dialogue with the Group's stakeholders is critical if we are to deliver sustainable success 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.

S.172 PRINCIPLE	LOCATION OF MORE INFORMATION
The likely consequences of any decision in the long-term	• Chair's statement (pages 8 and 9) • CEO's statement (pages 10 to 17) • Business model (pages 20 to 21) • Our strategy (pages 28 to 29) • Key performance indicators (pages 38 to 41) • Risk management and our principal risks (pages 97 to 105) • Board activities (pages 121 to 123) • Viability assessment and going concern (pages 104 and 105)
The interests of the Company's employees	• Stakeholder engagement: Our People (page 24) • Sustainability report: People (pages 80 to 84) • Employee engagement (pages 124 to 127) • Nomination Committee report (pages 136 and 137) • Whistleblowing (page 146) • Remuneration Committee report (pages 147 to 161)
The need to foster business relationships with suppliers, customers and others	• Business model (pages 20 and 21) • Our strategy (pages 28 to 29) • Our strategy in action (pages 30 to 37) • Sustainability report (pages 55 to 89) • Anti-bribery and corruption (page 146)
The impact of the Company's operations on the community and the environment	• Stakeholder engagement (pages 23 to 27) • Sustainability report (pages 55 to 89) • TCFD (pages 90 to 96)
The desirability of the Company maintaining a reputation for high standards of business conduct	• Risk management and our principal risks (pages 97 to 105) • Division of responsibilities (pages 128 to 133) • Audit and Risk Committee report (pages 138 to 146) • Directors' report (pages 162 to 166)
The need to act fairly as between members of the Company	• Stakeholder Engagement (page 23) • Relationship with largest shareholder (page 165) • Annual General Meeting (pages 165, 233 to 241 and 249)

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, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Whilst 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 will most likely provide results that help deliver our strategy. This serves the interests of the business and its stakeholders over the longer term, having first considered all relevant factors and the needs of each stakeholder group. How stakeholders were considered in certain key decisions taken by the Board during the year can be found on page **121 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 stakeholder groups and the potential impact of particular business initiatives and courses of action on their interests are considered as part of decision-making processes across the Company, some examples of which are provided in the following pages. More information can also be found in our Strategic and Sustainability reports, found on pages **1** and **54** respectively.

Read more about our Board and corporate governance in our Governance report from page 107.

OUR INVESTORS

WHAT WERE SOME OF THE ACTIONS AND OUTCOMES?

- Continued investment into the Investor Relations function and our IR activities.
- Positive feedback from institutional shareholders on our communications approach and Investor Relations efforts.
- Broadening of the share register throughout the year.
- All resolutions passed at our first AGM, receiving at least 96.06% of votes in favour and over 80% of total voting capital instructed.

WHAT ARE THEIR PRIORITIES?

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

HOW DOES THE COMPANY ENGAGE?

- We have invested in our Investor Relations function and focused on regular and open engagement with our shareholders through regular investor roadshows, comprising both one-to-one meetings with our largest institutional shareholders and investor group meetings to take place following results announcements.
- The Director of Investor Relations is responsible for overall investor engagement and ensures both that the Board is aware of investor views and that the Executives' time is optimised. They are available for investor questions and meetings throughout the year.
- Regular in-depth feedback on investor views provided by our corporate brokers and following roadshows and conferences.

HOW DOES THE BOARD ENGAGE?

- Having successfully transitioned from private equity to public ownership, engaging with our shareholders is an important and ongoing process for the Board, conducted through a range of channels. These include results presentations by the CEO and CFO, regular investor roadshows and our Annual General Meeting (AGM).
- We also took the opportunity to hold governance sessions with the Chair, Senior Independent Director and Company Secretary during the year with some of our largest institutional shareholders. Feedback from these sessions was reported back to the Board.
- We continue to closely engage with IngreLux S.àr.l. (owned by funds advised by Permira), our largest shareholder, who have representation on the Board through Tara Alhadeff as a Non-Independent Non-Executive Director. The formalities of our relationship with IngreLux S.àr.l., which assist the Board in ensuring the Company continues to act fairly between shareholders, are explained in more detail in the Directors' report on page 165.

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.

HOW DOES THE COMPANY ENGAGE?

- The annual online Engagement and Inclusion Survey is sent to all employees globally and gauges how they feel about working for Dr. Martens, receiving a 92% response rate in FY22.
- Global and regional town halls including open, unscripted Q&A sessions with the GLT and Executive Directors where employees' views can be raised and discussed directly.
- Employee communications from senior leadership sent by email throughout the year keep our people informed of key developments and matters of interest.
- Other engagement touchpoints supporting employees include learning and development opportunities, performance development through 'My Record', 'The DOCtrine' (our employee code of conduct), our 'Backstage' online employee experience platform and diversity and inclusion initiatives.

HOW DOES THE BOARD ENGAGE?

- With the relaxation of Covid-19 restrictions in some of our countries, the Executive Directors have been increasingly able to resume site visits to our stores, offices and distribution centres in several regions including Italy, Germany, Spain and the USA, once again engaging with our people 'on the ground' rather than remotely.
- Global town halls include an open, unscripted Q&A session with the GLT and Executive Directors where employees' views can be raised and discussed directly.
- Regional employee listening groups attended by our CHRO, Sue Gannon, and Employee Representative Non-Executive Director, Robyn Perriss, provide a safe forum for employees to raise and discuss the experiences and issues that matter to them as employees. Feedback from these sessions is collated into salient themes and reported back to the Board on a confidential 'no-names' basis.

WHAT WERE SOME OF THE ACTIONS AND OUTCOMES?

→ The resumption of regional visits has helped reforge the crucial connections between senior leadership and our people globally. We will build on this further, conditions permitting, through further Executive Director and whole-Board visits in FY23 and beyond.

→ High quality feedback received from the regional employee listening groups will shape the refreshed employee listening strategy going forwards, whilst Robyn Perriss' role as Employee Representative Non-Executive Director will be further refined.

→ Employee feedback was central in shaping the final form of the 'Future Ready Workplace' project, covering the post-Covid-19 configuration of our offices and working practices, which were implemented during the year.

→ Post the year-end, the results from the FY22 Engagement and Inclusion Survey were followed by engagement workshops attended by managers across the business to analyse the feedback received and identify priority areas of action for the coming year.

→ Employees were invited by the Dr. Martens Foundation to nominate the good causes that they wished to receive its first tranche of grants. More information can be found in the Sustainability report on page 85 and 86.

For more information about how we engage with our people
SEE PAGES **124 to 127**

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.
- Responsible sourcing and environmentally friendly business practices.
- A product with which they have an emotional connection.

HOW DOES THE COMPANY ENGAGE?

- Extensive research conducted by our Consumer Insights team to identify and understand our global customer 'communities', through targeted interviews, surveys and statistical analysis.
- Annual and quarterly customer surveys provide direct insights from consumers that enable us to better understand how they perceive our brand and products.
- During the year we invited a range of consumers at the forefront of culture in activism, music, art and fashion to attend a number of online sessions to explore and understand their views on topics including our brand and products.

HOW DOES THE BOARD ENGAGE?

- Consumer insights and progress in key consumer-focused strategic projects are reported to the Board through updates from the Strategy team. These discussions inform future initiatives and ensure we are focused on driving improvements to the experience of our customers.
- Consumer interests and brand equity are factored into the Executive Directors' strategic targets. More information is available in the Remuneration report from page 147.
- Where Covid-19 restrictions have relaxed sufficiently, visits to stores in key markets by the Executive Directors and Chairman allow them to meet and talk to consumers directly.

WHAT WERE SOME OF THE ACTIONS AND OUTCOMES?

→ Progressed projects to develop our omnichannel capabilities for the future and improve our website to enhance the overall customer experience.

→ Consumer feedback on the importance of repairing and reselling our products led to the development of the 'ReSouled' initiative, which launched on a trial basis in the UK post-year-end in April 2022.

→ Clear articulation of our customer 'communities' enables us to be a more consumer-centric business, informing our brand, retail and marketing strategies and improving customer service.

→ Insights from consumer touchpoints indicate that levels of brand awareness and consumer loyalty in each of our core markets continue to be exceptional.

For more information about Board decision-making
SEE PAGES **120 to 123**

OUR SUPPLIERS

WHAT WERE SOME OF THE ACTIONS AND OUTCOMES?

- We continued to focus on diversifying our supply chain in light of the Covid-19 disruption experienced during the year and worked closely with our suppliers, ultimately delivering performance in line with market guidance despite the challenging macro-environment.
- Took steps to expand capacity in our global supply chain to ensure the Company and our suppliers are equipped to scale up production for the next phase of growth, including approving the expansion of our distribution centre in the Netherlands.
- We continue to work in collaboration with our Tier 1 and 2 suppliers to embed our sustainability principles across the global supply chain.
- The frequency of our supplier conferences was increased to every six weeks during the pandemic to address the ever changing environment.

WHAT ARE THEIR PRIORITIES?

- Long-term collaboration.
- Prompt payment and fair terms and conditions.
- Opportunities for further growth.
- A socially and environmentally responsible supply chain.

HOW DOES THE COMPANY ENGAGE?

- Regular supplier conferences, hosted by our Chief Operating Officer.
- Our Supplier Code of Conduct is communicated to all suppliers, who are required to comply with it at all times.
- An ongoing process of regular assessment of manufacturing facilities through periodic inspections and improvement activities.
- Our Chief Operating Officer sits on our Sustainability Steering Committee and our Supply Chain team is responsible for delivering many aspects of our sustainability strategy. Through this, we aim to drive a sustainable, responsible supply chain by working closely with our suppliers and external partners.

HOW DOES THE BOARD ENGAGE?

- The Board discusses Company performance at each Board meeting and received regular updates on supply chain, including the work with suppliers to unlock value and enable growth.
- Reviewed the needs of the supply chain network, particularly in terms of increased production and logistical capacity, in the context of our long-term growth plans.
- The Executive Directors approved a proposal resulting from a tender process, overseen by the Chief Operating Officer and led by members of the senior leadership team, to engage a new inbound freight provider, with the objective of reducing pressures on the Company from the rising cost of sea-freight.

OUR COMMUNITY AND ENVIRONMENT

WHAT WERE SOME OF THE ACTIONS AND OUTCOMES?

- Launched our global Diversity, Equity and Inclusion strategy, outlining our commitments to making our workplace a fair, more inclusive place for all, in June 2021.
- Continued our focus on identifying sustainable materials for use in our products and exploring their upscaling potential.
- Our employees nominated grassroots charities that support marginalised communities and advance social justice causes, of which 38 received funding from the Dr. Martens Foundation.
- The move to a much larger distribution centre in the Netherlands provides job opportunities for communities local to the area.
- All of our specified leather products now come from tanneries certified by the Leather Working Group, whilst traceability of our leather has improved significantly.

For more information on our sustainability strategy, initiatives relating to sustainable sourcing and materials and the Dr. Martens Foundation
SEE PAGES **62 to 86**

WHAT ARE THEIR PRIORITIES?

- The environmental impact of our products, including manufacturing processes, carbon emissions and waste.
- Use of sustainable materials.
- Diversity, equity and inclusion.
- Our contribution to society.

HOW DOES THE COMPANY ENGAGE?

- Our Sustainability Steering Committee, which reports into the Board, oversees Dr. Martens' sustainability strategy, which includes monitoring the progress of sustainability initiatives across the business in order to drive further improvements (see highlights from the year on pages 58 and 59).
- The Company provides all employees with e-learning and training on Human Rights and CSR themes.
- Employees are encouraged to 'give back' to their local communities by granting every employee a paid two-day volunteering allowance.
- The work of the Dr. Martens Foundation is shared with employees via email and at global town halls to encourage employees to participate by nominating charities to receive grassroot grants.

HOW DOES THE BOARD ENGAGE?

- The Board has overall accountability for the Group's sustainability strategy and receives a detailed update from the Sustainability team at least annually.
- Our CEO, Kenny Wilson, chairs the Sustainability Steering Committee and reports on its key initiatives and activities to the Board.
- An ESG target was incorporated into the Executive Directors' individual strategic bonus targets, highlighting the importance of meeting our target sustainability KPIs and providing further incentive for the Executive Directors to promote consideration of ESG matters across the business.
- Formalised the Memorandum of Understanding establishing the arm's length relationship between the Dr. Martens Group and the Dr. Martens Foundation, including its status as an independent charity and the framework for the strategic planning of its fundraising initiatives.

DELIVERING AGAINST OUR STRATEGY

Our strategy serves as a guiding light for our brand. Through it, we will deliver long-term impact...

OUR DRIVERS

DEMOCRATIC BRAND
Growing our consumer base by harnessing the brand's diverse and inclusive global appeal.

ICONIC PRODUCT
Expanding our product offering through style and category variations of our iconic originals.

TRUE TO OUR HERITAGE
Underpinning trends whilst remaining relevant to youth culture and modern day tribes.

A GLOBAL APPROACH
Globally consistent and locally relevant to our consumers in every market.

OUR PRIORITIES

D

DIRECT-TO-CONSUMER FIRST

Build brand equity and drive margin expansion

WHAT IT MEANS

Growing through direct-to-consumer channels which maximise brand control and engagement with consumers. We do this through opening own stores and expanding ecommerce. DTC also generates a significantly better margin. This pillar also includes developing a profitable resale, repair and end of life business model.

HOW WE PERFORMED IN FY22

- Ecommerce revenue grew 11%, and by 92% compared to FY20.
- We opened 24 new own stores, with 13 in EMEA, seven in the USA and four in APAC.
- DTC mix increased by 6pts to 49%.
- In April 2022, following months of preparation work, we launched our first trial in repair and resale, initially in the UK with a third-party partner. Early results are encouraging.

NEXT STEPS FOR FY23

- We have increased our new store growth guidance, from 20-25 to 25-35, with the increase driven by plans to accelerate store expansion in the USA.
- We will work to launch further repair and resale trials, as we assess the optimum approach to ultimately operate this channel at scale.

OUR STRATEGY IS UNDERPINNED BY OUR THREE SUSTAINABILITY SPHERES

O

ORGANISATIONAL AND OPERATIONAL EXCELLENCE

Enable growth and unlock value

WHAT IT MEANS

We will drive our culture with a focus on engagement and developing our people for growth. We will build a best in class, resilient, sustainable and scalable supply chain. We will also continue to transform technology into a key business enabler, whilst strengthening organisational resilience and information security.

HOW WE PERFORMED IN FY22

- Our supply chain teams navigated unprecedented supply chain disruption due to Covid-19, with a three-month factory lockdown in south Vietnam and a near-doubling of shipping times, particularly into the USA.
- We invested in our HR organisation, led by our new CHRO, to ensure we could optimise our talent development across the business.
- We successfully launched Hong Kong onto our global ERP solution.

NEXT STEPS FOR FY23

- We will continue to build and expand our supply chain infrastructure, with focus on risk management through diversification of our source base and distribution network.
- We will implement our global ERP system in Japan.
- Investment into omnichannel capabilities.

C

CONSUMER CONNECTION

Acquire new consumers and drive loyalty

WHAT IT MEANS

Our most important pillar, this encompasses our communication with consumers and our product strategy. We aim to inspire Rebellious Self Expression through our brand engine. 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 FY22

- Continued to drive product innovation, with the launch of Quad Neoteric, Tarian and further growth in our sandals business, with revenue up 23% year on year.
- Significant progress in sustainability, read more on page 54.
- Continued to support grassroot talent through our 'Tough As You' initiative.
- Ran compelling marketing campaigns showcasing our icons and product innovation such as WinterWair.

NEXT STEPS FOR FY23

- Alongside our collaborations, amplify further our craft heritage through our MIE category.
- Continue to invest in compelling marketing campaigns to drive brand and range awareness further.

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 improve further our brand presentation and increase our 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 FY22

- Elevated further our wholesale presence, adding brand-enhancing accounts and continuing to exit underperforming accounts. This was particularly the case in the USA, as we prioritised product within wholesale to our strongest account partners.
- Successfully converted Italy and Iberia to owned and operated markets, having previously been distributor run. Read more on pages 36 to 37.

NEXT STEPS FOR FY23

- Drive growth in our recently converted markets of Italy and Iberia, through own store expansion and investment in the brand.
- Agreed to take back control of approximately half of our 31 Dr. Martens branded franchise stores in Japan at the end of FY23, giving us greater brand control in this priority market.

PLANET

- Climate
- Operations

PRODUCT

- Materials
- Packaging
- Lifecycle

PEOPLE

- DE&I
- Human rights
- Community

D

GROWING ACROSS ALL CHANNELS IN THE US

GREATER OPPORTUNITIES TO GROW DIRECT-TO-CONSUMER

The USA is our most established wholesale market globally, with strong partners and good physical real estate in wholesale customer stores. Wholesale allows us to grow brand awareness in a capital light way, and increases our customer reach.

Against this strong foundation, we are increasingly driving our DTC business in the USA, with a strong performance in both ecommerce and retail seen in FY22. We also prioritised inventory towards our DTC channel when faced with inventory constraints in the key Q3 peak period, given the significantly higher margins we generate in our own channels.

Our brand remains very underpenetrated in the USA, with 17 pairs per thousand population in FY22, just over half of the level we see in the UK. This provides a significant runway for future growth.

DALLAS – NORTH PARK

7
new stores in the USA

29%
Americas revenue growth

DELIVERING PROFITABLE BRAND BEACONS

Our own retail estate in the USA has historically been focused on coastal areas, namely the greater New York area and California. In recent years, however, we have been establishing a retail estate in the high population areas of Texas and the Mid-West around the city of Chicago.

We now have three stores in Texas and four in the greater Chicago area, with more in the pipeline. New store performance has been very encouraging, and we also see a significant increase in ecommerce traffic and revenue in the vicinity following a store opening. Furthermore, brand familiarity in Texas has increased by 9pts over the past six months, showing the success of executing the DOCS strategy in a targeted way in the state.

COLLABORATING WITH OUR SUPPLIERS THROUGH TESTING TIMES

A third of our global production closed due to Covid-19
For over three months in the summer of 2021 our factories in south Vietnam, which account for around a third of our production, were closed due to Covid-19. This represented a significant hit to our capacity. We had, however, decided to enter FY22 with higher levels of continuity product than normal, given the uncertain backdrop, and this decision proved incredibly valuable as it enabled us to fulfil some of the product shortfall due to the factory closures. We prioritised inventory towards our own DTC channels, particularly during the peak Q3 trading period, delaying the fulfilment of some wholesale orders into Q4. We also worked flexibly, sourcing increased product from other suppliers wherever possible.

Further diversifying the supply chain
Over recent years we have worked hard to further diversify the supply chain, moving to product multiple sourcing wherever possible and expanding geographical footprint. This has been enabled both by our ongoing expansion in production, given the growth of the business, together with our close supplier relationships which in many cases means that they are willing to invest in additional capacity in new countries. For AW22, our Tier 1 production by geography will be approximately 30% from south Vietnam, 22% from both north Vietnam and Laos, 10% from China, 8% from Bangladesh, 7% from Thailand and 1% from the UK.

In early 2023 we intend to start sourcing from a new third-party facility in Cambodia. Beyond this, we are also currently evaluating some near-shoring capacity for outer years, particularly for the USA, which would bring additional agility to the supply chain.

Navigating a challenging global shipping backdrop
Covid-19 impacts led to an unprecedented level of disruption in the global shipping industry and a near-doubling of global sea freight shipping times during the year. This was most keenly seen in shipping times to the USA, which near-doubled to 90-95 days. This brought with it challenges for our business, although the large proportion of our product which is continuity in nature, and therefore non-seasonal, was a significant relative advantage. We were also relatively protected by a new global shipping agreement with a global shipping partner, which limited the impact on freight costs and helped processing through ports.

Digital cutting machine in Cobbs Lane factory
In summer 2021 we were pleased to go live with a new digital leather cutting machine in our Made In England factory in Wollaston, UK. This has brought benefits such as improved cutting accuracy and reduced wastage, and enables us to have a clearer view of material quality and size. We hope to introduce similar machinery to our third-party suppliers in the future.

> We appreciated Dr. Martens accelerating our payment terms during a time we needed support the most. We very much value the long-term relationship we have with the brand and are proud to produce their boots and shoes.

LEON LIANG
SHOE MAJESTY, TIER 1 SUPPLIER

HONG KONG

BENEFITTING FROM LONG-TERM SUPPLIER RELATIONSHIPS

We are fortunate to have long-term and highly collaborative relationships with our suppliers, and we work hard to have open communication and engagement with them. The nature of our welted production means that it is a relatively highly skilled production and requires investment in specialist machinery and skillsets. We work with suppliers to ensure that they have the tools and knowledge required to make our products, and it is therefore a long-term commitment on both sides.

Our continued double-digit growth rates mean that Dr. Martens is an attractive brand to partner with, as every year we further expand our supply chain capacity to support our growth.

The working conditions in our supply chain are of utmost importance to us and we work closely with our supplier partners, including through an extensive audit process. You can read more about this in our sustainability section on page 70.

We approach supplier relationships with a long-term custodian mindset. In last year's Annual Report we discussed not cancelling orders through the pandemic, and in exchange we received temporarily extended payment terms. With some suppliers impacted by Covid-19 restrictions and lockdowns this year, we adopted the same partnership mindset, and in order to support suppliers and ensure factory workers were paid we accelerated payments to some suppliers during FY22.

KOENRAAD SANTENS
HEAD OF GLOBAL SOURCING

READ MORE **P26**

C

AMPLIFYING OPPORTUNITIES FOR OUR CONSUMERS

'Tough As You' initiative enlists mentors to drive support for grassroots talent

The programme encompasses mentoring for underrepresented artists, collectives, and grassroots organisations, with one-to-one industry guidance, financial aid and wider support on offer.

The 'Tough As You' programme has attracted the aid of mentors such as singer-songwriter Mahalia, rapper Kojey Radical, Claire Laffut, and Kelvyn Colt.

During the year-long programmes, mentors help to open up the music industry to marginalised groups to improve creative access. During the year, mentors have teamed up with charities and venues globally to stand for change and amplify the voices that need to be heard.

“

Working with Dr. Martens allows me to show a future generation what this whole industry is like.

KOJEY RADICAL
‘TOUGH AS YOU’ MENTOR

READ MORE
WWW.DRMARTENS.COM/TOUGH-AS-YOU

SUPPORTING EMERGING AND UNDER-REPRESENTED CREATIVE TALENT

As well as mentorship, the ‘Tough As You’ initiative also undertook an open call globally to hear from those who share our passion for a more diverse music industry – and are already carving out opportunities and opening doors for people from under-represented backgrounds. The programme offers grants up to £10,000 which goes towards empowering and enabling those who are teaching skills to or opening doors for young people trying to break into the industry.

We also brought ‘Tough As You’ to several festivals over the year including the ‘TAY Fest’ event in Milan in October 2021. The sold-out festival offered two days of workshops, talks and live performances, attracting 1,200 attendees. The event generated connection between well-established artists, producers and musicians, and emerging artists looking for guidance and support to make their breakthrough in the music industry.

TOUGH AS YOU

55m

global reach through our ‘Tough As You’ Festival held in Milan

INVESTING

Successful conversion of Italy and Iberia

At the start of FY22 we took back control of the Italian, Spanish and Portuguese markets, converting them from distributor-led to directly owned and operated. Given the potential size of the market, our primary focus has been on Italy. Building on lessons learnt from previously conversions, most notably Germany, we started the process as early as possible in Italy, hiring the country manager 18 months prior to the distributor contract ending.

Ahead of the contract ending, we built an in-country team with knowledge specific to the Italian market. This team then led a thorough review of the existing wholesale account base, which led to us cutting over 60% of wholesale accounts to ensure that we were only partnering with accounts which were right for our brand and added strategic value.

We opened our first own store in Rome in December 2020 ahead of the distributor contract ending. This was then followed by two more stores, in Verona and Milan, at the end of 2021. The stores act as profitable brand beacons, building brand awareness and showcasing our full product range. Alongside our stores, we have invested heavily in in-country marketing, such as social media activity, physical consumer interactions, and outdoor pop-ups, to drive brand awareness and familiarity which have increased by 6pts and 7pts respectively.

+6pts

increase in Italy brand awareness

TO DIRECTLY CONTROL OUR BRAND, IN KEY MARKETS GLOBALLY

NEW STORE – ROME

CONVERSION UNLOCKS MULTI-YEAR GROWTH OPPORTUNITY

Converting markets from previously distributor-run is a multi-year growth opportunity, and will be the primary driver of overall EMEA growth in the years ahead.

Conversion allows us to execute the full DOCS strategy in a market, building the brand, and in turn growing pairs, revenue and profit.

Following the conversion of Italy, we delivered an increase in constant currency revenue of 62% in FY22, with second half revenues growing 122%.

“

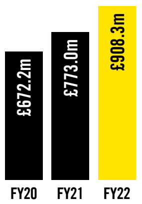
Conversion markets represent a multi-year opportunity, underpinning EMEA growth in the medium term.

LORENZO MORETTI
EMEA PRESIDENT

MEASURING OUR PERFORMANCE

FINANCIAL

Revenue
£908.3m



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.

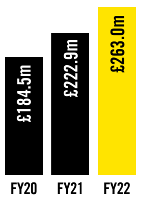
Key associated risks
- Brand and product.
- People, culture and change.
- Supply chain.

Why is it important?
Revenue growth is crucial for sustainable long-term growth and is driven through increasing the number of pairs sold, attracting new consumers, and retaining existing consumers. If our profits were delivered without revenue growth, they would ultimately be unsustainable.

Link to strategy
D O C S

Performance
Revenue increased by 18% in FY22, driven by pairs up 10%, in line with our volume driven growth strategy. We achieved very strong DTC growth, and double-digit wholesale growth.

EBITDA[1,2]
£263.0m



What are we measuring?
EBITDA[1] is the Group's key profit measure to show performance from operations.

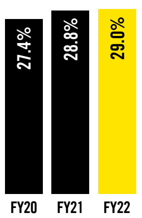
Key associated risks
- Brand and product.
- Supply chain.
- Financial.

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

Link to strategy
D O C S

Performance
EBITDA[1] grew by 18%, in line with revenue growth, with higher margins from increased DTC mix partially offset by increased investment into our brand.

EBITDA margin[1,2]
29.0%



What are we measuring?
EBITDA[1] margin expresses EBITDA as a percentage of revenue.

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

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

Link to strategy
D O C S

Performance
EBITDA[1] margin grew by 0.2pts, driven by higher gross margins due to the increase in DTC, partially offset by annualisation of PLC costs, increased marketing investment and a return to business as usual costs as Covid-19 restrictions eased.

1. Alternative Performance Measures as defined in the Glossary on pages 247 and 248.
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.

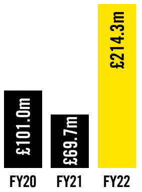
Link to strategy

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

OUR STRATEGY **P28**

PBT[1]

£214.3m



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. By excluding exceptional costs we can illustrate the underlying trading performance of the business.

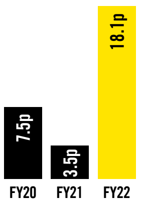
Key associated risks
- Brand and product.
- People, culture and change.
- Supply chain.
- Financial.

Link to strategy
D O C S

Performance
PBT grew by 207% on the prior year. This was due to the higher EBITDA, together with no exceptional items and reduced financing costs following the IPO. Adjusted[4] PBT grew by 43% on the prior year.

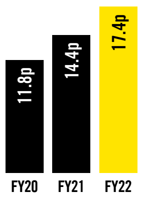
Basic EPS[1,3]

18.1p



Underlying[2] EPS[1,3]

17.4p



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.

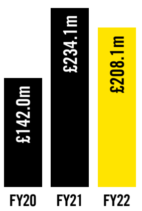
Key associated risks
- Brand and product.
- People, culture and change.
- Supply chain.
- Financial.

Link to strategy
D O C S

Performance
Basic EPS increased significantly due to the high level of exceptional charges incurred in FY21 as a result of the IPO. Underlying EPS, which better illustrates the underlying performance of the business, grew by 21% due to the higher profits achieved in the year.

Operating cash flow[1,4]

£208.1m



What are we measuring?
Operating cash flow[1] 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.

Key associated risks
- Supply chain.
- Financial.

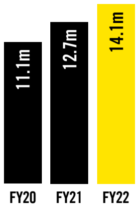
Link to strategy
D O C S

Performance
Operating cash flow was very strong in the year, representing a conversion (as a percentage of EBITDA) of 79%.

1. Alternative Performance Measures as defined in the Glossary on pages 247 and 248.
2. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.
3. Refer to Finance Review and note 10 of the consolidated financial statements for further information on EPS and diluted EPS.
4. Before exceptional items.

NON-FINANCIAL

Pairs
14.1m



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

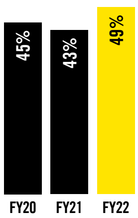
Why is it important?
We have a volume-led growth strategy given the underpenetration of our brand, and therefore pairs is a key metric for our business.

Performance
In FY22 we sold 14.1m pairs, up 10% versus FY21. The majority of pairs continue to be sold through our wholesale channel.

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

Link to strategy
D O C S

Direct-to-consumer mix
49%



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

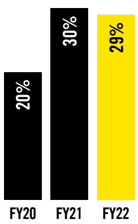
Why is it important?
We aim to grow DTC revenue to at least 60% mix in the medium term, and this metric therefore demonstrates our progress against this target.

Performance
DTC mix increased by 6pts compared to FY21, with good ecommerce growth and a strong retail recovery as Covid-19 restrictions were eased.

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

Link to strategy
D O C S

Ecommerce mix
29%



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

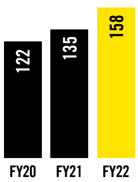
Why is it important?
We aim to grow ecommerce revenue to at least 40% mix in the medium term, and this metric therefore demonstrates our progress against this target.

Performance
Although ecommerce mix was marginally down compared to FY21, it was up 9pts compared to FY20. On this two-year basis, ecommerce revenues have increased by 92% in absolute terms.

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

Link to strategy
D O C S

Own stores
158



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 both retail and ecommerce revenue, and is therefore a key driver to increase DTC mix.

Performance
During FY22 we opened 24 new stores, with EMEA and Americas accounting for the majority of the increase.

Key associated risks
- Brand and product.
- People, culture and change.

Link to strategy
D O C S

Link to strategy

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

OUR STRATEGY **P28**

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 adjusted PBT growth targets and in the LTIP two-thirds is based on Underlying EPS growth targets. Both PBT and EPS are comprehensive profitability measures which are closely aligned with shareholder value creation.

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. Whilst 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 is 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.

REMUNERATION REPORT **P147**

CONTINUING TO DELIVER GROWTH

HIGHLIGHTS

WE DELIVERED YEAR 1 IPO GROWTH TARGETS:

Revenue grew by	EBITDA grew by
18% (CC: +22%)	**18%** (CC: +28%)
EPS 18.1p up **417%**	PBT £214.3m up **207%**

GROWTH WAS DRIVEN BY OUR DOCS STRATEGY:

Volume led, with pairs up	DTC revenue mix of 49% up
10%	**6pts**
EBITDA margin up 0.2pts to **29.0%**	Highly cash generative, cash doubled to **£228.0M**

PERFORMANCE WAS PARTICULARLY STRONG GIVEN THE IMPACT OF COVID-19

Three factories in south Vietnam closed for c. 3 months.

Significantly extended shipping lead time to USA.

Retail social distancing/capacity restrictions through year in certain markets.

CONFIDENCE IN FUTURE

Strong brand, significant market share growth opportunity, confidence in ability to increase price.

Order book to December 2022 strong.

Resilient supply chain with good forward visibility of factory pricing.

FY22 full year dividend proposed at 5.5p, 30% of payout ratio.

FY22 results were very good and the financial position and liquidity of the Group further strengthened.

In the prior year nearly all our own retail stores were closed at times throughout the year (as were a number of our wholesale partner stores) and therefore to provide a better picture of underlying performance we have also compared trading to FY20 ('LY-1').

Total revenue grew by 18% to £908.3m (FY21: £773.0m) and was up 22% on a constant currency basis. Compared to LY-1 total revenue was up 35%. The principal driver of growth was volume, with 14.1m pairs sold, up 10% (FY21: 12.7m pairs). Revenue also benefitted from strong retail recovery led by the UK and USA, driving direct-to-customer (DTC) revenue up 34% to £448.0m (FY21: £335.1m). This resulted in increased DTC revenue mix of 6pts to 49%. In addition, revenue growth also benefitted from a return to a more usual historical level of full price DTC revenue at around 90% mix, reflecting the high level of continuity products we sell and strategy of not discounting our core iconic product ranges.

"Our full year performance was strong, with revenue growth across all channels and DTC mix growing, bang in line with our DOCS strategy.

JON MORTIMORE
CHIEF FINANCIAL OFFICER

Results – at a glance

		FY22 £m	FY21[1] £m	% change Actual	% change CC[6]	Two-year basis ('LY-1') FY20	Two-year basis ('LY-1') % change Actual
Revenue	Ecommerce	**262.4**	235.4	11%	14%	136.4	92%
	Retail	**185.6**	99.7	86%	93%	165.2	12%
	DTC	**448.0**	335.1	34%	38%	301.6	49%
	Wholesale[5]	**460.3**	437.9	5%	10%	370.6	24%
		908.3	773.0	18%	22%	672.2	35%
Gross margin		**578.8**	470.5	23%	29%	401.5	44%
EBITDA[2,3]		**263.0**	222.9	18%	28%	184.5	43%
Profit before tax		**214.3**	69.7	207%		101.0	112%
Profit before tax and exceptionals[3]		**214.3**	150.2	43%		113.0	90%
Diluted earnings per share (p)		**18.1**	3.5	417%		7.5	141%
Underlying earnings per share (p)[7]		**17.4**	14.4	21%		11.8	47%
Key statistics	Pairs sold (m)	**14.1**	12.7	10%		11.1	27%
	No. of stores[4]	**158**	135	17%		122	30%
	DTC mix %	**49%**	43%	+6pts		45%	+4pts
	Gross margin %	**63.7%**	60.9%	+2.8pts		59.7%	+4.0pts
	EBITDA margin %[2,3]	**29.0%**	28.8%	+0.2pts		27.4%	+1.6pts

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. See note 2.14 for further details.
2. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
3. Before exceptional items of FY22: £nil, FY21: £80.5m, FY20: £12.0m.
4. Own stores on streets and malls operated under arm's length leasehold arrangements.
5. Wholesale revenue including distributor customers.
6. Constant currency applies the same exchange rate to the FY22 and FY21 non-GBP results, based on FY22 budgeted rates.
7. Underlying earnings per share is calculated as diluted earnings per share before taking into account exceptional items, preference share interest and prior year tax deduction.
8. APMs are used as we believe they provide additional useful information on underlying trends.

In the prior year nearly all our own retail stores were closed at times throughout the year (as were a number of our wholesale partner stores) and therefore to provide a better picture of underlying performance we have also compared trading to FY20 ('LY-1').

Total revenue grew by 18% to £908.3m (FY21: £773.0m) and was up 22% on a CC basis. Compared to LY-1 total revenue was up 35%. The principal driver of growth was volume, with 14.1m pairs sold, up 10% (FY21: 12.7m pairs). Revenue also benefitted from strong retail recovery led by the UK and USA, driving Direct to Customer (DTC) revenue up 34% to £448.0m (FY21: £335.1m). This resulted in increased DTC revenue mix of 6pts to 49%. In addition, revenue growth also benefitted from a return to a more usual historical level of full price DTC revenue at around 90% mix, reflecting the high level of continuity products we sell and strategy of not discounting our core iconic product ranges.

Ecommerce revenue was up 11% to £262.4m (FY21: £235.4m) and was up 14% on a CC basis against a very strong period in the prior year. Compared to LY-1, ecommerce was up 92%, representing 29% revenue mix versus 20% revenue mix in LY-1. We had a good performance across all our priority markets, led by our in-market trading teams, in an environment where consumers steadily rediscovered physical retail. The exception was China, which represents only 3% of Group revenue, due to the decline in the market share of the TMall trading platform which hosts our website.

Retail revenue recovered very strongly in the year as consumers in the UK and USA in particular returned to stores. Revenue was up 86% to £185.6m (FY21: £99.7m) and grew 93% on a CC basis. Compared to LY-1, revenue was up 12%. During the year stores in the USA were open for the full period and stores in the UK re-opened from mid April. Both geographies experienced a good recovery led by strong traffic growth albeit in the UK December was weaker due to Omicron concerns. Overall traffic growth across both UK and USA remain below LY-1 partly offset by very strong in-store conversion. Continental Europe had a slower recovery profile exacerbated by stricter social distancing restrictions for longer periods, with Germany particularly impacted. Retail remains an important channel for us in supporting ecommerce and brand awareness and during the year we opened 24 new stores to end the year with 158 own stores.

Wholesale revenue grew by 5% to £460.3m (FY21: £437.9m) and was up 10% on a CC basis. Compared to LY-1 revenue was up 24%. During the year our wholesale channel was most impacted by supply chain delays and, in line with our DTC strategy, we prioritised own ecommerce and retail channels during peak Q3 DTC trading period. As expected, wholesale had a very strong Q4 period as shipments caught up and satisfied customer orders.

Gross margin improved by 2.8pts to 63.7% (FY21: 60.9%) and was mainly driven by the positive impact of increased DTC revenue mix which improved by 6pts to 49%. In addition, in the prior year, working together with our wholesale partners, we agreed the cancellation of certain seasonal orders due to impact of Covid-19. This enabled us to manage our brand by clearing this product through our own ecommerce channel. This was not repeated in the current financial year and resulted in full price DTC mix increasing to more usual levels of around 90%.

During the year our supply chain cost per pair only increased 1% on a CC basis despite increases in shipping costs and other inflationary pressures. We achieved this very good result from a combination of duty related efficiencies (mainly from reducing reliance on product manufactured in China) and fixed seasonal factory contracts negotiated approximately six to nine months before a season is sold through. We have set factory prices for AW22 season (to December 2022) at +6% vs AW21 and, recently agreed SS23 season (to June 2023) also at +6% vs SS22 season.

Operating expenses increased by 28% to £315.8m (FY21: £247.6m) as follows:

£m		FY22	FY21[1]	% change
Staff costs:	Underlying	**121.5**	106.7	14%
	PLC/LTIP	**11.1**	2.9	n/a
		132.6	109.6	21%
Other operating expenses		**183.2**	138.0	33%
		315.8	247.6	28%
% Revenue:	Staff (underlying)	**13.4%**	13.8%	+0.4pts
	Other	**20.2%**	17.8%	-2.4pts
	Total	**34.7%**	32.1%	-2.6pts

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. See note 2.14 for further details.

Included in staff costs was £5.9m in relation to annualisation of PLC related costs and incremental headcount in relation to our new independent NEDs and strengthening of our Group Finance and Legal functions (FY21: £2.2m) and the charge of £5.2m (FY21: £0.7m) in relation to LTIP annualisation of the IFRS 2 charge. Other operating costs increased by 33% and was mainly due to increased marketing spend (due to the strategic decision to increase spend by 0.5pts of revenue per annum), higher volume related third-party logistics costs of our distribution centres, and return to more business as usual spending post Covid-19 (represented by travel, commissions, training and IT development activity).

Exceptional costs in the year were £nil. In the prior year, exceptional costs were £80.5m and all related to the IPO which took place on 29 January 2021.

EBITDA grew by 18% to £263.0m (FY21: £222.9m) and was up 28% on a CC basis. The principal reason for growth was a combination of volume and improved DTC mix. EBITDA margin improved by 0.2pts to 29.0% (FY21: 28.8%) as follows:

	% pts
FY21	**28.8%**
Gross margin	+2.8pts
Annualisation[1]	-0.9pts
Marketing	-0.5pts
Return to business as usual	-1.2pts
FY22	**29.0%**

1. Represented by PLC related costs and IFRS 2 share-based payments.

Analysis by half year

The second half of the year was strong with revenue up 18% to £538.4m (FY21: £454.8m) and EBITDA up 28% to £174.2m (FY21: £136.6m). This was a pleasing result given the impact of Covid-19 on supply chain which resulted in us targeting higher margin DTC revenue in peak DTC Q3 period and then shipping wholesale customers their orders in Q4.

		First half			Second half		
		FY22	FY21	% change	**FY22**	FY21	% change
Revenue:	Ecommerce	**82.6**	75.3	10%	**179.8**	160.1	12%
	Retail	**65.9**	34.3	92%	**119.7**	65.4	83%
	DTC	**148.5**	109.6	35%	**299.5**	225.5	33%
	Wholesale	**221.4**	208.6	6%	**238.9**	229.3	4%
		369.9	318.2	16%	**538.4**	454.8	18%
Gross margin		**226.6**	186.3	22%	**352.2**	284.2	24%
Opex		**(137.8)**	(100.0)	-38%	**(178.0)**	(147.6)	-21%
EBITDA		**88.8**	86.3	3%	**174.2**	136.6	28%
Key statistics	Pairs sold	**6.3**	5.6	13%	**7.8**	7.1	10%
	DTC mix %	**40%**	34%	+6pts	**56%**	50%	+6pts
	Gross margin %	**61.3%**	58.5%	+2.8pts	**65.4%**	62.5%	+2.9pts
	EBITDA %	**24.0%**	27.1%	-3.1pts	**32.4%**	30.0%	+2.4pts

The Group typically generates approximately 60% revenue in the second half reflecting the peak Q3 DTC trading period and, as a result of stronger gross margin structure of DTC compared to wholesale, EBITDA margins are much higher in the second half of the year. In the second half, DTC revenue mix was +6pts resulting in second half EBITDA margin of 32.4%, 8.4pts higher than first half, as expected. The following table explains the year-on-year movement by half:

	First half	Second half	**Full year**
FY21 EBITDA margin	27.1%	30.0%	**28.8%**
Gross margin	+2.8pts	+2.9pts	**+2.8pts**
Annualisation	-1.3pts	-0.5pts	**-0.9pts**
Marketing	-1.5pts	–	**-0.5pts**
Return to business as usual[1]	-3.1pts	–	**-1.2pts**
(Decrease)/increase	-3.1pts	+2.4pts	**+0.2pts**
FY22 EBITDA margin	24.0%	32.4%	**29.0%**

1. Includes inflation.

Exchange translation

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. These are calculated by translating non-UK revenue and profits at the same exchange rate year on year.

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

	£/$			£/€			£/¥		
	FY22	FY21	%	**FY22**	FY21	%	**FY22**	FY21	%
H1	**1.39**	1.26	10%	**1.17**	1.12	4%	**152**	135	13%
H2	**1.34**	1.35	-1%	**1.19**	1.13	5%	**154**	142	8%
FY	**1.37**	1.31	5%	**1.18**	1.12	5%	**153**	139	10%

Change in accounting policy – cloud-based accounting

In March 2021 the International Financial Reporting Standards Interpretation Committee (IFRIC) published a decision in relation to accounting for software intangibles and customisation and configuration costs of cloud computing arrangements. As a result of this the Group has changed its capitalisation policy in relation to customisation and configuration costs resulting in a prior year restatement (in accordance with IAS 8) summarised below and described in more detail in note 2.14. The change has £nil impact on cash.

£m	FY21 reported	Change in policy	**FY21 restated**
Revenue	773.0	-	**773.0**
EBITDA	224.2	(1.3)	**222.9**
Profit before tax	70.9	(1.2)	**69.7**
Profit for the year	35.7	(1.0)	**34.7**
EPS (p) (diluted)	3.6p	(0.1p)	**3.5p**
Cash	113.6	-	**113.6**

The Directors consider EBITDA as the most appropriate indicator of underlying performance of the Group and year-on-year trends.

Region analysis

The results can be further analysed by region as follows:

£m		**FY22**	FY21[1]	% change Actual	% change CC
Revenue:	EMEA	**398.5**	335.6	19%	23%
	Americas	**382.7**	295.8	29%	33%
	APAC	**127.1**	141.6	-10%	-5%
		908.3	773.0	18%	22%
EBITDA[2]:	EMEA	**143.8**	115.3	25%	38%
	Americas	**120.0**	91.9	31%	36%
	APAC	**32.6**	39.7	-18%	-9%
	Support costs[3]	**(33.4)**	(24.0)	-39%	-46%
		263.0	222.9	18%	28%
EBITDA margin by region:	EMEA	**36.1%**	34.4%	+1.7pts	+3.8pts
	Americas	**31.4%**	31.1%	+0.3pts	+0.6pts
	APAC	**25.6%**	28.0%	-2.4pts	-1.2pts
	Total	**29.0%**	28.8%	+0.2pts	+1.3pts

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. See note 2.14 for further details.
2. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and exceptional items.
3. 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 19% to £398.5m (FY21: £335.6m) and was up 23% on a CC basis. Ecommerce grew against a particularly strong prior period with good growth across all our priority markets. Our retail stores re-opened in the year with UK stores opening through April and Continental Europe stores opening through May and June. UK stores experienced the strongest recovery in trading with improving traffic (though still below LY-1) and very strong in store conversion, growing steadily through the year, except for the peak trading month of December, when stores were open but traffic was very weak due to Government advice to work from home due to Omicron variant. Retail recovery in Continental Europe followed a similar path to UK albeit at a much slower pace due to the timing of relaxation of social distancing measures. Our German store recovery was further impacted by lower vaccination rates in the country, resulting in relatively tighter restrictions, for a longer period.

We opened 13 new stores in the year including 5 in Germany, 3 in France, 2 in Italy and our first store in Spain. We successfully completed the conversion of Italy, Spain and Portugal from distributor to directly operated markets with the former growing revenues by 62% on a CC basis FY22 and 122% in the second half. We saw good growth in Germany as we continued to unlock the multi-year growth opportunity following conversion.

EBITDA was up 25% to £143.8m (FY21: £115.3m) and up 38% on a CC basis.

Americas

Revenue grew by 29% to £382.7m (FY21: £295.8m) and was up 33% on a CC basis. Ecommerce was very strong (against a strong comparator) and our retail stores were open throughout the year. Retail recovery followed a similar profile to UK stores with traffic improving (but still behind LY-1) and very strong in-store conversion. During the year we opened 7 new stores, in Texas (our third store in this state), LA, Chicago, Cincinnati, Philadelphia, Columbus and Seattle. Wholesale was particularly impacted by supply chain delays and our decision to prioritise DTC channels in Q3 and was also compounded by delays at port. As we expected we had a very strong Q4 period as we caught up shipments and delivered customer orders.

EBITDA was up 31% to £120.0m (FY21: £91.9m) and up 36% on a CC basis.

APAC

The region was particularly impacted by Covid-19 during the year including very strict social distancing and lockdowns which have recently been relaxed, with China continuing to experience severe lockdowns. This resulted in revenue declining by 10% to £127.1m (FY21: £141.6m) and down 5% on a CC basis. On a CC basis all markets grew with the exception of China.

Japan, which is our largest market in the region and also predominantly retail, had reasonable growth with robust retail recovery in H2 (despite Omicron related restrictions) following similar patterns to western markets. Australia (our largest distributor market in the region) saw shipments catch up in H2 with the year marginally ahead. China, which represents a fifth of APAC revenue and 3% of Group revenue, was impacted by a combination of strict Covid-19 lockdowns in certain cities throughout the year (ending the year with Shanghai in lockdown) and weak trading on TMall (which hosts our website) due to a decline in popularity of that platform.

EBITDA was down 18% to £32.6m (FY21: £39.7m) and down 9% on a CC basis as we invested in people and capacity in Shanghai (including two own stores), region infrastructure in Hong Kong, successfully launching Hong Kong onto our global ERP solution in December and also began investment in Japan ahead of planned ERP implementation later in FY23.

Support costs

Group support costs were up 39% to £33.4m (FY21: £24.0m), mainly due to the annualisation of PLC/LTIP costs. Excluding these costs, support costs increased by 14%.

Retail development

During the year, we opened 24 (FY21: 18) new own retail stores (via arm's length leasehold arrangements) as follows:

		31 March 2021	Opened	Closed	**31 March 2022**
EMEA:	UK	34	2	(1)	**35**
	Germany	10	5	-	**15**
	France	11	3	-	**14**
	Italy	1	2	-	**3**
	Other	12	1	-	**13**
		68	13	(1)	**80**
Americas		34	7	-	**41**
APAC:	China	-	2	-	**2**
	Japan	22	-	-	**22**
	South Korea	5	2	-	**7**
	Hong Kong	6	-	-	**6**
		33	4	-	**37**
Total		135	24	(1)	**158**

The Group also trades from 37 (FY21: 49) concession counters in department stores in South Korea and a further 191 mono branded franchise stores around the world with 87 in China (FY21: 85), 31 in Japan (FY21: 32), 18 across Australia and New Zealand (FY21: 11), 46 across other South East Asia countries and the balance in EMEA.

Leases

The Group operates its own retail stores via arm's length leasehold arrangements (apart from two stores that are freehold) and also leases two DCs and its offices. The lease for the DC in Portland, USA, ends in October 2022 and will not be renewed, with capacity transferred to a new 3PL facility in LA. The second leased DC is in UK with 7 years to lease end. At 31 March 2022, the average lease term remaining across all property related leases to end of term was 5.1 years (FY21: 4.3 years), and only 3.4 years (FY21: 2.9 years) to tenant only break. The annual rent commitment was £24.9m (FY21: £22.7m) and undiscounted total lease commitment was £127.3m (FY21: £97.0m), reducing to £84.6m (FY21: £65.1m) to lease break.

At 31 March 2022 under IFRS 16 accounting rules, the Group has right-of-use ('ROU') assets of £105.5m (2021: £77.4m) and lease liabilities of £112.9m (FY21: £84.8m). As described in the Viability and Going Concern statements, we reviewed all stores for impairment and concluded one store had future cash flows lower than the ROU and accordingly expensed a £0.2m impairment charge. This was due to a decision to exercise a break clause and relocate this store to a better location.

Earnings

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

£m	**FY22**	FY21[1]	% change
EBITDA[2]	**263.0**	222.9	18%
Exceptional items	**-**	(80.5)	n/a
Depreciation and amortisation	**(36.9)**	(34.9)	(6%)
Foreign exchange gains	**3.2**	3.8	(16%)
Net interest cost on bank debt	**(10.3)**	(6.5)	(58%)
Non-cash interest on preference shares	**-**	(28.5)	n/a
Amortisation of loan issue costs/interest on lease liabilities	**(4.7)**	(6.6)	29%
Profit before tax	**214.3**	69.7	207%
Tax	**(33.1)**	(35.0)	5%
Earnings	**181.2**	34.7	422%

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. See note 2.14 for further details.
2. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and exceptional items.

The Group grew profit before tax by 207% to £214.3m (FY21: £69.7m) with profit after tax of £181.2m (FY21: £34.7m).

The Group's net interest cost on bank debt was £10.3m (FY21: £6.5m). The increase compared to prior year was due to the refinancing and increase in bank loans which took place on 29 January 2021. The interest charged of £10.3m is made up of interest on bank loan of £8.1m, charge in relation to undrawn facilities of £1.7m and the remaining £0.5m relates to other fees and charges. In addition we incurred amortisation of loan issue costs and interest on lease liabilities of £4.7m. Non-cash interest on preference shares was £nil (FY21: £28.5m) as all preference shares were redeemed in full during the prior year refinancing.

The tax charge was £33.1m (FY21: £35.0m) with an effective tax rate of 15.4% which is lower than the UK corporate tax rate of 19.0% and mainly due to a prior year adjustment to tax charges. Excluding the prior year adjustment the effective tax rate was 19.5%. The prior year adjustment was principally in relation to bonus payments paid to all staff following the IPO which were treated as non-deductible in FY21. However, following a similar tax case and subsequent tax counsel advice a deduction has been taken. The following table analyses the tax charge:

	%
UK effective tax rate	**19.0%**
Non-UK tax rate differences	+0.5pts
Non deductible expenses	+0.2pts
Share-based payments	-0.2pts
Before prior year adjustment	**19.5%**
Prior year adjustments	-4.1pts
Reported tax rate	**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 FY22, this totalled £138.4m, either directly or indirectly, to various governments.

Earnings per share was 18.1p (FY21: 3.5p) and adjusted earnings per share (excluding exceptional items of nil) was 18.1p (FY21: 11.5p). For future comparability purposes we have also calculated an underlying EPS figure of 17.4p (FY21: 14.4p) which excludes exceptional items together with legacy financing costs of preference shares and the prior year tax adjustment. The following table summarises these EPS figures:

		FY22 pence	FY21[1] pence	% change
Earnings per share	Basic	**18.1**	3.5	417%
	Diluted	**18.1**	3.5	417%
Exceptionals per share		**-**	8.0	n/a
Add back exceptionals per share				
Adjusted earnings per share[2]	Basic	**18.1**	11.5	57%
	Diluted	**18.1**	11.5	57%
Legacy financing per share		**-**	2.9	n/a
Prior year tax deduction per share		**(0.7)**	-	n/a
Add back normalised costs per share				
Underlying earnings per share[3]	Basic	**17.4**	14.4	21%
	Diluted	**17.4**	14.4	21%

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. See note 2.14 for further details.
2. Adjusted earnings per share is calculated on adjusted profit after tax, being profit after tax and before exceptional items (see note 4 for details of exceptional items).
3. Underlying earnings per share is calculated before taking into account exceptional items, preference share interest and prior year tax deductions.

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

Dividends

In line with our progressive dividend policy and recognising the strong year end cash position, the Board has approved, and the Company has proposed a final dividend of 4.28p per share (FY21: nil pence). This will bring the total interim and final dividend for FY22 to £55.0m (5.5p), calculated as a 30.4% payout ratio. Subject to approval at the AGM on 14 July 2022, the dividend will be paid to shareholders on the register as at 10 June 2022 with payment on 19 July 2022.

£m	FY22	FY21[1]
Earnings	**181.2**	34.7
FY22 Interim dividend (declared and paid): 1.22p	**12.2**	-
FY22 Final dividend (proposed): 4.28p	**42.8**	-
FY22 Total dividend (paid and proposed): 5.50p	**55.0**	-

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. See note 2.14 for further details.

The Board has adopted a progressive 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.

Operating cash flow

Operating cash flow is summarised below:

£m	FY22	FY21[1]
EBITDA[2]	**263.0**	222.9
Change in net working capital[3]	**(35.1)**	27.8
Share-based payments	**5.2**	0.7
Capital expenditure	**(25.0)**	(17.3)
Operating cash flow[4]	**208.1**	234.1
Operating cash conversion[4]	**79%**	105%

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. See note 2.14 for further details.
2. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and exceptional items.
3. Working capital per the consolidated statement of cash flows, less exceptional items of £7.5m (FY21: £6.1m).
4. Alternative Performance Measures as defined in the Glossary on pages 247 and 248.

Operating cash generation was strong in the year at £208.1m (FY21: £234.1m) representing a cash conversion of EBITDA of 79% (FY21: 105%). In the year the increase in working capital was mainly increased inventories as we returned to more normal inventory levels post Covid-19 and higher trade debtors due to much stronger Q4 shipments to wholesale customers following supply chain disruption. Trade debtor days remain in line with previous year at 42 days. In prior year cash flow was unusually strong due to the impact of Covid-19 on inventory and trade debtors.

Capex was £25.0m (FY21: £17.3m) and represented 2.8% of revenue (FY21: 2.2%) and was higher than the prior year mainly due to the resumption of retail store openings and certain larger IT related projects that had previously been delayed. Spend included £8.7m on new stores, IT and ecommerce spend of £10.0m and supply chain and plant and equipment spend of £6.3m. Capex was lower than guidance due to timing of spend on certain IT related projects.

Net cashflow after interest

Net cashflow after interest costs is summarised below:

£m	FY22	FY21
Operating cash flow[1]	**208.1**	234.1
Net interest paid	**(10.8)**	(7.4)
Payment of lease liabilities	**(24.0)**	(23.8)
Taxation	**(41.2)**	(33.1)
Free cashflow before exceptional items	**132.1**	169.8
Proceeds from new bank borrowings	**-**	300.0
Exceptional items[2]	**(7.5)**	(27.0)
Preference share redemption	**-**	(341.4)
Net bank borrowings and facility repayments	**-**	(92.7)
Dividends paid	**(12.2)**	-
Net cash flow	**112.4**	8.7
Opening cash	**113.6**	117.2
Net cash foreign exchange	**2.0**	(12.3)
Closing cash	**228.0**	113.6

1. Operating cash flow and free cash flow are Alternative Performance Measures defined in the Glossary on pages 247 and 248.
2. All exceptional items paid were in relation to the IPO and refinancing event.

At 31 March 2022 the Group had cash of £228.0m compared to cash at 31 March 2021 of £113.6m. During the year the Group had a net cash inflow of £112.4m (after a dividend payment of £12.2m) driven by good cash collection and EBITDA cash conversion through the year.

Funding

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 bank debt is carried in Euros to reflect excess Euros the Group generates from trading in Continental Europe to fund interest costs (with US dollar revenue generated broadly funding US dollar purchases of inventory and GBP generated broadly funding GBP related costs).

The group financing arrangements have a total net leverage covenant test every 6 months. The total net leverage covenant test is calculated with a full 12 months of trailing EBITDA and net debt inclusive of IFRS 16 lease liabilities. At 31 March 2022, the Group had total net leverage of 0.7 times giving us a significant headroom against our covenant test. If this test is calculated using average cash throughout the year (reflecting the Group's intra-year cash swing), average gearing was approximately 1 times.

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 2019), on an actuarial funding valuation basis as agreed with the Trustees, the scheme had assets with a value of £65.4m and estimated future liabilities (technical provisions) of £60.6m, resulting in a surplus of £4.8m.

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 attributions 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 2022 the scheme has assets of £68.6m (31 March 2021: £67.8m).

The Group also operates a defined contribution scheme for its employees and during the year the Group contributions to this scheme were £6.0m (FY21: £5.8m). At 31 March 2022 this scheme had assets of £20.4m (31 March 2021: £15.5m).

Balance sheet

The balance sheet is summarised below:

£m	31 March 2022	31 March 2021
Freeholds	**6.1**	6.1
Right-of-use assets	**105.5**	77.4
Other fixed assets	**53.6**	45.4
Working capital	**78.5**	25.5
Deferred tax	**9.6**	7.4
Operating net assets	**253.3**	161.8
Goodwill	**240.7**	240.7
Cash	**228.0**	113.6
Gross bank debt	**(285.6)**	(287.5)
Unamortised bank fees	**4.7**	5.9
Lease liabilities	**(112.9)**	(84.8)
Net assets	**328.2**	149.7

The working capital balance of £78.5m (FY21: £25.5m) predominantly reflects inventory of £123.0m (FY21: £101.5m), trade and other receivables of £85.6m (FY21: £59.4m), trade and other payables of £134.7m (FY21: £133.0m) and other items (derivatives, tax and provisions). The increase in working capital was mainly increased inventory and debtors, resulting from increased sales to wholesale customers and bringing in additional inventory ahead of the coming seasons.

Equity of £328.2m can be analysed as follows:

	£m
Share capital	10.0
Hedging reserve	(0.1)
Merger reserve	(1,400.0)
Non-UK translation reserve	7.0
Retained earnings	1,711.3
Equity	328.2

Included in retained earnings is distributable reserves of £1,694.6m of which Dr. Martens plc (the Company) has distributable reserves of £1,389.8m.

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2022

A SUSTAINABLE APPROACH

AT DR. MARTENS, WE ARE COMMITTED TO LEAVING THINGS BETTER THAN WE FOUND THEM.

In last year's Annual Report, we set out Dr. Martens long-term sustainability Commitments. Since then, we have been working to embed our Commitments through our new Planet, Product, People sustainability strategy.

This year, alongside our sustainability update, we are reporting our findings against the Task Force on Climate-related Financial Disclosures (TCFD) framework for the first time, which gives an overview of our carbon risks and opportunities. We also continue to align our Sustainability report against the Sustainability Accounting Standards Board (SASB) reporting standards.

OUR TCFD DISCLOSURES **P90**

SASB REFERENCE TABLE **P88**

The Dr. Martens Sustainability team act as champions for sustainability throughout the business. As the subject matter experts, they work across teams to support the business functions in embedding sustainable practices.

Our efforts to drive the sustainability strategy are supported by ongoing engagement with stakeholders to ensure we remain responsive to their priorities and concerns (page 22).

As we continue on our journey, we remain focused on identifying and acting on the opportunities where we can add value. This is with the ultimate ambition to leave things better than we found them.

EMBEDDING SUSTAINABILITY IN THE DOCS STRATEGY

More broadly, we are working to integrate sustainability across all parts of the business. In 2022, we updated our DOCS corporate strategy to help ensure that sustainability is embedded across the relevant pillars. Previously, our sustainability strategy sat within the 'Consumer Connection' pillar.

DOCS STRATEGY **P28**

The movement of sustainability into more business areas and projects is not only symbolic, it will help ensure that sustainability becomes an operational requirement for all functions delivering our Commitments.

D O C S

IN THIS SECTION

KENNY WILSON
CHIEF EXECUTIVE OFFICER

TUZE MEKIK
HEAD OF SUSTAINABILITY

EMILY REICHWALD
GENERAL COUNSEL, COMPANY SECRETARY,
SUSTAINABILITY GLT LEAD

A MESSAGE FROM OUR SUSTAINABILITY LEADERSHIP

> We're making the changes that are needed today, whilst also investing in the future of the business.

At Dr. Martens, we take our responsibility to the planet and our people seriously. Over the past year, we have been working hard to set ourselves up for success, with our guiding principle being "to leave things better than we found them."

Our vision for a business with sustainability at its core is clear in the development of our business strategy, DOCS – as sustainability now underpins the wider strategy as an integral theme running throughout.

This year, we carried out extensive internal stakeholder engagement to launch our new sustainability strategy – Planet, Product, People – and to develop the detailed roadmaps towards achieving our long-term Commitments.

Taking action to limit our climate impact has been at the forefront of our approach this year. The urgency of the situation has only been further highlighted by the recent Intergovernmental Panel on Climate Change report. Our major focus has been to build the internal expertise and baseline our operational and full value chain emissions. Identification of our carbon impact areas has underpinned the development of our future plans.

Since we published our last report, we have also seen great progress in other areas. We achieved our goal to source 100% of our leather from Leather Working Group tanneries, our core shoe box design has been optimised to use 25% less material, and we have been working to launch our first repair for resale trial – ReSouled. We're making the changes that are needed today, whilst also investing in the future of the business.

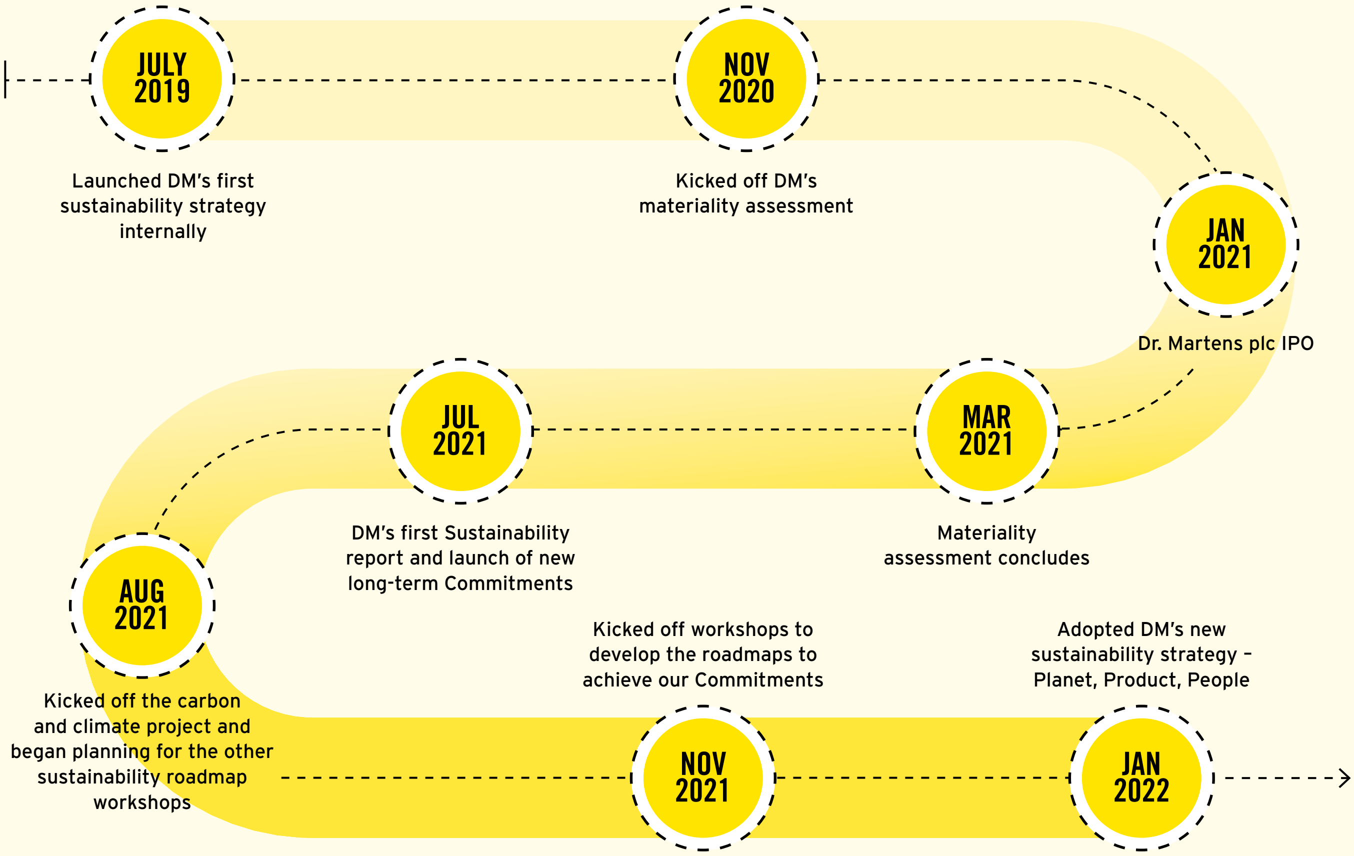
We hope you enjoy this – our second Sustainability report – which provides an update on our progress throughout FY22.

KENNY WILSON
CHIEF EXECUTIVE OFFICER

EMILY REICHWALD
GENERAL COUNSEL, COMPANY SECRETARY, SUSTAINABILITY GLT LEAD

TUZE MEKIK
HEAD OF SUSTAINABILITY

OUR SUSTAINABILITY JOURNEY SO FAR:



ACHIEVEMENTS

GENERAL

D O C S

Sustainability integrated into the DOCS business strategy

Launch of our new sustainability strategy – Planet, Product, People

Developed the roadmaps to help us achieve the sustainability Commitments outlined in our Annual Report last year

PRODUCT

Developed ReSouled, our repair for resale business model trial[1]

Optimised our core shoe box design to use 25% less material

100%
of our leather was sourced from Leather Working Group certified tanneries

1. To be launched in April 2022.
2. Audit results above 75% scoring, in line with Intertek Workplace Conditions Assessment scoring methodology.

IN FY22

PLANET

Assessed our Scope 1, 2, and 3 carbon emissions

Committed to the Science Based Targets initiative (SBTi) 1.5˚C trajectory

PEOPLE

100%
of our Tier 1 suppliers achieved the highest rating in the CSR audit[2]

Launched our DE&I strategy

Our Made In England apprenticeship scheme entered its tenth year

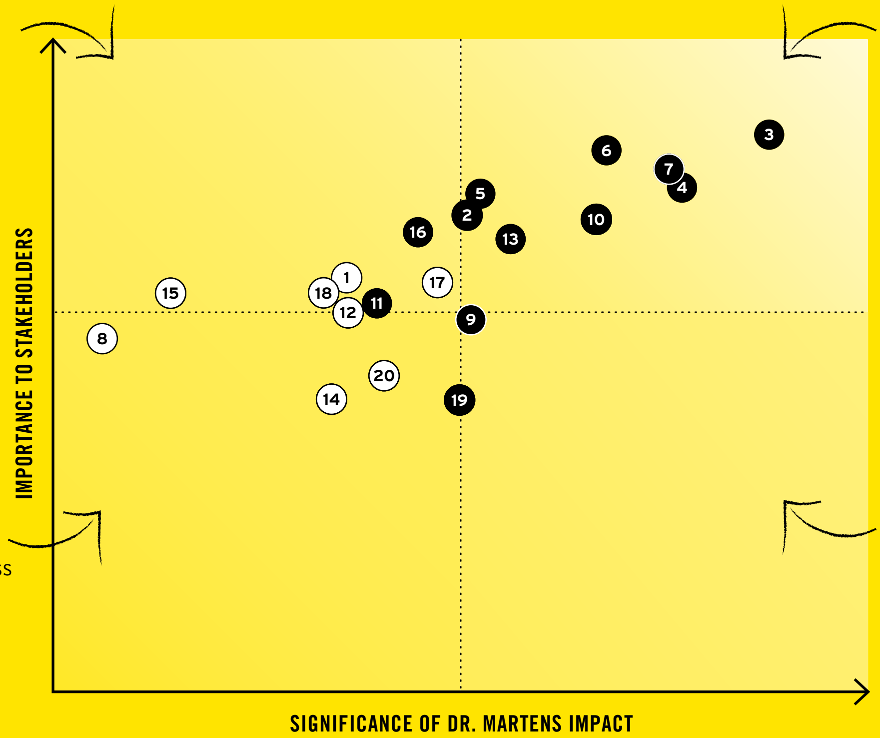
The Dr. Martens Foundation donated
£735,830
to 41 organisations working to advance social justice

MATERIALITY ANALYSIS SUMMARY

In 2021, we concluded an in-depth materiality assessment to identify the environmental and social issues that are most significant to Dr. Martens. This work formed the basis for the development of our long-term sustainability Commitments, and it enables us to focus our resources and efforts in the areas where we can make the most impact.

Manage and engage: These are the areas we will actively manage.

Excel in: These are our core areas of focus where we want to excel.



Maintain expected position: These are the areas where we have less impact. We will ensure we are keeping up with industry expectations and maintaining risk management measures.

Build and embed: These are the areas we will manage efficiently and effectively, building best practice into our business as usual.

● Key areas
○ Areas to manage and maintain

THE MATERIALITY ANALYSIS HELPED US DETERMINE KEY AREAS WHICH FORMED THE BASIS OF OUR COMMITMENTS:

2 Land, biodiversity and ecosystems impacts of raw material production.

3 Environmental impacts from supply chain manufacturing processes.

4 Modern slavery, human rights and labour rights in the supply chain.

5 Circular economy (resource efficiency, durability, repair, end of life).

6 Innovation in design and sustainable materials.

7 Chemicals management and product compliance (product safety).

9 Packaging materials and design.

10 Responsible treatment of suppliers.

11 Energy and climate (Net Zero and climate risk).

13 Waste management (reduction and recycling).

16 Diversity, equity and inclusion.

19 Volunteering, charitable support and local communities.

OTHER AREAS TO MANAGE AND MAINTAIN

1 Animal welfare.

8 Local procurement.

12 Air and water management and impacts.

14 Store concept: resource efficiency and sustainable materials.

15 Job creation, human capital and employee development.

17 Pay, employee wellbeing and benefits.

18 Occupational health and safety.

20 Economic and social development in supply chain communities.

Developing the roadmaps:
Starting in November 2021, we held five workshops, facilitated by a specialist external sustainability consultant and involving more than 40 internal stakeholders, to develop roadmaps which would help us on the journey to achieve our Commitments.

The purpose of these sessions was to engage the right stakeholders from the business with our new sustainability strategy and to develop clear next steps. We also needed to capture and continue the momentum of the existing sustainability initiatives from the previous five pillar strategy.

Each roadmap includes:

- Milestone plans for each workstream with actionable next steps.
- Key performance indicators (KPIs) to help track progress towards our Commitments.
- Delivery dependencies and risks to support with successful delivery.

By March 2022, we had completed roadmaps across the following key areas:

→ **CLIMATE**

OPERATIONS

→ Supplier practices.

→ Waste.

→ Chemicals.

MATERIALS

→ Sustainable materials.

→ Leather.

→ Deforestation.

PACKAGING

→ Sustainable packaging.

LIFECYCLE

→ Useable life.

→ End of life.

In parallel, we have been working with the Carbon Trust to map our carbon emissions and develop our Net Zero Commitment (page 66). In March 2022, the Climate roadmap was aligned and integrated across the wider strategy structure. In FY23 we will begin to implement the roadmaps as we progress towards our long-term Commitments.

We also continued with work across the additional key areas identified in our materiality assessment of 'Modern slavery, human rights and labour rights in the supply chain' (page 84) and 'Volunteering, charitable support and local communities' (page 85). For both of these areas we have been developing our approach outside of the roadmapping process.

The DE&I team have also been working to develop the DE&I strategy, which launched in May 2021. Find out more on page 81.

KPI DEVELOPMENT:

As part of the roadmapping process we developed KPIs for which we are aiming to report baseline data in upcoming reports. Some of these include:

- **Percentage (%) of Tier 1 suppliers with an environmental certification.**
- **Percentage (%) of vegan range with upper material that meets DM's sustainable material standards.**
- **Percentage (%) of packaging materials meeting DM's sustainable materials standards.**

A key short-term focus is to implement the necessary data systems to accurately monitor progress against our KPIs.

LINKING EXECUTIVE REMUNERATION TO OUR SUSTAINABILITY COMMITMENTS:

Our executive bonuses are linked to ESG performance targets. In FY22, the strategic element of the executive bonus was linked to the successful delivery of the sustainability roadmaps and DE&I strategy.

Find out more in our Remuneration report on page 147.

OUR SUSTAINABILITY STRATEGY

Developing Planet, Product, People: In 2022, we launched our new Planet, Product, People sustainability strategy. This captures our eight key areas which were based on the material issues identified in the materiality analysis (page 60).

The ultimate success of our sustainability approach requires efficient cross-functional collaboration. The new Planet, Product, People sustainability strategy will help facilitate a more integrated approach to our sustainability management, supported by coordinated internal engagement.

OUR COMMITMENTS

PLANET

CLIMATE
- **Energy and climate Commitment:** Net Zero target to be validated by SBTi in FY23[1].

OPERATIONS
Waste
- **Waste management Commitment:** Minimise waste, and ensure zero waste to landfill across the full value chain by 2028.

Chemicals
- **Chemicals management and product compliance Commitment:** Support suppliers to adopt best practice chemical management by 2025.

Supplier practices
- **Environmental impacts from supply chain manufacturing processes Commitment:** Environmental certification standard to all Tier 1 suppliers by 2025.

PRODUCT

MATERIALS
- **Innovation in design and sustainable materials Commitment:** 100% of footwear made from sustainable materials by 2040.
- **Land, biodiversity and ecosystems impacts of raw material production Commitment:** 100% of the natural materials in products from regenerative agriculture by 2040.

PACKAGING
- **Packaging materials and design Commitment:** 100% packaging from recycled or other sustainably sourced material by 2028.

LIFECYCLE
- **Circular economy (resource efficiency, durability, repair, end of life) Commitment:** 100% products sold have sustainable end of life option by 2040.

PEOPLE

DE&I
- **Diversity, equity and inclusion Commitment:** To be achieved within three to five years:

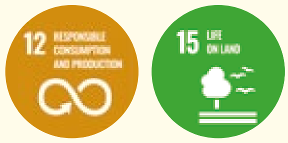
Ethnicity
- 30% underrepresented communities[2] in senior leadership roles (GLT and direct reports).

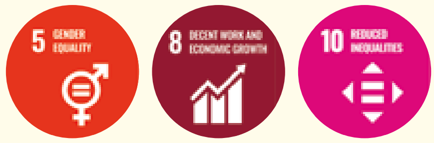
Gender
- 50% women in senior leadership roles (GLT and direct reports).
- Increase non-binary colleagues from 2% to 4% globally.
- Increase male representation across our retail stores to 40%.

HUMAN RIGHTS
- **Modern slavery, human rights and labour rights in the supply chain:** We have been developing our approach in this area through our CSR monitoring programme and modern slavery programme.

COMMUNITY
- **Volunteering, charitable support and local communities:** We continue to progress in this area through our work with the Dr. Martens Foundation.

RELEVANT UN SDGS





1. In last year's Annual Report, we disclosed our commitment to achieve Net Zero by 2030. Since then, the guidance for setting Net Zero targets has been updated by the Science Based Targets initiative (SBTi). As a result of this, we are committed to achieve 90% reduction in absolute GHG emissions by 2030 for our Scope 1 and 2 emissions (from a 2020 base year) which is aligned with a 1.5°C future and to the requirements for Net Zero targets set out by the SBTi. We are awaiting the updated guidance for our sector from the SBTi in order to submit our targets and set our Scope 3 emissions Commitment, as advised by the SBTi (expected later in 2022). We look forward to sharing our targets and the progress against them following submission and validation.
2. Black, Asian & Latinx.

MAPPING OUR COMMITMENT TO THE SDGs

Alignment with the global sustainability agenda is key to driving progress. In early 2022, we carried out an assessment to better understand which UN Sustainable Development Goals (SDGs) and related Targets matter most to DM's and our stakeholders. Carried out by an external consultant, the structured, score-based assessment focused on how each SDG and Target relates to:

- Our material sustainability issues, as identified in our 2021 materiality assessment.
- Our new Planet, Product, People strategy and its related KPIs.
- The Dr. Martens brand.
- Our impacts on relevant SDGs and Targets (current and future).
- Industry sustainability frameworks.
- Peer brands, including a review of cited SDGs.

We used this scoring to prioritise the SDGs and Targets and identify those that are most relevant to us and our stakeholders (see table below). This process will guide our ongoing efforts to actively support the global SDG agenda in a meaningful way.

SDG GOAL	RELEVANT UN TARGETS	OUR RELEVANT COMMITMENTS	2021 HIGHLIGHTS
3 GOOD HEALTH AND WELL-BEING	3.9	• 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.	• Conducted R&D for leather waste solutions and installed machinery at our Made In England manufacturing site to recycle PVC waste back into the outsole moulding process (page 71).
5 GENDER EQUALITY	5.1 5.2 5.5	• See all ethnicity and gender DE&I Commitments (page 81).	• Launched our DE&I strategy and global learning programmes (page 81).
6 CLEAN WATER AND SANITATION	6.3 6.4	• Environmental certification standard to all Tier 1 suppliers by 2025. • Support suppliers to adopt best practice chemical management by 2025.	• Began engagement with Tier 1 suppliers to baseline those with an environmental certification standard (page 69).
8 DECENT WORK AND ECONOMIC GROWTH	8.4 8.5 8.7 8.8	• All Tier 1 suppliers continue to be audited and rated over 75% in externally conducted CSR audits. • At least 90% Key Tier 2 suppliers are rated above 70% in externally conducted CSR audits by 2023. • DE&I Commitments (page 81).	• All audited Tier 1 suppliers achieved the highest rating in the externally conducted CSR audits. We continued to extend CSR audits across our Key Tier 2 suppliers (page 70). • See DE&I highlights above.
10 REDUCED INEQUALITIES	10.2 10.3	• See all ethnicity and gender DE&I Commitments (page 81).	• Launched our DE&I strategy and global learning programmes (page 81).
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 12.4 12.5 12.6	• Operations (page 69), Materials (page 74), Packaging (page 77) and Lifecycle (page 78) Commitments.	• Developed our first repair for resale trial, ReSouled (page 78). • Introduced more sustainable materials across our product and packaging, including our core shoe box (page 77).
13 CLIMATE ACTION	13.2	• Net Zero target to be validated by SBTi in FY23. • Renewable electricity across all owned and operated facilities by 2025.	• Conducted Dr. Martens first full value chain carbon footprinting exercise (page 66). • Purchased 100% of the electricity in the UK from renewable sources, as well as implementing numerous energy efficiency initiatives (page 68).
15 LIFE ON LAND	15.1 15.2 15.5	• Sustainable vegan upper material by 2028. • 100% of the natural material in products from regenerative agriculture by 2040. • Achieve 100% leather traceability for all countries by 2024. • 100% upper leather from LWG by 2023. • Zero deforestation by 2025.	• Tested a bio-based vegan upper material which we plan to launch in the Spring Summer 23 range (page 76). • Continued to work with tanneries to improve traceability (page 75). • We achieved our Commitment to source 100% LWG certified upper leather (page 75).

These boots have been repaired and restored as part of our ReSouled trial, more on page 78.

PLANET

We tread lightly, working to transform our business and help our suppliers to operate in a way which supports the future of our planet.

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

KEY AREAS AND COMMITMENTS:

CLIMATE:

- Net Zero target to be validated by SBTi in FY23.

READ MORE **P66**

OPERATIONS:

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

READ MORE **P69**

CLIMATE

WHY IT MATTERS...

Climate change is an issue which is increasingly impacting us all. Collective, rapid action is needed to slow the effects, which are already materialising globally. It's an area of importance for our stakeholders – including our consumers concerned about their personal impact and our investors considering the commercial, regulatory and physical climate exposure of their investments. Distributors and wholesale partners are thinking about the carbon footprint of their product portfolio, and current and potential employees are wondering how their organisation is addressing this global issue.

OUR COMMITMENTS:

Energy and climate

- Net Zero target to be validated by SBTi in FY23.
- Renewable electricity across all owned and operated facilities by 2025.

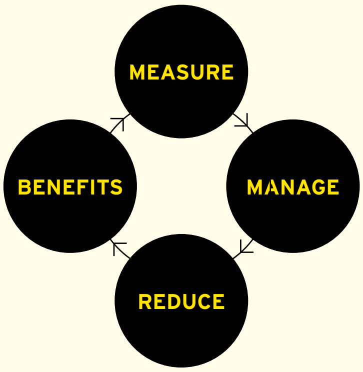
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

This year, we have disclosed our climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). You can find our full TCFD update on page 90.

WHAT WE'RE DOING...

In 2021, we partnered with the Carbon Trust, a third-party expert, to measure and map our total value chain carbon footprint, develop our Net Zero Commitment and assess our climate-related risks and opportunities. Understanding where our carbon hotspots lie will help us prioritise reductions and maximise efficiencies as we develop our operations for the future.

Our approach to carbon emissions:



OUR PROGRESS...

Mapping and measuring our carbon footprint:

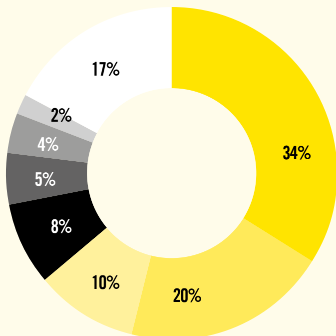
This year we undertook our first full carbon footprinting exercise, mapping emissions across our operations and full value chain. Emissions included within our Scope 1-3 footprint are detailed in Figure 1 below and are aligned with the GHG Protocol. We used FY20 (April 2019 – March 2020) as a baseline to avoid the significant distortion caused by Covid-19 related disruption and lockdowns experienced across FY21.

Despite Scope 1 and 2 emissions making up only 1% of our total FY20 footprint (which is common for retailers), the decarbonisation of our own operations remains a key priority. In order to achieve our Net Zero target, we have set a series of internal milestones and KPIs which form part of our broader sustainability roadmaps (see page 61 to find out more). Further details on our FY22 Scope 1 and 2 emissions can be found in our Streamlined Energy and Carbon Reporting (SECR) disclosure on page 68.

Over the past year we have also been working to develop our Science-Based Targets with support from the Carbon Trust. In last year's Annual Report, we disclosed our commitment to achieve Net Zero by 2030. Since then, the guidance for setting Net Zero targets has been updated by the SBTi.

As a result of this, we are committed to reduce absolute Scope 1 and 2 emissions 90% by 2030, from a 2020 base year, which is aligned with a 1.5°C future and to the requirements for Net Zero targets as set out by the SBTi. We are awaiting the updated guidance for our sector from the SBTi in order to submit our targets and set our Scope 3 emissions commitment, as advised by the SBTi (expected later in 2022). We look forward to sharing our targets and the progress against them following submission and validation.

Figure 2: FY20 BASELINE SCOPE 3 EMISSIONS (tCO_2e)



1a Bovine Leather	78,665
1a Outsoles	46,170
1b Non-Product (Consultancies, Marketing, Tech, Services etc)	22,263
2 Capital Goods	19,589
1a Tier 1 Factories	10,678
4 Inbound Transport	9,210
1a Packaging	5,960
Other[1]	39,010
Total	231,545

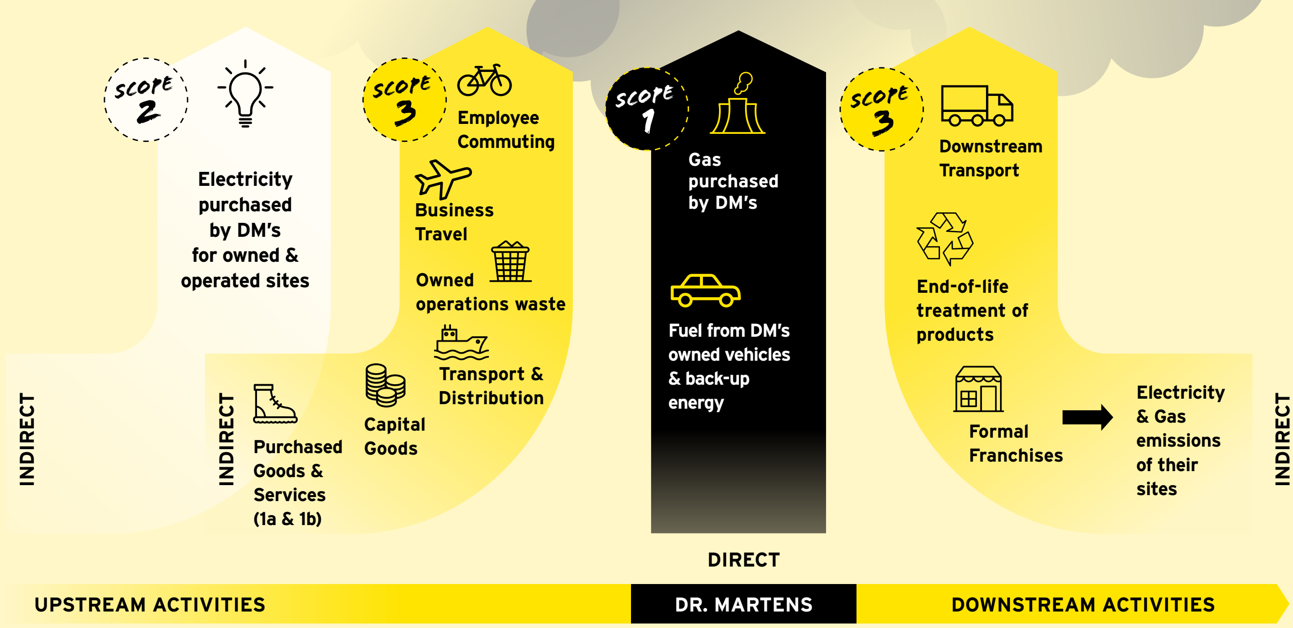
1. The following GHG Protocol Scope 3 emission categories are excluded, either because the emissions are covered in another category or because they are not relevant for our business: (8) Upstream leased assets, (10) Processing, (13) Downstream leased assets & (15) Investments.

Figure 1: The breakdown of emissions across Scopes 1-3 from a FY20 baseline (1 April 2019 – 31 March 2020)

Scope	FY20 Tonnes CO_2e	% of Total Value Chain
Scope 1	640	0.3%
Scope 2 (Location)	1,891	~
Scope 2 (Market)	1,936	0.8%
Scope 3	231,545	98.9%

GREENHOUSE GASES ARE MEASURED ACROSS 'SCOPES' WITHIN THIS GLOBALLY AGREED METHODOLOGY

The breakdown of our baseline Scope 3 emissions can be seen in Figure 2. The most material elements of our Scope 3 footprint lie within the following parts of our value chain:



Upstream: The materials we purchase (including leather, PVC, and packaging) and the manufacturing services we use to convert those materials into our products.

Downstream: The fitting out of new stores, as well as transportation and logistics.

COLLABORATING TO STANDARDISE THE CALCULATION OF LEATHER EMISSIONS:
Leather is used across the vast majority of our product range, so we want to make sure that the leather we use is sourced as responsibly as possible. The leather we use is a by-product of the food industry. Calculating the carbon footprint of leather is complex and is still developing and evolving across the sector. We are actively working with our peers – and through the Leather Working Group (page 75) – to develop and standardise the process.

Through industry collaboration, we are working to develop a standard for calculating leather emissions that encompasses the full carbon impacts of the material and applies accurate responsibility across the relevant sectors and stakeholders involved. For our FY20 baseline footprint, we used what we consider to be the best available industry standard (EU PEFCR) combined with primary data from our tanneries to generate an emissions intensity factor.

LIFE CYCLE ASSESSMENT DATA:
Accurate data leads to a more reliable carbon footprint, which is why we are supportive of our suppliers who conduct material specific Life Cycle Assessments (LCA). In our calculation of our footprint this year, we used LCA data directly from some of the progressive tanneries that we work with, including Prime Asia. The LCA results carried out by Prime Asia have been independently reviewed and approved for use in one of the leading standards for the sustainability impact of materials.

STREAMLINED ENERGY AND CARBON REPORTING STATEMENT

Emissions data in respect of the FY22 reporting period is as follows:

GHG Protocol Scope	Sub-category	FY21	FY22
Scope 1 (tCO_2e)	Gas and transport fuel	467.78	517.85
Scope 1 (tCO_2e)	Fugitive emissions	238.03	238.03
Total Scope 1 (tCO_2e)		**705.81**	**755.88**
Scope 2 (Location-based) (tCO_2e)	Purchased energy	1,551.97	1,665.08
Scope 2 (Market-based) (tCO_2e)	Purchased energy	1,461.63	1,284.83
Total Scope 1 and 2 (Scope 2 Location-based) (tCO_2e)		**2,257.78**	**2,420.96**
Total Scope 1 and 2 (Scope 2 Market-based) (tCO_2e)		**2,167.44**	**2,040.71**
Scope 3 (tCO_2e)	Grey fleet	5.34	13.37
Total Scope 3 (tCO_2e)		**5.34**	**13.37**
Total Emissions (Scope 2 Location-based) (tCO_2e)		**2,263.12**	**2,434.33**
Total Energy Use (Global) (kWh)		**6,682,753**	**7,404,496**

Intensity Metrics		
Turnover (£)	773,000,000	906,050,000
Intensity Ratio (tCO_2e/£100,000)	**0.29**	**0.27**

- The period of our report is 01/04/21 – 31/03/22 and covers Dr. Martens plc and other Group companies.
  This includes limited emissions under Scope 1 and 2 (gas & fuel used in transport; purchased electricity), except where stated, and limited emissions under Scope 3 (fuel used in personal/hire cars for business purposes). Location-based emissions are calculated using electricity grid averages, whereas market-based emissions are calculated using supply-specific factors.
- The methodology is based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2021-22. Conversion factors for UK electricity (market-based methodology) are published at electricityinfo.org/ provided by the relevant supplier. Emissions intensity factors for our operations across the Americas and Asia Pacific were sourced from the IEA, with EEA intensity factors being used for EMEA countries (excluding UK). Where market-based emissions are zero, these are linked to Renewable Energy Guarantees of Origin (REGO) accredited sources.
- Scope 3 emissions from our grey fleet (i.e. privately-owned vehicles used by employees for business purposes) have been calculated using the 2022 UK Government Conversion Factors for Company Reporting.
- We are continuing to source energy consumption data through a series of means, with the most to least optimal being half-hourly data, meter readings, energy invoices, and estimates if none of the prior are available. Electricity and gas data for direct supplied sites includes some supplier estimates for FY22.
- Scope 3 emissions (grey fleet) totalling 21,829 kWh were missing from the Total Energy Use reported in FY21. This has been rectified for the FY22 SECR disclosure.
  Exclusions statement: No known exclusions at the time of reporting.

Energy efficiency initiatives:

A number of energy efficiency initiatives were implemented during FY22. The key initiatives are as follows:

- Over the past year, a focus has been to source renewable electricity across our owned and operated sites as we move towards our 2025 Commitment. 100% of electricity purchased for our owned and operated sites in the UK is now from renewable sources.
- 39% of electricity purchased for our owned and operated sites in Europe is now also from renewable sources. We have set an internal aim to reach 75% across Europe by the end of 2023.
- Opening of our test and learn 'Retail Reimagined' site at our Carnaby Street store was also a key moment. Working with an energy management company, we initiated trials of smart controls on energy consuming units within the store. Metering and controls generate automated energy readings whilst simultaneously making real-time improvements to energy efficiency through artificial intelligence. We will use the outcome of the trial to inform future developments in energy management across our owned store estate globally.
- We also installed two double socket wall-mounted Electric Vehicle charging points at our Made In England factory.

What's next?

Climate is a critical area of focus for our Sustainability Working Groups.

An important short-term target is to implement appropriate internal systems to enable us to monitor our climate-related data, such as energy data, in real time. This will be a key focus for us over the coming year.

We also look forward to sharing our Science-Based Targets and the progress against them following submission and validation.

OPERATIONS

WHY IT MATTERS…

Being a responsible brand starts with our own operations. Whether it be in one of our stores, offices, distribution centres, or on the factory floor at Cobbs Lane, our operations are where we show up to work for DM's each day. Here, we've got direct control so we can lead by example to operate in a way which is resource efficient, treading as lightly as we can. Transforming how we operate shows we are serious about the action that's needed. It's how we reduce our carbon footprint, eliminate waste at source and recycle more. By sharing what we learn, we can support our global supply chain to measure and mitigate their impacts too.

OUR COMMITMENTS:

Environmental impact of supply chain manufacturing

- 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

- Support suppliers to adopt best practice chemicals management by 2025.

WHAT WE'RE DOING…

Made In England: Sustainability leadership through innovation

Cobbs Lane in Wollaston, England, is the birthplace of Dr. Martens. To this day, Cobbs Lane remains the home to our Made In England (MIE) manufacturing facilities and is our 'centre of excellence' in terms of manufacturing innovation.

In 2021, we maintained ISO 14001 certification across our MIE facilities. We have also seen a number of environmental management improvements at our MIE sites:

- Investment in automation: In June 2021 we introduced new digital cutting machines to our MIE facilities. Using nesting technology, they allow for the efficient measurement and cutting of leather and other materials, which can minimise waste.
- Improved energy data: We have installed energy monitors on selected machinery at our MIE sites to accurately measure energy use.
- Supplier engagement: We engaged with our MIE suppliers to identify environmental performance improvements. In February 2022, our MIE welt supplier replaced the single use plastic sheet covering in-transit welt with a paper cover. We want to lead by example, so we will support our Tier 1 suppliers to introduce an environmental certification standard, such as ISO 14001, by 2025. Currently, 14% of our Tier 1 footwear assembly supplier factories have an environmental management certification. In the coming year, we will continue to engage with the rest of our Tier 1 supplier base to set the baseline for this Commitment next year.

Our UK and Netherlands distribution centres were built with sustainability in mind. Both are certified to the BREEAM 'sustainable building' standard. We are also looking to design our new EMEA office to the BREEAM certification standard, which is expected to be confirmed later in 2022.

Sell responsibly:

In March, we completed our new store concept on Carnaby Street, London. This is our first 'test and learn' site globally and has sustainability features running throughout. It is currently also awaiting a BREEAM certification which will be confirmed later in 2022. The fit out was completed using sustainable materials such as recycled steel, Richlite (a recycled paper composite) and Jesmonite (a low carbon and lime-free alternative to concrete). The site was also used to trial energy measurement and management software to optimise efficient use of energy and deliver smart control of consumption units. This store concept will form the basis for our future store design principles, which will be developed over the coming year.

OUR OPERATIONS MAP **P6**

Global supply chain

We define our global supply chain tiers in the following way:

- Tier 1 supplier: Manufacturing and assembly of finished products.
- Key Tier 2: A supplier that produces a strategic component.
- Tier 2: A supplier that produces other components.

The majority of our footwear and accessories are manufactured by our Tier 1 suppliers across Asia and Europe, with a small amount of footwear being made at our owned manufacturing site in the UK. Our Tier 1 factory list is shared on our website and is updated every six months.

We are committed to fostering long-term partnerships with our suppliers. Throughout FY22, supply chains globally have continued to face unprecedented challenges due to Covid-19 and other unforeseen events. In line with our partnership principles, we have not cancelled any orders (in full or in part) and have continued to pay our suppliers throughout the Covid-19 crisis. We also accelerated payment terms for some of our suppliers, from 60 days to 30 days, to support them through the challenging circumstances caused by the pandemic.

Supplier engagement:

Our CSR team works directly with new and existing suppliers and their factories. They are based in key sourcing locations and this enables the team to respond quickly if issues occur. It also allows us to develop trust and build strong relationships with our suppliers. We host supplier conferences approximately every six weeks which provide an opportunity to update and share learning with our Tier 1 suppliers and maintain regular and open lines of communication.

KPI: ACHIEVED

100%

of Tier 1 footwear suppliers CSR audited were found to meet our high standards during FY22

CSR policies:

Our suppliers must adhere to our CSR policies, which set out our standards for the fair treatment and conditions to be provided to the workers making our products. These policies, which are available on our website, are embedded in our Master Supplier Agreements, which are signed by our Tier 1 suppliers and third-party distribution centres and include:

- Supplier Code of Conduct.
- Migrant Worker Policy.
- Supplier Environmental Standard.
- Animal Derived Materials Policy.

Our Supplier Code of Conduct sets out our expectations for the suppliers we work with. It is based on the Ethical Trade Initiative Base Code and the conventions of the International Labour Organization (ILO).

CSR monitoring programme:

Our CSR monitoring programme provides a robust framework for factory approvals and ongoing monitoring. It is the foundation of our supplier factory relationships and underpins our commitment to maintaining fair and safe working conditions in our supply chain. It includes independent third-party CSR audits, which must be completed before we engage with new Tier 1 supplier factories. In addition, it includes the frequent monitoring (at least once a year) of active Tier 1 supplier factories to ensure their workers are treated fairly and their safety is protected.

We continue to partner with an independent third-party company, Intertek, to deliver our CSR monitoring programme. The Workplace Conditions Assessment (WCA) is the audit protocol which is followed for our CSR monitoring programme. It is an on-site verification programme intended as an overall risk assessment for social and environmental compliance issues across a range of topics including modern slavery, child labour, wages and hours, health and safety, environmental management and environmental impact reduction.

SUPPLIERS ARE SCORED USING THE WCA AUDIT SCORE RATINGS

Green (High)	85-100%
Yellow (Medium)	71-84%
Orange (Low)	51-70%
Red (Not Acceptable)	0-50%
Grey	(Not Audited Yet)

This year, we have started to carry out semi-announced audits across our Tier 1 supplier factories. This means suppliers are given a window of 30 days for when the audits could take place. Going forward, we will continue to audit our Tier 1 suppliers semi-announced, unless it is the facility's first audit.

During the year, Covid-related travel restrictions have made it difficult for our employees and local third-party auditors to visit certain areas of our supply chain. In addition, ongoing global lockdowns have meant that some supplier factories have at times been closed. These disruptions have resulted in interruptions to the audit schedule and in one instance, remote auditing was required[1].

However, despite these challenges, we have continued to frequently audit our Tier 1 supplier factories.

During FY22, 100% of Tier 1 footwear suppliers CSR audited were found to meet our high standards[2].

We are also committed to setting similar high standards for our Key Tier 2 suppliers. Under our CSR monitoring programme, we are now working to extend the WCA across our most significant Key Tier 2 suppliers with a focus on the top suppliers by volume. Next year, we plan to report progress against this Commitment's KPI.

Environmental impacts from supply chain manufacturing processes:

Our Supplier Environmental Standard sets out our expectations for how our suppliers manage their environmental impacts. This includes energy, water, waste and chemicals management.

1. In April 2021, a Tier 1 supplier factory in Laos was audited remotely, due to travel restrictions.
2. Audit results above 75% scoring, in line with Intertek Workplace Conditions Assessment scoring methodology.

Waste management:
We are working towards minimising our waste and ensuring zero waste is disposed of through landfill, across our own operations and our full value chain (Tier 1 and Key Tier 2 suppliers) by 2028. Over the past year, we have been collecting the baseline data needed to guide our efforts and monitor progress.

For example, we continue to collect a range of environmental data, including waste volumes, from our Tier 1 suppliers. In our last report, we identified that one of our environmental risks is weaker waste infrastructure and limited transparency around disposal practices in some of our sourcing countries, such as Vietnam and Laos. As a result, we had ambitions to verify our waste data, but have faced challenges in doing this due to the travel restrictions implemented globally. This still remains a high priority and we will look to achieve this in FY23, subject to travel restrictions easing.

Leather waste:
As one of our most used materials and due to the unique cutting pattern of our footwear, leather waste is one of our highest volume waste types. It is therefore a particular area of focus for us. Over the past year, we have initiated research to recycle leather trimmings and waste into new componentry for our product and investigated recycling our waste leather in partnership with external industries. One example is converting leather waste into organic fertiliser. We will continue to progress with these trials and undertake further research in this space.

LEATHER **P75**

Minimising PVC waste:
Our outsole suppliers in Asia grind up our manufacturing PVC waste and reuse it in the injection moulding production of our outsoles. In March 2022, we installed a grinding machine in our UK outsole manufacturer to support the replication of this process. We have also partnered with a local wellies and jelly shoes manufacturer in the UK, who recycles any additional PVC manufacturing waste into saleable footwear.

CASE STUDY

SUPPORTING SUPPLY CHAIN IMPROVEMENTS:

In April 2021, an initial WCA audit was carried out by our auditing partner, Intertek, at a tannery located in Asia, as part of our supplier onboarding process. Records were found to be inconsistent so working hours and wages couldn't be confirmed. The tannery lacked the knowledge and understanding of the documentation required of them, which resulted in an initial 'Red' rating. A member of our CSR team, who are based in our sourcing locations, spent time with the supplier to develop their internal processes and improve their record keeping to the standard we expect. At the follow-up audit, the supplier achieved a 'Green' rating, demonstrating their commitment and dedication to improve their practices.

Chemicals management:
We continue to comply with the tightest chemical regulations identified on a global basis through our best practice chemical management system. In addition, we implement a stringent Restricted Substance List (RSL) and chemicals management programme. We also require all our Tier 1 and Key Tier 2 suppliers to sign our General Material Requirement Policy (GMRP), which is key to ensuring that our products comply with all relevant product safety legislation and broader requirements. The GMRP is aligned with the national legal testing requirements in all our operational regions.

We use third-party laboratories to test our products against the highest applicable chemicals and safety requirements for the markets they are sold into. Dr. Martens pre-approves all the laboratories we work with to ensure that we only work with trusted testing partners. Every new material and component type in our products undergoes a rigorous testing programme each season to ensure it is compliant. If a product or material should not meet each of the testing criteria, an investigation is launched immediately to remediate the failure before any product goes to market.

Chemicals are essential in the production of all materials, which is why it is important we support our suppliers to adopt responsible chemicals management practices. We will continue to work cross functionally across the business to go beyond compliance and to develop our approach to responsible chemicals.
We remain committed to continuing to be compliant to the tightest chemical regulation through a best practice chemical management system.

Water and wastewater management:
We collect water volume data from our Tier 1 supplier factories, who provide quarterly reporting of their key environmental impacts. One of the key impact areas across our operations and supply chain for water use is the tanneries we source our leather from. As of SS22, all of the specified leather we purchased came from Leather Working Group (LWG) certified tanneries. All LWG tanneries must comply with the LWG audit protocol which aligns with the ZDHC requirements. For more information on leather, see page 75. Going forward, we will continue to engage with our supply chain on their environmental impacts and responsible use of resources.

PRODUCT

Our vision for the future is one where our product lifecycle is regenerative and circular, as we aim to leave things better than we found them.

KEY 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 our products by 2035[1].

READ MORE **P74**

PACKAGING:

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

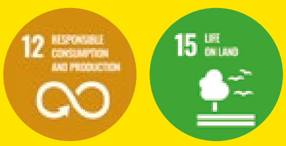
READ MORE **P77**

LIFECYCLE:

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

READ MORE **P78**

RELEVANT UN SDGS



1. Deadline amended to align with sustainable outsole Commitment.

MATERIALS

WHY IT MATTERS...

We care about the materials we use, where they've come from and how they're made. Each material used in a Dr. Martens product is carefully selected, because we believe that to make long-lasting products, we need to source durable materials. We are on a journey to source lower impact materials across our product range and packaging without compromising on the longevity or quality of our product.

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.

OUR COMMITMENT

100%

of footwear made from sustainable materials by 2040

WHAT WE'RE DOING...

Responsible design: Definition of sustainable materials

As we work towards 100% of our footwear being made from sustainable materials, we are investing in research and development to adopt lower impact material alternatives across our product range.

Over the past year, we have developed a set of criteria to guide our journey towards meeting our sustainable materials Commitments. Our 'Durable, Recycled/Renewable/Regenerative, Produced Responsibly' (DRP) Sustainable Materials Criteria were developed via extensive cross-functional engagement and with support from an external consultant. They define what we consider to be 'sustainable materials' based on the following definitions:

DURABLE Durable materials are paramount to ensuring Dr. Martens products reach their maximum useable life.	Durability is a core design principle for Dr. Martens, ensuring all products are designed and built to maximise the length of time they can be worn. This means materials must: • Meet DM's quality and performance standards. • Align to DM's sustainable design criteria and DM's timeless brand aesthetic.
RECYCLED/ RENEWABLE/ REGENERATIVE Sustainably sourced materials lay the foundations for more sustainable products.	Materials must be from credible Recycled, Renewable or Regenerative sources. For recycled, this means material created from post-industrial or post-consumer recycled content. DM's strives to maximise recycled content without compromising durability. For non-recycled content, materials should be sourced from renewable sources that implement regenerative practices wherever possible.
PRODUCED RESPONSIBLY Sustainable materials are manufactured using environmentally and socially sustainable practices.	All material production must be underpinned by responsible practices, exemplified by DM's Supplier Code of Conduct, Workplace and Environmental Standards. This includes ensuring: • Effective management of environmentally harmful inputs and outputs. • Social sustainability practices. • Responsible farming practices. • Compliance with local and relevant global legislation. • Traceability to support all the above.

These definitions will act as the foundation for our efforts to meet our sustainable materials targets. Most notably, this includes our commitment for 100% of footwear to be made from sustainable materials by 2040.

We have further detailed definitions and criteria which underpin each pillar of the DRP Sustainable Materials Criteria, to guide our designers and shoe-makers.

In 2021, we developed and adopted our Materials Development Stage Gate Approach to help ensure that our approved materials align with our sustainability strategy and meet our expectations in terms of scalability and quality. All new materials put forward for use must go through this structured assessment process.

Leather:
Leather continues to be our most commonly used upper material. As a result, we focus on sourcing leather as responsibly as we can with the aspiration to do this through regenerative agriculture and other sustainable sources. One of the ways we achieve this is through our active membership of the Leather Working Group (LWG). The LWG aims to raise environmental standards and traceability throughout the leather industry. LWG tanneries are audited on their environmental performance and certified as 'Gold', 'Silver', 'Bronze' or 'Audited'. The medal rated tanneries comply with the LWG standards for environmental impacts such as energy use, water, chemicals (aligned to ZDHC) and waste management.

We also participate in the LWG sub-groups, the Animal Welfare Group and the Traceability Working Group.

LEATHER WORKING GROUP (LWG)

From AW21, 100% of our upper leather came from LWG certified tanneries.

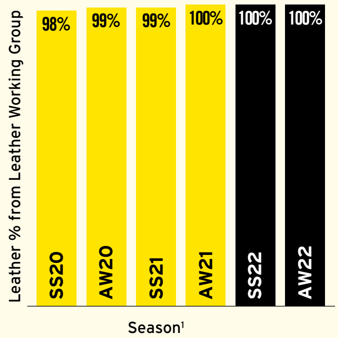
For SS22 and AW22, all other specified leather, including linings, leather goods, laces and footbeds, also came from LWG certified tanneries.

KPI: ACHIEVED

100%

upper leather from LWG by 2023

LEATHER SOURCED FROM LWG CERTIFIED TANNERIES



1. Leather is reported per season due to buying patterns.

In 2020, we made the commitment to source 100% of our leather from LWG tanneries by 2023. We reached this goal by continuing to support our tannery partners to improve, as well as some consolidation of the supply base.

What's next?
We recognise that meeting our responsible sourcing commitments is an ongoing journey. As the LWG Audit Protocol is updated, it is possible for the audit status of tanneries to change. In this context, we remain committed to sourcing our leather from LWG tanneries, and to working closely with our tannery partners to continually improve their environmental and social performance.

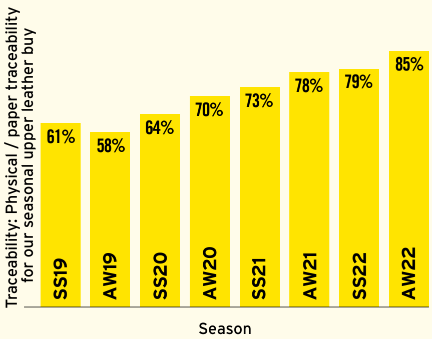
Leather traceability:
Traceability is integral to fostering good practices across the supply chain and delivering assurance to our customers. Understanding exactly where our leather comes from will help us ensure that it is not associated with deforestation or other environmental, social and animal welfare impacts.

Currently, traceability to the abattoir stands at 85% for AW22. The LWG audit currently scores tanneries as a whole facility, based on how much of the leather is traceable through their supply chain to the abattoir. We use this score to measure our traceability as we develop the traceability within our leather supply chain against our 2024 target.

Going forward, we are looking to evolve this measure, so we can monitor the traceability of the specific leathers we source, as well as to monitor traceability further down the value chain beyond the abattoir.

We have seen a traceability increase of 6% between SS22 and AW22, due to our continued work with our tannery partners to improve their traceability processes, and to evolve our supply base and own processes to close gaps.

LEATHER TRACEABILITY PER SEASON



KPI: IN PROGRESS

85%

of our leather is traceable

We currently co-chair the LWG Traceability Working Group. Through this group, the LWG and its members are working with NGOs and other organisations, including World Wildlife Fund and National Wildlife Federation, to further enhance traceability across the leather industry. The group is also supporting efforts to address areas of particular importance or concern in the leather supply chain, including deforestation.

In 2021, we also updated our Animal Derived Materials Policy to include additional clauses around required due diligence for tanneries sourcing material from Brazil.

What's next?
In 2022, we will develop internal systems to monitor and further improve the traceability of our materials. This will enable us to monitor our global supply chain as we work towards our commitments such as zero deforestation by 2025 and sourcing all of our natural materials from regenerative agriculture by 2040.

PVC
At DM's, durability is built into our DNA. The majority of our outsoles are made using PVC, a hard-wearing and commonly used material. PVC pre-consumer waste can be recycled back into the moulding process (page 71). At the same time, we recognise that the creation of PVC requires fossil fuels and chemicals, which have an impact on the environment.

This is why we have started investigating alternative outsole materials, including bio-based materials. One of the key challenges is developing a material that has the same durability as our current PVC alloy. However, we will continue to invest in the research and development of our outsoles, as we work towards our goal of developing a sustainable alternative outsole by 2035.

Other components
We have also been working to increase the sustainability of our other components. We now have:

- 50% recycled polyester in standard heel loops, increasing to 100% from AW22.
- 20% recycled polyester in standard round black laces.
- 50%-100% recycled polyester in upper and lining materials.
- 100% recycled polyester content in cushioned insoles.

We will continue to test and utilise more sustainable materials across our product range, as well as developing the internal data monitoring systems to measure our progress.

Vegan
Our vegan range offers consumers the option to wear our product without using any animal-derived materials. Our current vegan range is made from a synthetic PU material, which is designed to have similar qualities to leather. We recognise that this material does not meet our Sustainable Materials Criteria, so we have set ourselves the target to develop an alternative vegan material by 2028.

OUR COMMITMENT

Sustainable vegan upper material by

2028

We continue to work with multiple partners to trial bio-based materials that can meet these criteria, whilst retaining the durability that is in our DNA. Over the past year, this has included carrying out wear trials, as well as performance and manufacturing testing on different vegan upper materials. Through our ongoing exploration in this area, we plan to launch the first 'new' vegan material meeting our Sustainable Materials Criteria in our Spring Summer 2023 range. We continue to assess further suitable vegan upper options and will introduce these into future seasons.

PACKAGING

WHY IT MATTERS...

Packaging accounts for a significant volume of the materials we source, with the majority of packaging being used in our supply chain to ensure our products are delivered without damage. Increasing our use of recycled and other sustainably sourced materials, whilst also reducing our overall packaging volumes, offers a significant opportunity to minimise waste within our value chain. This is also a key area of focus for our consumers, who are becoming more aware of the environmental impacts of their favourite brands' packaging.

OUR COMMITMENTS:

Packaging materials and design

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

WHAT WE'RE DOING...

Packaging Principles:

In 2021, we developed Company-wide Packaging Guiding Principles, to support our efforts towards the achievement of our packaging targets and ensure consistency in our messaging and decision-making. These apply to any new packaging items we develop or procure:

1. Packaging materials: Material should either be: (i) bio-based, (ii) recycled (rather than virgin), or (iii) made from other sustainable materials where possible (whilst ensuring it is still fit-for-purpose).
2. Responsible sourcing: We will endeavour to source our packaging responsibly, which means from certified and local sources where possible.
3. Content: It should consist of bio-based material (as a priority) or recycled materials (rather than virgin), whilst ensuring it is still fit-for-purpose.
4. No unnecessary packaging: Avoid unnecessary packaging and investigate the use of digital assets.
5. Responsible disposal: We will ensure any new packaging can be disposed of responsibly. This means assessing the waste and recycling infrastructure in our consumer markets, to ensure our consumers have options to dispose of any packaging we use responsibly.

Minimising packaging:

In 2021, we undertook a comprehensive assessment of all our global supply chain packaging, to identify opportunities to reduce unnecessary packaging where possible – see the case studies below for more details.

Over the coming year, we will focus on the removal of non-recyclable or difficult to recycle materials from our packaging, such as protective foam inserts and metal eyelets on swing tags. We will also work to set up the data systems needed to track our materials use. In addition, we are working to reduce material volume in shipping cartons and are investigating lower impact alternative materials, such as bio-based plastics.

25%

material reduction in our core shoebox

CASE STUDY

SHOE BOX OPTIMISATION:

During the year, we focused on optimising the design of our standard shoe boxes which are used across all regions. A key aim was to reduce the volume of fibre used, whilst ensuring the same durability. Introducing a half-flap to the box resulted in a 25% reduction in the material used per box, whilst ensuring the protection of the product inside. The reduced weight of the new box will also result in carbon savings during shipping and will be rolled out in AW22 globally.

CASE STUDY

ECOMMERCE SHIPPING BAGS:

In 2021, we also trialled alternative materials for the ecommerce shipping bags used in our EMEA region (cardboard boxes are used to transport ecommerce orders in the US and APAC). This was with the aim of reducing the overall volume of plastic used and increasing recycled content. The new design is made from approximately 50% less plastic by weight than the previous bag and is fully recyclable. Recycled content has also been increased from 25% to 80%, and we are looking to increase this further. The new ecommerce shipping bag is already in use in the UK and we are planning to roll it out across continental Europe over the coming year.

LIFECYCLE

WHY IT MATTERS...

Eventually, all Dr. Martens products will reach the end of their life. We want to prevent this for as long as possible through care and repair. But when that day finally does come, we are working towards offering a sustainable end of life solution. Adapting our business to move towards a circular model not only offers our customers more options when they want to upgrade their Docs. It also means the quality materials are captured to be used in the production of new products.

OUR COMMITMENTS:

- 100% products sold have sustainable end of life option by 2040.
- All products align to sustainable design criteria by 2028.
- Offer options and guidance for wearers to maximise useable life by 2025.
- Sustainable design thinking and principles training by 2022.

WHAT WE'RE DOING...

ReSouled: Repair for resale

Throughout 2021 and early 2022, we have been developing our repair for resale trial: ReSouled. Last year we committed to offer more options and support to maximise the life of our footwear.

ReSouled is the next step forward on our journey to leave things better than we found them – to help our wearers make the most of each pair of DM's. ReSouled is a 'test and learn' trial in the UK which repairs worn or faulty Dr. Martens footwear which cannot be returned to sale due to their condition. The footwear is restored by our partner, The Boot Repair Company, to a quality where they can be offered exclusively to the consumer via the online Dr. Martens shop on Depop.

Packaging is minimised where possible, whilst still offering protection to the product:

- Packaging is sourced in the UK, which includes a recycled box sealed with paper tape which can also be recycled.
- Items are shipped without plastic packaging.
- Bulkier items are protected with either reused tissue paper, or kraft paper made from recycled materials (with the remaining content being FSC certified).

This is our first trial within the rapidly growing area of recommerce. Following a successful launch in the UK in April 2022, we will look at options to repair and resale at scale, whilst ensuring the solutions are local to minimise the overall carbon footprint.

THE RESOULED PROCESS

The footwear is first professionally cleaned before skilled repairers fix any faults.

They are then packaged up in recycled or responsibly sourced, plastic-free packaging.

The footwear is then ready for customers to buy from our Dr. Martens Depop virtual shop.

OUR COMMITMENT

100%

products sold have sustainable end of life option by 2040

Take back

In 2021, we partnered with Soles4Souls, a non-profit organisation giving unwanted shoes a second life by providing them to those that need them most.

Our 'Take back' initiative enables customers to drop off used footwear, of any brand, to 15 Dr. Martens stores across London, Berlin, Paris and Amsterdam.

How does it work? Soles4Souls transport the donated shoes to vetted non-profit organisations on the ground in developing nations, who purchase them for an average of $1 per pair. The Soles4Souls non-profit partners also provide training and support in setting up small enterprises. Selling shoes generates the income business owners need to lift themselves and their families out of poverty, and an entire community has access to affordable shoes.

Recycling end of life products

Eventually, all our products will reach their end of life. If we are not able to extend a product through repair and resale, then recycling is the next best solution.

Products which cannot be retouched and returned to sale represent a very small portion of our total return volumes. Nonetheless, as part of our commitment to offer a sustainable end of life solution for all product by 2040, we have been investigating new product recycling partnerships.

In FY22, we started working with two organisations which take C Grade footwear (i.e. products that cannot be repurposed and sold) and recycle them into new products.

- In the Netherlands, we have partnered with a company which grinds the footwear and segregates the materials by type. Materials are then recycled into relevant waste streams or new products.
- In the UK, we have partnered with a company which segregates and grinds waste products into small particles which are then used as a substrate and mixed with resin to form new products, such as building materials.

Sustainable design thinking and principles:
By the end of 2022, we plan to develop an internal training programme to help further foster a mindset of 'sustainability by design' across our design teams. This will be based on an internal design handbook which was developed in FY22, which focuses on the core principles behind our product and how these principles contribute to sustainability.

Care:
We encourage our consumers to care for their Docs properly to extend the useable lifespan. Through our website and social channels, we share tailored tips on how to care for products based on the materials used to make them. This is an ongoing commitment which we aim to amplify further in FY23 through a cross-functional sustainability communications working group.

DIY Docs customisation:
Self-expression and creativity are at the heart of what we do. Customisation is a great way to freshen up Docs and extend their life. It is something we encourage our consumers to get involved in through our 'DIY Docs' campaigns in store and on social media channels. As part of our Pride celebrations, we partnered with five LGBTQIA+ artists in the US to showcase their work on DIY Docs.

We want our people to thrive by feeling supported, included and empowered to express themselves.

AWARDS
Business Culture Awards 2021 – 'Best Medium Organisation for Business Culture' and 'highly commended' in the 'Business Culture in a Crisis' category, for our 'People First' response throughout the pandemic.

RELEVANT UN SDGS

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

KEY AREAS AND COMMITMENTS:

DE&I

The following commitments are to be achieved within three to five years:

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 non-binary colleagues from 2% to 4% globally.

→ Increase male representation across our retail stores to 40%.

READ MORE **P81**

1. Black, Asian & Latinx.

HUMAN RIGHTS

→ Modern slavery, human rights and labour rights in the supply chain: We have been developing our approach in this area through our CSR monitoring programme and modern slavery programme.

READ MORE **P84**

COMMUNITY

→ Volunteering, charitable support and local communities: We continue to progress in this area through our work with the Dr. Martens Foundation.

READ MORE **P85**

Our culture:

Like with every great music track, our DM's culture depends on everyone bringing their best and working together. This culture of collaboration and connection is one we want to co-create and invest in with our people. At DM's, we are focused on creating an environment where all people can thrive. A place where we can all be ourselves, act fearlessly and care for each other. The past year has been focused on laying down the tracks to enable future growth and we are now focused on areas that will drive momentum through the organisation in FY23.

How we hire: Talent Acquisition

At DM's, our people are our greatest asset. This year we have grown our global Talent Acquisition teams to reflect both the volume of hiring this year and the evolution of the way we hire. This has enabled us to bring our employment brand to life with candidates and increase direct sourcing. This will continue to be an ongoing area of capability for the future, including investment in our value proposition and careers website, better data for tracking and monitoring candidate interaction and ensuring DE&I is a key focus area in our acquisition processes and practices.

How we do our best work together: Future Ready Workplace

Across our offices we work flexibly and we have implemented a new Flexible Workplace Framework that supports our people spending 40 – 60% of their time in the office. At Dr. Martens we recognise the value in flexibility, and we value human connections as a fundamental part of our culture. Having our people come into the office on a regular basis to connect has been a key focus. The Future Ready Workplace transformation aims to create an environment where our people can thrive at Dr. Martens, wherever they are working. In doing this we have invested in the technology and environments where our people work, giving them the flexibility to choose where and how they work to maximise their productivity and needs. Human connectivity has always driven collaboration, innovation, problem solving and ultimately success at Dr. Martens so we focus our office spaces to be hubs for this working. The changes to the environment and people-led activities and focus ensure that we can use our offices to continue to maintain and then strengthen the culture that exists at Dr. Martens.

Learning and development:

To support the learning and development of our people, we have continued to enable hybrid working by promoting coaching-led, performance development conversations and expanding our series of personal effectiveness webinars so that more of our people have more opportunities to learn, more often. We have also successfully embedded leadership programmes for our most junior and senior leaders and are now turning our attention towards establishing a new leadership development framework; designed to attract, engage and retain the best leaders, build a long-term talent pipeline and ensure robust succession planning for future growth. For our retail teams, we are collaborating on a leadership programme and defined career pathways, bringing alignment and consistency across our global retail estate.

AWARDS

Learning Excellence Awards; PeopleUnboxed, in partnership with Dr. Martens, won the award for 'New Thinking and Innovation Learning Process' for our First-Time Manager Programme.

Strategic talent management and development will always be a priority for us, and we are more committed than ever to creating an environment in which anyone and everyone can grow and establish a long-term career at Dr. Martens. Gaining momentum in this area in the next year will be a key focus for the HR organisation and leaders across DM's.

Mental health and wellbeing:

We continue to support the mental, social, physical and financial wellbeing of our people. In July 2021, we further expanded our Mental Health Network by training eleven more members of staff as Mental Health First Aiders. We offer an Employee Assistance Programme, a free and confidential advice service, an annual volunteering allowance, a discount shopping scheme, and regular educational events around mental wellbeing, DE&I, as well as personal and professional development.

DE&I

WHY IT MATTERS...

We believe that everyone who works for DM's or wears our boots should be part of a community where they feel accepted and included.

OUR COMMITMENTS:

To be achieved within three to five years:

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 non-binary colleagues from 2% to 4% globally.
- Increase male representation across our retail stores to 40%.

Diversity, equity and inclusion (DE&I) continues to be a key aspect of our leadership agenda. We are proud to have launched our DE&I strategy in May 2021 where we set our ambition to build a business that reflects the communities that we operate in.

We pledged to work with and learn from the best practices of other businesses, on the topics of race, gender, and leadership. These include our participation in Diversity in Retail, Change the Ratio, CEO Action, and the Diversity and Inclusion in Asia Network.

In October 2021, we celebrated Global Diversity Awareness Month. We hosted a variety of talks throughout the month from thought leaders, as well as sharing resources and information on our internal and external channels.

OUR DE&I STRATEGY LED US TO SIX AREAS OF FOCUS:

1. **Talent attraction:** To attract and maintain engagement with the widest possible employee base.
2. **Process:** Policies and practices that are measurable, so we are clear of the impact on our focus areas.
3. **Gender:** Equitable representation of all genders across all levels of the business.
4. **Data:** Clear understanding of global representation and how we use data to drive change.
5. **Race:** Racial fluency is a skill held by our employees. Representation of people of colour in leadership roles.
6. **Education and L&D:** Training and education offered across all levels of the business.

1. Black, Asian & Latinx.

Race/Ethnicity:
Throughout 2021 we focused on building our capabilities internally to mitigate bias and improve our racial fluency capability in concrete ways. This capability building came to fruition in several initiatives:

- Activated our Black History Month celebration 'Celebrating Black Voices' by partnering with Black-owned media and film companies, showcasing the experiences of our Black employees, and offering a month-long calendar of learning activities for our Americas employees.
- Added Juneteenth as a paid holiday (Americas employees only).

LGBTQIA+:
Pride is celebrated globally every June, but at DM's we're committed to showing up and supporting the LGBTQIA+ community all year round. During 2021, we celebrated through our global campaign 'Proud then, proud now, proud always'.

Throughout the business, we heard from external LGBTQIA+ voices including Global Butterflies, Casey Tanner and We Create Space through webinars, workshops, and educational resources. We also encouraged the people of DM's to raise their voice on intersectional issues in relation to the LGBTQIA+ community using an internal forum. 30% of our employees identify as LGBTQIA+ and we hosted lunch and learns where internal staff talked about their experiences.

At DM's, we also showed our support by donating to a variety of charities across the world including the Trevor Project in the US, Albert Kennedy Trust, Le Refuge and Jugend gegen Aids in EMEA and ReBit in APAC.

As well as internal events and education, we support Pride externally through our Pride boot, year-round social campaigns amplifying the voices of marginalised LGBTQIA+ people, competitions and participating in the Pride parade in Portland.

OUR COMMITMENT

50%

women in senior leadership roles (GLT and direct reports) in the next 3-5 years

Gender:
Creating a culture of support and allyship is the foundation for gender equality at Dr. Martens. Today, nearly two-thirds of our global team are women. But this is not just about representation: at DM's we are putting the policies and systems in place to foster an inclusive workplace. In March 2022 the DE&I team launched our relationship with Catalyst, a global non-profit that helps companies build workplaces that work for women. Through this relationship, all employees have access to the full spectrum of Catalyst research, tools, webinars, and more. We also announced a series of updates to our family friendly HR policies during International Women's Month that would support women and parents through key milestones throughout their careers, namely Fertility, Loss, Maternity, Paternity and Menopause. These policies are being finalised ready for launch later in 2022.

We were disappointed that the pay gap widened in our 2021 Gender Pay Gap Report. Whilst we've made good progress over the last 12 months in promoting and hiring into more senior roles, we know we need to stay focused on improving our representation and improving the gender pay gap through the actions of our DE&I strategy and plans.

Inclusivity on our website: On our American consumer website, following successful optimised testing, we added 'For All' as the first option into the navigation panel, pulling through unisex styles. Whilst there is still much for us to do in this space, early feedback was positive, and we will look to test this in the EMEA region next.

DE&I Leadership Learning: In June 2021, we launched our DE&I Learning globally. This was mandatory for senior leaders and all employees within Human Resources. The modules introduced the foundations of DE&I, conscious and unconscious bias, inclusive language and providing specific managerial guidance for leaders in thinking and acting with an inclusive mindset.

In FY22 our Human Resources Leadership Team (HRLT) and Americas Leadership Team (ALT) participated in separate inclusive leadership training pilots. Both programmes were aimed at:

- Learning more about their own identity and point of view.
- Increasing their ability to recognise, understand, appreciate, and utilise difference on their work teams and amongst the respective leadership teams.
- Applying language, techniques, and action they can use with their teams.

DE&I: HOW WE'RE DOING...

We all play our part to make sure DM's is an environment with open minds, open eyes, open ears and open conversations. In 2021, we developed gender and ethnicity targets, to help us track our progression on representation across DM's. These are:

To be achieved within three to five years:

Ethnicity

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

FY22:

20.6%

Gender

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

FY22:

43.6%

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

FY22:

4%

- **Increase male representation across our retail stores to 40%**

FY22:

29%

1. Black, Asian & Latinx.

When we set these targets, non-binary representation amongst our employees was at 2% globally. Since then, it has increased to 4% meaning we achieved this target earlier than anticipated, which is reflective of the inclusive nature of Dr. Martens as a workplace. We will now look to develop this target further.

We can see that we have continued to build on our strong foundation of acceptance and inclusion through our DE&I survey results and our progression against our DE&I targets. For us, it boils down to treating people right, striving to do better and learning when we get it wrong.

Engagement and Inclusion Survey

Our 2022 Engagement and Inclusion Survey seeks to understand the lived experience for all employees across Dr. Martens globally. With a 92% response rate – an increase of around 500 people from the previous year's survey – our people shared their thoughts and feedback, and the results highlight the areas where we are doing well and areas that we need to focus on in the coming year:

- **Included:** 82% feel they can express themselves at work.
- **Accepting:** 80% agree that Dr. Martens encourages diversity.
- **Equipped:** 78% feel empowered and set up for success.
- **Valued:** 76% feel that their voice and contribution matters.
- **Inspired:** 66% are inspired to be part of Dr. Martens' future.
- **Growing:** 63% keep evolving in their work and as a person.

Overall, our engagement score was broadly unchanged versus last year. We acknowledge that we are on a journey to increase momentum and improve in the future. This year, the employee engagement score was incorporated into the Executive Directors' bonus target, which was missed given the overall score. You can read more about this on page 147.

Looking ahead, our 'employee listening strategy' (page 124) will be developed further to build on our strong approach to engagement. We continue to emphasise that 'engagement happens at a local level' so we are working with all managers to ensure they have the tools, confidence and capability to have regular action-focused feedback sessions to keep the conversation alive throughout the year. We are complementing local level engagement with a Company-wide focus on our Inspired and Growth factors for this year, as well as implementing the right systems and resources to equip all of our people as we aim to improve next year.

We have a strong foundation to build upon but also recognise there is more to do to ensure Dr. Martens continues to be an environment where our people feel supported and able to reach their full potential.

What's next?

We aim to create an environment where our people can thrive, build human connection and evolve our systems to drive organisational effectiveness. Through FY23, we will be driving momentum by focusing on four key areas:

- Talent Acquisition: We are developing a new applicant tracking system and playbook, bringing our brand story to life and raising awareness across a more diverse group of candidates and inspiring them to play their part in the DM's journey.
- Talent Management and Development: To complement the culture work around Rebellious Self Expression, we will embed the DM's leadership framework aimed at building leadership capability, which will enable a long-term talent pipeline and robust succession planning for the future. Our ambition is to develop leaders that understand and embrace their role to develop leaders and talent of the future.
- DE&I: We will track our representation data annually and conduct a gender pay gap study annually, and gender pay equity audits every other year. While we are proud of our progress we know there's more work to do.
- Infrastructure: We will continue to build out our HR systems, benchmarking capability, reward structure and careers sites to set ourselves to hire, develop and retain the incredible talent we have at DM's now and in the future

Our culture is at the heart of everything we do and we believe it is owned by every employee at Dr. Martens. We will continue to evolve our culture to reinforce our commitment to co-create a diverse, equitable and inclusive space for people to thrive. We look forward to reporting more on our progress next year.

OUR BRAND CUSTODIANS
See the opening pages of the Annual Report

HUMAN RIGHTS

WHY IT MATTERS...

Integrity is at the heart of what we do and how we show up at Dr. Martens. We expect high standards of each other and our supply partners. Human rights is a key area for our business and as a result we are committed to respecting the rights of our people and those in our supply chain.

WHAT WE'RE DOING...

At DM's, we are strongly committed to respecting human rights. This commitment is described in our policies, standards, and strategies, including the DOCtrine – our business Code of Conduct, our Supplier Code of Conduct, as well as our Diversity, Equity & Inclusion strategy.

Over the past year, we have continued to expand our CSR monitoring programme across our Key Tier 2 supplier factories to ensure our extended supply chain meets our expected standards. Covid-19 has continued to cause significant disruption to supply chains globally. We have held true to our values and have been committed to showing up with integrity for our suppliers, which you can find on page 32.

We also recognise that the pandemic and other world events often have the greatest impact on some of the world's most vulnerable people. This is why our actions to uphold the standards expected of our supply chain, and tackle issues such as modern slavery, are now more important than ever. At DM's we believe knowing our supply chain, education and collaboration are key.

Speak up: We have an independent, confidential hotline as a means for Dr. Martens employees to raise concerns and grievances relating to human rights, harassment, or any other area covered in our policies and values.

As well as continuing to expand our CSR monitoring programme, this year we have also focused on increasing the modern slavery awareness of our people:

- Training: We delivered tailored modern slavery training with key internal teams such as our owned and operated UK distribution management level staff.
- E-learning: We have a human rights training module available for employees on our training hub. We have also been working on the development of an internal modern slavery training e-learning module which is due to be rolled out globally in FY23.

COMMUNITY

WHY IT MATTERS…

At DM's we take pride in the fact that we stand up and support each other as a global community. We want our people to feel empowered to support the causes they feel most passionately about. It's more important than ever that we come together to support one another through giving back.

WHAT WE'RE DOING…

We have a history of supporting causes that work to advance social justice issues, including support for anti-racism, LGBTQIA+ rights, and mental health initiatives – all of which we know our people are passionate about. Over the past year, this impact has been amplified through our efforts as a company, as well as by the Dr. Martens Foundation.

Volunteering: We encourage our employees to use their two-day volunteering allowance to support a charity of their choice. In 2021, Juneteenth was also added as a paid holiday in the Americas, with employees encouraged to use their time to give back to their local communities.

- This year, Dr. Martens plc supported a number of global charities through donations including The Trevor Project in the US, Albert Kennedy Trust, Le Refuge and Jugend gegen Aids in EMEA and ReBit in APAC. For more on how we are championing LGBTQIA+ causes see page 82.
- In the US, in November 2021, we celebrated Giving Tuesday rather than Black Friday. Dr. Martens matched the donations of consumers raised through our social channels in the US, and in total over $150,000 was raised and donated to The Trevor Project.

Dr. Martens Foundation

Established during the pandemic, the Dr. Martens Foundation was created to support causes which exist to advance social justice.

The Foundation is an independent UK registered charity, with charity status being granted in May 2021. It is overseen by a five-person Board of Trustees, including two Dr. Martens employees and three independent Trustees.

The Foundation has a 'depth and breadth' approach to funding, directly supporting under-served communities who are struggling with day-to-day injustices, whilst also supporting causes which tackle some of the systemic causes of those injustices.

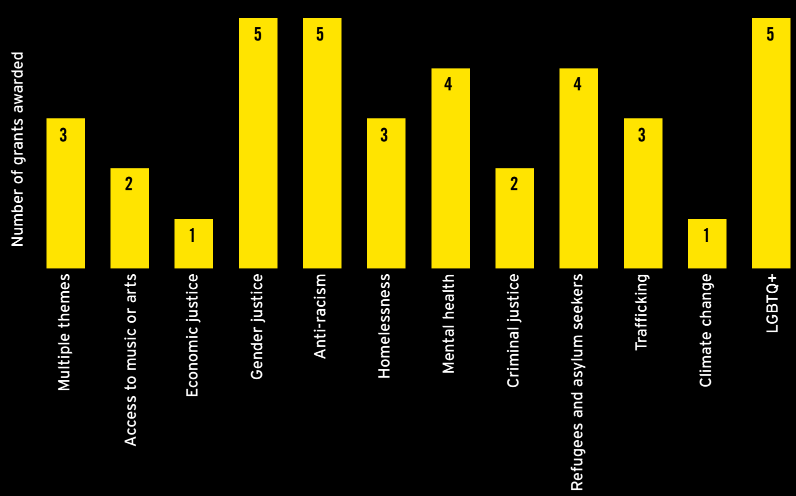
38

Grassroots grants awarded by the Dr. Martens Foundation

It does this by funding grassroots organisations that can help local communities with their immediate needs, whilst also providing larger, longer-term funding to a small number of organisations that advocate for change at a national level. So far, 38 grassroots grants have been awarded to charities globally, with the main themes supported in the table below.

Dr. AirWair Martens FOUNDATION

THEMES FUNDED BY THE DR. MARTENS FOUNDATION IN FY22



Three examples of organisations which received a grassroots grant can be seen below. In March 2022 the Foundation made three emergency grants to humanitarian organisations supporting civilians who have been displaced from Ukraine.

The Dr. Martens Foundation has donated £735,830 to 41 organisations.

Region: California, USA

House of Ruth serves individuals and families who are impacted by domestic violence. It delivers holistic, survivor-driven advocacy by helping people respect their right to self-determination and identify and set their own goals. In the long term, it aims to help eradicate domestic violence by investing in prevention strategies. The funding will help House of Ruth support domestic violence survivors throughout 2022.

Region: United Kingdom

Micro Rainbow supports the integration of lesbian, gay, bisexual, trans, queer and intersex (LGBTQI) people who flee persecution and come to the UK in search of safety. It implements a holistic approach to integration by offering safe housing, social inclusion and employability support. The funding will run a free helpline in Pashto to support LGBTQI people who are fleeing Afghanistan and will also offer integrated support while they settle in the UK.

Region: Hong Kong

ImpactHK works with people experiencing homelessness by helping them settle in a safe home, restore their mental and physical wellbeing, build their self-esteem and increase their social capital. The funding will allow ImpactHK to deliver ten outreach activities a week across the city, link up with other services and provide emotional support to those experiencing homelessness.

GOLSANA BEGUM
DR. MARTENS FOUNDATION MANAGER

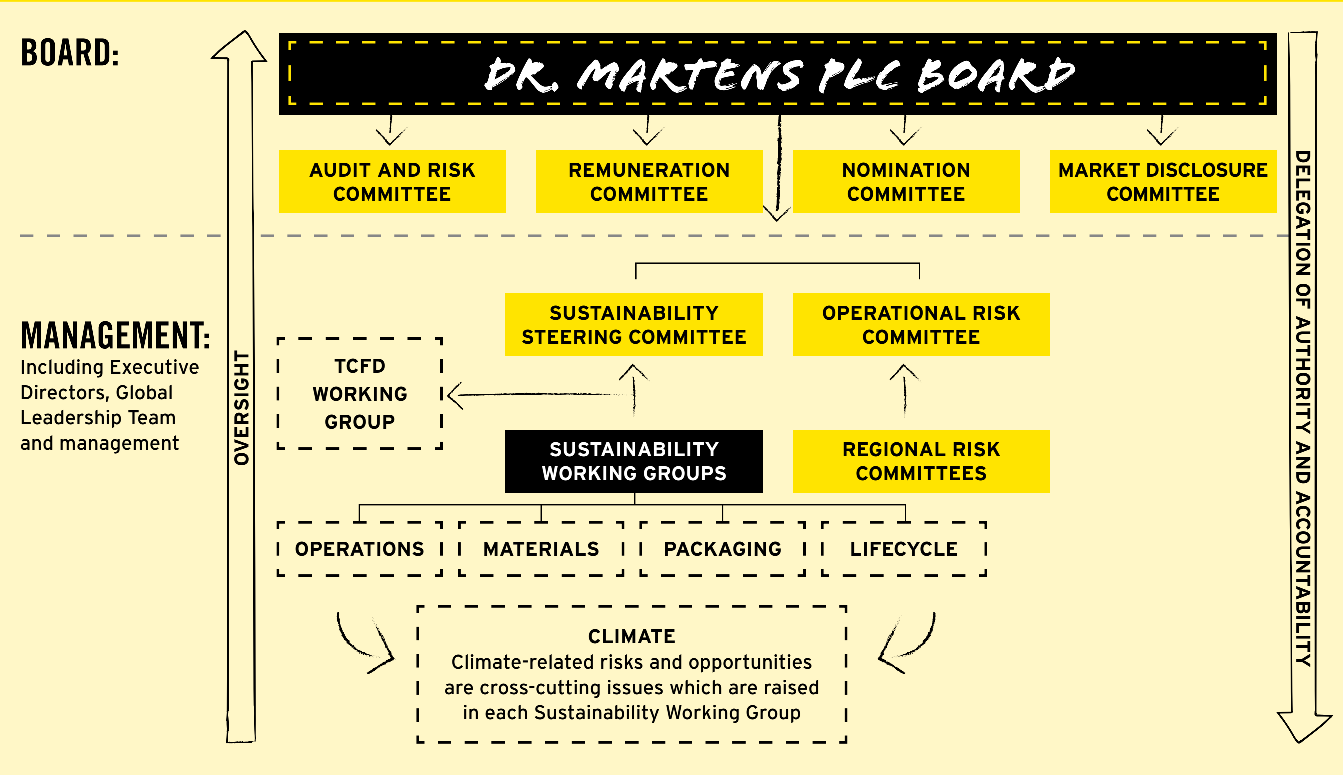
“The Foundation has come a long way since its inception in 2021 and has already supported so many passionate and inspiring organisations across the globe. It's looking forward to doing more, going further and becoming a fearless champion of social justice.

WHAT'S NEXT?

The next priority for the Dr. Martens Foundation will be selecting organisations who have national-level impacts on racial, gender and LGBTQIA+ rights across the three regions of North America, Europe and in the Asia Pacific.

The focus going forward is to develop a robust grant management and learning strategy to ensure that the organisations it partners with can grow and learn from each other.

SUSTAINABILITY GOVERNANCE



At Dr. Martens, responsibility and integrity forms the foundation on which our governance is built. We have a robust governance structure and risk management framework, which you can read more about on pages 97.

Sustainability governance

Our overarching sustainability strategy is sponsored by our GLT Sustainability Lead, Emily Reichwald. Our sustainability strategy is overseen by the Sustainability Steering Committee, which is chaired by our CEO, Kenny Wilson. Its members include the COO, CPO, CMO, CHRO and other key functional heads. The Sustainability Steering Committee reports directly to the Board and provides regular updates to help determine the focus and direction of the strategy. Throughout FY22, the Sustainability Steering Committee met every six weeks.

During the year we have adapted the sustainability governance structure to support our new Planet, Product, People strategy. This new approach, with Working Groups feeding into the Sustainability Steering Committee six times a year, was adopted in April 2022, and is set out in more detail in our TCFD disclosure on page 90.

Policies

Our policy needs are regularly reviewed by our Legal, Compliance and Sustainability teams which work collaboratively together. Policies are developed by using international standards and by looking at best practices across the industry. They are reviewed by the Board before being rolled out.

Our key ESG policies can be found here:

- 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; and
  - Whistleblowing;
- MIE Environmental Policy;
- Anti-Slavery and Human Trafficking Policy;
- Animal Derived Materials Policy;
- Sanctions Policy; and
- Third Party Due Diligence Policy

Supplier policies

We have a number of policies and procedures to ensure our suppliers comply with our business terms, as well as employment, environmental and other relevant laws and regulations. We have contractual provisions that require our agents, distributors and franchisees to also comply with the same terms:

- Supplier Code of Conduct;
- Migrant Worker Policy; and
- Environmental Standards.

Compliance and training

Our global compliance and training platform allows consistent and relevant policies and training materials to be distributed to our employees across all regions in relevant languages. It also provides live views and up to date reporting and monitoring of the business's progress rate, therefore allowing targeted training and communication where needed. Training modules for all Dr. Martens employees include modules on Human Rights, Financial Crime (including Anti-Bribery and Corruption), Acceptable Usage and Cyber Security. All employees are also required to read and agree to our Anti-Bribery and Corruption Policy at the beginning of their employment and whenever it's updated.

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. There are, historically, some areas where information has not been captured, however we are working to improve our data systems in order to collect and monitor all required data.

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	We have 14 Tier 1 footwear assembly factories and 9 accessories suppliers. More information can be found on page 70 (Global Supply Chain).
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 social and environmental management within the Global Supply Chain (pages 70 to 72).
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 social and environmental management within the Global Supply Chain (pages 70 to 72).
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	100% of our leather suppliers that conduct wet processing comply with the LWG protocol, which is aligned to ZDHC, and Dr. Martens wastewater requirements as outlined in our Supplier Environmental Standard. For more information see the Leather section (pages 75) and Social and environmental management within the supply chain (pages 69 to 72). All Tier 1 suppliers must sign our Environmental Standards agreement, which includes our wastewater management and effluent treatment requirements.
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	In FY22 we maintained ISO 14001 accreditation at our Tier 1 Made In England manufacturing site. We want to lead by example, and over the coming years we will support our other Tier 1 suppliers to introduce an environmental certification standard, such as ISO 14001, by 2025. Currently, 14% of our Tier 1 footwear assembly supplier factories have an environmental certification. We will continue to engage with the rest of our Tier 1 suppliers to report the baseline in FY23.

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) All our Tier 1 suppliers are required to sign our Master Supplier Agreement, which includes a Code of Conduct and Migrant Worker Policy. 100% of our Tier 1 suppliers have been audited and surpassed our required CSR criteria. For more information see Social and environmental management within the supply chain (pages 69 to 72). (2) All 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	100% of our Tier 1 suppliers audited in FY22 achieved the highest rating in the CSR audit (Intertek WCA monitoring programme). We audit our active Tier 1 suppliers at least annually.
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	See social and environmental management within the supply chain (pages 70 to 72), Materials (pages 74 to 76) Climate and carbon (pages 66 to 68) Governance and policies (page 87)
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-AA-440a.3	See Materials (page 74), Packaging (page 77) TCFD report (page 90) and Risk Management (page 97).
(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	Metric tons (t)	CG-AA-440a.4	From AW21, 100% of our upper leather came from LWG certified tanneries. From SS22, all other specified leather, including linings, leather goods, laces and footbeds, also came from LWG certified tanneries. More information can be found on page 75 (Leather). Historically, this information has not been collected for PVC. We are working to install the internal systems to monitor progress against our sustainable materials Commitments to the required unit of measure.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We support the Task Force on Climate-related Financial Disclosures (TCFD) framework and disclose our first TCFD report in line with the UK Listing Rules (LR 9.8.6R).

Our report is consistent with the four TCFD pillars and we comply with ten of the eleven recommended disclosures as indicated in the table below. We are in partial compliance with recommendation 2b, because in the coming year we will be undergoing climate-specific financial modelling – further details of which can be found on page 92. We plan to report the outputs of this modelling in future disclosures.

TCFD COMPLIANCE INDEX TABLE

TCFD PILLAR	RECOMMENDED DISCLOSURE	PAGE REFERENCE
1. GOVERNANCE	a. Describe the board's oversight of climate-related risks and opportunities.	Pages 87, 91
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 87, 91
2. STRATEGY	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 93, 95
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 92, 96
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pages 92, 93 - 95
3. RISK MANAGEMENT	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 92, 96, 97 - 98
	b. Describe the organisation's processes for managing climate-related risks.	Pages 93 - 95, 96
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Pages 96, 97 - 98
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 63 - 79, 96
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Pages 66 - 69, 96
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 63 - 79, 93 - 96

INTRODUCTION

Climate change is the most significant environmental challenge the world is facing. Reducing our carbon footprint is not only the right thing to do, it will also help minimise our future climate-related risks and maximise our climate-related opportunities, which will play a key role in our ability to continue to generate long-term value.

Climate has been a key focus for us this year. Since August 2021, we have worked with the Carbon Trust to measure our full Scope 1, 2, and 3 carbon footprint, develop Science-Based Targets (SBTs) and identify our most significant climate-related risks and opportunities. We are awaiting the updated guidance for our sector from the Science Based Targets initiative (SBTi) in order to submit our targets, as advised by the SBTi (expected later in 2022).

These exercises have informed the development of our Planet, Product, People sustainability strategy and roadmaps, which will enable us to progress with our sustainability Commitments (see page 63 for further details).

GOVERNANCE

The Board oversees Dr. Martens' sustainability strategy and Dr. Martens' ESG-related activities including our management of climate-related risks and opportunities. It carries out this role through in-depth sustainability updates presented at Board meetings at least annually as well as regular informal updates from the General Counsel who leads the Sustainability team. These provide an opportunity for the Board to discuss and provide feedback to, and challenge, the Sustainability team in respect of ESG-related priorities, initiatives, and targets (including our Net Zero Commitment and supporting Commitments, see page 63). The Board is kept informed of changing regulatory and legislative developments, including those relating to climate-related disclosures as well as sustainability more broadly, through quarterly 'horizon scanning' papers. The Board uses this information to help guide its broader decision-making, including with respect to strategy, risk management, business planning and performance management.

The sustainability strategy at Dr. Martens is underpinned by a clear governance framework which has been developed over the past year, which can be found on page 87. This covers the day-to-day responsibility for different elements of the sustainability strategy, as well as oversight of the strategy, and the way information flows between these groups and to the Board.

- Dr. Martens' sustainability strategy and climate risks and opportunities were discussed at 25% of this year's Board meetings.
- Climate deep dive and review for all members of the Board, delivered by Dr. Martens Environment and Climate Impact Manager and an external sustainability consultancy, was also held in January 2022.
- ESG targets formed part of this year's performance measures for the Executive Bonus Scheme and will continue to do so in the new financial year; these can be read about on pages 148 to 161. More detail on our governance can be found on the following pages:

→ Dr. Martens plc Board and other Board-level committees: page 129.

→ Operational Risk Committee: page 97.

→ Sustainability Steering Committee: page 87.

→ Sustainability governance structure including Working Groups: page 87.

The Sustainability Steering Committee is chaired by the CEO assisted by the General Counsel. The Committee has overall management responsibility for climate-related issues, and reports regularly to the Board.

Sustainability Working Groups:
Operations, Materials, Packaging and Lifecycle report into the Sustainability Steering Committee every two months providing updates on progress against DM's sustainability strategy, Commitments, and metrics. Climate cuts across 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 Working Group:
A cross-functional Working Group comprised of the Sustainability, Internal Audit & Risk, Finance and Supply Chain teams works collaboratively to identify, monitor, and manage climate risks and opportunities. The Working Group provides updates into the Sustainability Steering Committee, which is chaired by the CEO who has ultimate accountability.

Environment and Climate Impact Manager
The Environment 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 Steering Committee meetings and working groups, to ensure climate risks and opportunities are included on the agenda and appropriate expertise is made available, where relevant.

APPROACH TO TCFD

CLIMATE SCENARIO ANALYSIS METHODOLOGY AND SCORING APPROACH:

Working with the Carbon Trust, we adopted peer-reviewed climate science and scenario-models to forecast our climate-related risks and opportunities in line with the recommendations of the TCFD. This was supplemented by interviews with key internal stakeholders to gain insight into how these impacts could change as our business and supply chain evolves.

We assessed the annual financial implication of each climate-related risk and opportunity against the most extreme respective scenarios. Physical risks were assessed using the +2°C scenarios and transition risks were assessed using <2°C scenarios.[1]

Climate models used above and below 2°C scenarios:

Below 2°C scenario	Above 2°C scenario
0-1.3°C increase / <2°C	+2°C< / +3°C / +4°C
Lower physical risks, higher transition risks	Higher physical risks, lower transition risks
Models used: Scenarios supporting low emissions include: • Net Zero by 2040 – NGFS. • The Sustainable Development scenario (SDS) – IEA and World Energy Outlook. • 2°C scenario (2DS) – IEA. • Energy Technology Perspectives (ETP). Where the financial implications of carbon taxes were assessed, Dr. Martens' FY20 emissions profile was used.	**Models used:** • A number of Representative Concentration Pathways (RCPs) adopted by the IPCC were used to forecast prospective physical risks. • RCP 8.5 was used in both 'Business as Usual' and 'High Emissions' scenarios, where temperatures are forecast to exceed 2°C (3°C – 5.1°C degrees). As this scenario models a stark extremity, RCP 4.5 (between 2 and 3°C) and ~3°C+ scenarios were also considered. • Scenario sources were gathered from NGFS, the IEA and World Energy Outlook, Climate Impact Explorer, the WRI, and the UN FAO.

The most significant climate-related risks and opportunities were scored and mapped against likelihood, time horizon and financial impact. These scores prioritise the climate risks and opportunities in order of importance, which will in turn support the prioritisation of our sustainability strategy and Commitments.

The scoring criteria consisted of the following:

- **Likelihood:** The likelihood score is based on the number of scenarios in which climate-related risks and opportunities are predicted to occur under multiple climate models.
- **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 below and above 2°C scenarios.

When considering climate-related physical and transition risks and opportunities, Dr. Martens assesses them through short, medium and long-term timescales.

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:

Time horizon	Period
Present	Up to 3 years
Short	From 3 to 5 years
Medium	From 5 to 10 years
Long	10 years +

We are in the process of further assessing the impact of the identified climate-related risks and opportunities on our business strategy and how we may need to adapt our strategy and financial planning in future. In the coming year, we will be undergoing climate-specific financial modelling, aimed at further understanding business resilience, the investments required to fund opportunities as well as mitigating potential risks. We plan to report the outputs from these workstreams in future disclosures.

Definitions[2]:

Transition Opportunities: Business avenues which provide financial prospects related to increased demand for lower-carbon products, business models, and supply chains.

Transition Risks: Policies, legislation, markets and technology which will need to transition towards a zero-carbon global economy. The slower these transitions are embedded, the greater the likely exposure to physical risks.

Physical Risks:

- Chronic: Temperature changes due to increasing emissions. Increasing temperatures both accelerates the acute risks, as well as driving further chronic risks such as altering rainfall patterns and warming the ocean, resulting in water stresses and sea-level rise respectively.
- Acute: Extreme weather events which are likely to increase in frequency and magnitude due to rising temperatures, e.g. Flooding, Heatwaves, Cyclones, Droughts etc.

OVERVIEW OF 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.

Transition Opportunities:

TCFD Risk Categorisation and Sub category	Expected time horizon	Climate-related risks and opportunities Identified	Our relevant Commitments and action
Transition opportunity/ Market	Present	**Repair and Resale Markets** Generating an increased proportion of revenue through the sale of repaired and used Dr. Martens products. These markets are projected to have high levels of growth in both a baseline and transition scenario.	**Sustainability strategy key area: Lifecycle** **Commitment:** Offer options and guidance for wearers to maximise useable life by 2025. **Progress:** ReSouled, Dr. Martens' repair for resale initiative launched in April 2022, with plans to scale globally if successful. We also encourage consumers to prolong the life of their DM's by sharing tips on how to care for their products correctly. For more information go to pages 78 – 79.
	Short	**Alternatives to Leather** Diversifying our core materials by introducing alternative materials. Reducing our reliance on traditional leather has the potential to reduce the emissions intensity per product, potentially reducing our costs in the context of a lower carbon economy. For example, this could reduce our exposure to potential costs associated with and linking to the Land-use & Agricultural Practice transitional risk (see below), whilst also reducing our exposure to physical climate risks associated with farming.	**Sustainability strategy key area: Materials** **Commitments:** Sustainable vegan upper material by 2028. Sourcing 100% of the natural materials in our products from regenerative agriculture by 2040. **Progress:** Alternative material trials are underway, with a new vegan product launch planned. For more information go to pages 74 – 76.

Transition Risks:

The most significant transition risks detailed below all have a low-medium likelihood. Current analysis suggests that these risks would be more likely to occur in a low-carbon transition scenario and are less likely to occur in a business as usual and existing policy scenario.

TCFD Risk Categorisation and Sub category	Expected time horizon	Climate-related risks and opportunities Identified	Our relevant Commitments and action
Transition risks/ Policy & Legal	Present	**Carbon Pricing/Taxation** Introduction of carbon taxes and/or carbon trading markets could increase input costs across the value chain. Although we are not currently subject to any direct carbon taxes or emissions trading schemes, this could change in future – particularly in the case of our European jurisdictions. Higher carbon tax rates would have a significant impact on the key carbon hotspots identified in the footprinting of our supply chain (page 67). In turn, these costs would be passed on to Dr. Martens. However, the adoption of alternative materials (including **Alternatives to Leather)** could mitigate against this as this would give us access to materials that are not subject to carbon taxation.	**Sustainability strategy key area: Climate** **Commitment:** Net Zero target to be validated by SBTi in FY23. **Progress:** First full carbon footprinting exercise complete, informing roadmap development ready for delivery (pages 66 – 68). We are in the process of setting ambitious SBTs[3] (pages 66 – 68) which will work towards mitigating this risk.

1. We did so using Dr. Martens' FY22 financial metrics, operational metrics, physical locations and assets. As we disclose against the TCFD requirements annually, these will be updated accordingly.
2. Source: https://www.tcfdhub.org/wp-content/uploads/2022/04/Glossary-and-Abbreviations.pdf.
3. We are awaiting the updated guidance for our sector from the Science Based Targets initiative (SBTi) in order to submit our targets, as advised by the SBTi (expected later in 2022).

TCFD Risk Categorisation and Sub category	Expected time horizon	Climate-related risks and opportunities Identified	Our relevant Commitments and action
Transition risks/ Policy & Legal	Medium	**Production Standards & Buildings Energy Efficiency** Stricter standards and policies are expected to be used as regulatory tools for decarbonising materials, processes, and services throughout supply chains. Stronger efficiency regulations affecting our own operations and our value chain could result in increased costs. These are most likely to impact DM's through standards applied to cattle-farming, PVC production, and packaging, which we are already beginning to see through regional Extended Producer Responsibility (EPR) schemes. This could result in positive output through operational efficiency opportunities. Better energy efficiency, resulting in less energy used across the value chain, could positively mitigate against the Increased Prices of Input Materials, Processes and Services.	**Sustainability strategy key area: Operations (& Climate)** **Commitments:** • Net Zero target to be validated by SBTi in FY23. • Source renewable electricity across our owned and operated sites by 2025. • Environmental certification standard to all Tier 1 suppliers by 2025. **Progress:** All of our electricity for our owned and operated sites in the UK comes from renewable sources. We have also set an additional internal commitment to source 75% of our electricity for our owned and operated sites across Europe from renewable sources before FY24 (page 68). We have maintained our ISO 14001 certification across our MIE factory and maintain strong relationships in our supply chain to encourage best practice (pages 69 – 70).
Transition risks/ Market	Medium-Long	**Increased Prices of Input Materials, Processes and Services** The decarbonisation of materials, processes and services, and the adoption of lower impact alternatives, could potentially require higher levels of investment within the supply chain and thus potentially higher costs for the business and our customers. In addition, increased demand for the same materials (e.g. leather, PVC and packaging materials) and services could also result in higher prices, depending on circumstances.	**Sustainability strategy key area: Packaging & Materials** **Commitment:** 100% of footwear made from sustainable materials by 2040. **Progress:** Over the past year we have defined our Sustainable Materials Criteria, which will act as the foundation towards the achievement of our sustainable materials Commitments. This includes the maintenance of our product durability and timeless design. On this journey we are investing in R&D to ensure sustainable alternatives are scalable and commercially viable. Further details can be found on pages 74 – 76.
	Short-Medium	**Land-use & Agricultural Practice** Procurement costs could increase as a result of emission-reduction efforts, such as at farm level, as well as lower levels of the value chain due to less intensive practices and higher demand of particular lower impact materials. Potential for adverse impact on **Increased Prices of Input Materials, Processes and Services** through cost uplift.	**Sustainability strategy key area: Materials** **Commitment:** 100% upper leather from the Leather Working Group (LWG) by 2023. **Progress:** We have achieved this Commitment and continue to be an active member of the LWG to enable the sustainable development of the leather industry. The leather we source is a by-product of the food industry, so we look to work with the whole value chain to improve land-use and agricultural practices (page 75). **Additional Commitments** Zero deforestation by 2025. Sourcing 100% of the natural materials in our products from regenerative agriculture by 2040.

Physical Risks:

Due to the systemic and interconnected nature of physical risks under high-emissions scenarios, the impacts detailed below have the potential to directly impact Dr. Martens' supply chain. When identifying physical risks across our value chain, 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.

Broader risk mitigation and business resilience

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 whilst also considering low-carbon freight and a transition towards increased near-shoring. The criteria for selecting future factory locations now include specific consideration of the potential impact of climate risks.

TCFD Risk Categorisation and Sub-category	Expected time horizon	Climate-related risks and opportunities identified	Potential impact Increased frequency of severe weather events could cause disruption to supply and production, and increased challenges in maintaining effective distribution
Physical/Chronic	Long Term	Temperature changes	Catalysing increased magnitudes of acute risks. Affecting rainfall patterns, reducing water availability and impacting soil quality. Increased temperatures could result in ocean warming and subsequent sea level rise.
Physical/Acute	Short-Medium	Coastal & riverine flooding	Sites located near floodplains and low-lying coastal areas could be at risk of flooding.
	Short	Heatwaves	Heatwaves could lead to increased challenges in raising cattle, the creation of inadequate working conditions, difficulty in storing leather at appropriate temperatures.
	Medium	Wildfires	Wildfires could result in the damage or loss of livestock upstream, raw materials and assets held at manufacturing sites upstream.
	Short-Medium	Drought	Drought may result in decreased tannery production and potential closures as water supply becomes limited. It may also impact the availability of feed and general health of livestock, thus impacting availability of hides.
	Short	Storms & cyclones	Storms/cyclones at footwear manufacturing sites could disrupt local supply chains, production, and output/supply.

RISK MANAGEMENT

Climate-related risks were identified through our climate scenario analysis methodology and scoring approach (page 92). This methodology is the approach we will take going forward to identify climate-related risks.

Climate change is integrated into DM's 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 97.

We currently consider climate risk as an emerging risk rather than a separate principal risk. We will continue to revisit that assessment in FY23 as we 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 cost of those. We also recognise that climate impacts our other principal risks, such as supply chain, brand and product, legal and compliance, and therefore climate is considered in the way we assess and mitigate those risks. Pages 97 to 103 include further detail on our principal risks.

METRICS AND TARGETS

Climate-related targets:
In last year's Annual Report, we disclosed our Commitment to achieve Net Zero by 2030. Since then, the guidance for setting Net Zero targets has been updated by the SBTi. As a result of this, we are committed to reduce absolute Scope 1 and 2 emissions 90% by 2030, from a 2020 base year, which is aligned with a 1.5°C future and to the requirements for Net Zero targets as set out by the SBTi. We are awaiting the updated guidance for our sector from the SBTi in order to submit our targets and set our Scope 3 emissions Commitment, as advised by the SBTi (expected later in 2022).

We have also set additional sustainability Commitments that will help us achieve our Net Zero Commitments, including to source renewable electricity across all our owned and operated facilities by 2025.

Our Scope 3 emissions associated with the purchase of leather, PVC and packaging materials make up the majority of our emissions profile. We aim to minimise these emissions through the pursuit of the sustainability Commitments across our key areas of Operations, Materials, Packaging and Lifecycle. Some examples of these Commitments include:

- 100% of natural materials in products from regenerative agriculture by 2040.
- 100% of packaging from recycled or other sustainably sourced material by 2028.
- Sustainable vegan upper by 2028.

Our sustainability Commitments and metrics can be found in our Sustainability report on pages 54 to 89.

Where we have not reported metrics and progress against Commitments, we are working to install the required systems to collect and monitor the data so we can report progress against these in future disclosures.

Carbon footprint

Table 1 contains the results of our baseline footprinting exercise, which was carried out this year, and demonstrates our value chain emissions in FY20 (April 2019-March 2020)[4]. Further details can be found on page 66.

Our FY21 and FY22 limited Scope 1, 2 and 3 GHG emissions can be found in our SECR statement on page 68[5]. We will continue to prioritise accurate emissions data recording and reporting over the coming year.

Table 1: Breakdown of emissions across Scopes 1-3 during FY20 baseline year (1 April 2019 – 31 March 2020)

Scope	Tonnes CO_2e 2019/2020	% of Total Value Chain
Scope 1	640	0.3%
Scope 2 (Location)	1,891	–
Scope 2 (Market)	1,936	0.8%
Scope 3[6]	231,545	98.9%

FINANCIAL IMPACT

Based upon the analysis carried out to date, including the input from external advisers, we believe that there is no immediate material financial risk or threat to our business model from climate-related risks. 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 scenarios set out on pages 104 to 105, for example assumptions around cost inflation, which could in part be driven by climate-related factors including higher taxes within our supply chain; or disruption to our supply chain or damage to warehouses or Tier 1 factories due to extreme weather events.

Our regular financial planning and forecasting processes consider a wide range of internal and external sources of information, as well as risk variables – including those related to climate change. As we develop a better understanding of climate risks and opportunities, we will incorporate them into future iterations of our plans.

We have considered potential impacts on our financial statements in relevant areas such as impairment of assets and depreciation rates. Based upon our current assessment, we do not believe that there are any adjustments required to our financial statements in relation to climate risks.

In FY23 we plan to undertake climate-specific financial modelling to deepen our understanding of the potential financial impacts of our climate-related risks and opportunities.

4. FY20 has been used as a baseline for our Science-Based Targets as it most accurately presents DM's business, with limited disruption due to Covid-19.
5. We aim to disclose our full FY22 Scope 1-3 footprint in next year's Annual Report.
6. Incorporates all categories within Scope 3 from the GHG Protocol with the exception of the following, either because the emissions are covered in another category or because they are not relevant for our business: (8) Upstream leased assets, (10) Processing (13) Downstream leased assets & (15) Investments.

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
RISK AND AUDIT LEADER

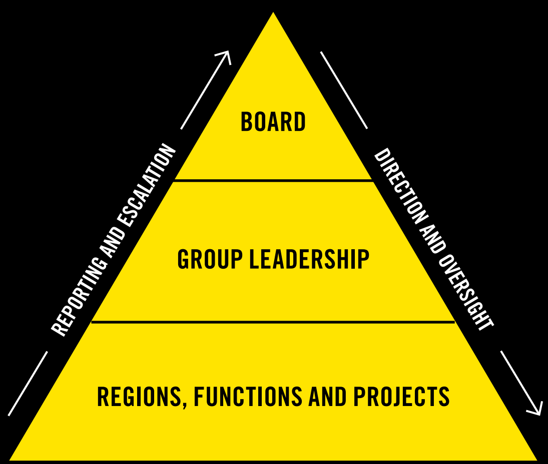
Risk management approach
Our approach to risk is an integrated part of the overall governance and management of the Group, as set out in more detail in the Governance section, particularly the Audit and Risk Committee report on page 138. Throughout FY22, we have continued to mature and embed our risk management process, including a focus on risk appetite, which is set out in more detail below.

The Group follows the 'three lines model' to risk, internal control, and assurance. Operational management and staff 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 below shows the key elements of 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. During the year, the Board reviewed the overall approach to risk appetite and considered this for each principal risk, which is included on pages 100 to 103. Our risk appetite across different areas informs the Group's risk and control framework and day-to-day control activities.

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 & 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, Technology and Human Resources.

REGIONS, FUNCTIONS AND PROJECTS
- Regional Risk Committees (Americas, 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.
- Working groups established with focus on specific risk areas, including: counter-fraud, third-party risk, policies and training.

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 28 to 37. An explanation of how the Company manages financial risks is also provided in note 21 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.

CLIMATE RISK
In our consideration of emerging risks in FY21, we identified climate risk as an area requiring greater analysis. Having carried out this analysis, which is summarised below and in more detail on page 90, we still do not consider climate risk as a separate principal risk, but rather a key component of the social and environmental 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.

In this year's Annual Report, we have included our first report in line with the guidance from the Task Force on Climate-related Financial Disclosures (TCFD), against the four TCFD pillars of Governance, Strategy, Risk Management, and Metrics and Targets. This is set out on pages 90 to 96. While our disclosures cover all aspects of the TCFD framework, we recognise that there is work to do in FY23 and beyond.

During FY22, we worked with the Carbon Trust to help us to identify and analyse our climate-related risks and opportunities. The approach was broadly consistent with the way we identify and prioritise all risks, considering impact and likelihood of a number of potential risk events, but 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.

This analysis identified a number of priority climate-related risks and opportunities, which are set out in more detail in our TCFD section. We will continue to revisit this as we undertake further analysis during FY23, including the mitigations against each of them.

Many mitigations are already built into how we create value and our business operating model. For example, leather used in our product is a by-product of cattle farming, so we are working to understand our role in accelerating a move to regenerative agriculture. The durability of our product has always been a core design principle for Dr. Martens, which is relevant in considering the net climate risk impact of our business.

SEE PAGES **90 to 96**

TIMEFRAMES FOR CONSIDERING RISKS

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. Below we include an example of risks under each timeframe.

Short-term

Short-term risk (<1 year)

Macro-economic and geopolitical uncertainty. This has a potential impact on other risks, for example, brand and product, and financial risk, with reference to inflationary pressures, which could impact consumer spending and demand. We continue to consider the potential impact of this risk through our ongoing monitoring of current and forecasted business performance. See also Market trends and opportunities on pages 18 and 19.

Medium-term

Medium-term risk (1-3 years)

The impact of corporate governance and the changing regulatory environment, which includes the potential introduction of an attestation over internal controls with regards to 'UK SOx' implementation. UK financial reporting and governance regulations may introduce new requirements and increase the risk of non-compliance. A Controls Committee has been set up to oversee initiatives to further mature the current control environment, including response to any additional regulatory and reporting requirements. See also Audit and Risk Committee focus areas for FY23 on page 138.

Long-term

Long-term risk (>3 years)

The growing profile of climate risk, with the increased focus of government, investors, customers and colleagues. The Board, alongside the Sustainability team, has conducted extensive work to better understand the risk and assess the impact on our business. Further detail on the approach and work undertaken is provided on pages 90 to 96. All opportunities and risks have been documented using the Task Force on Climate-related Financial Disclosures (TCFD) framework.

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 upon the changes from prior year, as well as looking forwards to future potential changes in risk.

SOCIAL AND ENVIRONMENTAL

The social and environmental risk has been impacted due to the continuing increase in expectations of stakeholders and introduction of further regulatory reporting requirements for listed companies. Whilst there has been significant progress in developing action plans, including meeting future commitments for 'Net Zero', there remains significant work ahead, as set out in more detail in the Sustainability section on pages 54 to 96.

SUPPLY CHAIN

The supply chain risk and activities have been impacted by the continued Covid-19 pandemic and global supply chain constraints. The case study on page 100 provides further details on how the business has successfully managed these challenges and risks.

INFORMATION AND CYBER SECURITY

The information and cyber security risk has been impacted by the increased external threat from cyber criminals, heightened by geopolitical unrest, including the Ukraine and Russia conflict. Although there has been a continued delivery and maturing of the cyber security programme, the heightened potential of cyber-attacks has raised the profile of this risk.

MANAGING SUPPLY CHAIN RISK THROUGH THE COVID-19 PANDEMIC

The Covid-19 pandemic caused significant challenges in supply chain activities.

CHALLENGES INCLUDED:
- Factory closures due to Covid-19 pandemic: south Vietnam (a third of capacity) closed for c. three months.
- Global logistics and distribution disruption (across all industries): delays and significantly reduced availability of shipping capacity and equipment.
- Port congestion, particularly in the US.

THINGS WE HAVE DONE TO MANAGE THE RISKS:
- Management of stock: we entered the year with planned higher continuity product inventory levels as we maintained orders through the pandemic in FY21.
- Diversification of production to different countries: we already had a strategy in place to have our key/volume products sourced from multiple factories/countries and we further increased the geographic spread of supply across a number of suppliers and countries in Asia, and also multiple sources of supply for all key components.
- Utilisation of capacity at other factories not/less affected by Covid-19 restrictions.
- Securing a significant increase in DC capacity in Central Europe and US.
- Long-term and collaborative supplier relationships: we supported their cash flow through accelerated payment terms.
- Unique nature of welted production methods and co-investment in machinery preserved capacity.
- Refocused and prioritised production and inventory to DTC and core markets.

FURTHER WORK TO IMPROVE RESILIENCE AND AGILITY:
- Review of alternative/ additional locations and countries for factories (e.g. Cambodia), and potential near-shoring.
- Further improve 'glass pipeline' view through system enhancements.
- Further automation of processes to increase both factory and warehouse capacity.

READ MORE **P32**

BRAND AND PRODUCT

We fail to develop and protect our brand and product

D O **C** S

Change from FY21
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 pages 4 and 5.
- How we create value on pages 20 and 21.
- Stakeholder engagement with consumers on page 25.
- Delivering against our strategy on page 28.
- Sustainability – Product on pages 73 to 79.

Link 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 FY21

Slight increase

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 and modern slavery compliance.
- Environmental certification for Made In England factory.
- Performing an initial 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 27.
- Sustainability section on pages 54 to 96.

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 FY21

No change

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 (DE&I) programme with dedicated resources.
- Regular engagement employee surveys with action plans.
- All employee share scheme being launched to allow employees to share in the future success of the Group.
- Talent management process.
- Engagement and input from employees on flexible ways of working in a post-Covid-19 world.
- 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 with our people on page 24.
- Sustainability – People on pages 80 to 86.
- Employee engagement on pages 124 to 127.

SUPPLY CHAIN

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

D O C S

Change from FY21

Slight increase

Impacts of the risk
- Capacity restrictions in manufacturing and distribution.
- Global trade restrictions and duties.
- Global shipping disruption.
- Raw material prices increase our cost of production.

Examples of how we manage the risk
- Diversification of 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 that there is a balance between the investment required to reduce risk and the amount of risk and uncertainty that we accept due to external factors that are largely outside of our direct control.

Where you can find more about this risk and how we manage it
- Stakeholder engagement with suppliers on page 26.
- Our strategy in action – Collaborating with our suppliers on pages 32 and 33.

INFORMATION AND CYBER SECURITY

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

D O C S

Change from FY21

Slight increase

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), 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 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 page 29.

Link 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 FY21

No change

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.
- 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.
- Internal Audit and Risk function further established, with a continued focus on internal controls over financial reporting in the Internal Audit Plan.
- Fraud risk assessment with accountability for any 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 42 to 53.
- Audit and Risk Committee report on pages 138 to 146.
- Note 21 (Financial instruments) to the financial statements on pages 210 to 212.

LEGAL AND COMPLIANCE

We fail to comply with key laws and regulations

D O C S

Change from FY21

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 that 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 27.
- Our Governance framework on pages 108 and 135.
- Audit and Risk Committee report on pages 138 to 146.

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 2025, 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 100 to 103 and also those arising from Covid-19.

Over the last three years, the Group has grown revenue by £236.1m to £908.3m representing CAGR% growth of 16%, grown EBITDA[1,2] to £263.0m (from £184.5m), representing a CAGR% growth rate of 19%, and grown PBT to £214.3m (from £113.0m), representing a CAGR% growth rate of 46%. The assessment is described in more detail below.

Group planning process

Our normal planning process consists of a rigorous review of the DOCS strategy (described on pages 28 and 29) 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 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.

TRADING OUTLOOK

The year saw a slow recovery from Covid-19 as demand rebounded in our core markets as they emerged from lockdowns and restrictions and as we begin to learn to live with Covid-19. Despite a wide variety of localised restrictions negatively impacting trading on a country by country basis, a recovery trajectory has been clear. The principal impact of Covid-19 in the year was on supply and specifically on manufacturing (as experienced with three factories being closed for circa three months in south Vietnam during summer 2021) and significantly extended lead times from factory to our DCs, particularly lead times to USA nearly doubling to 90-95 days. More recently we have seen a slow improvement in lead times and, coupled with a high vaccination rate across our factories, we anticipate it unlikely we will experience a repeat of FY22 country-wide lockdown. Continued recovery is reliant upon economies normalising, following vaccination success in our core markets and learning to live with Covid-19.

The Directors remain vigilant and continue to monitor the effects of Covid-19 and supply chain challenges in all our core markets (across ecommerce, retail and wholesale channels) and economic and political instability including the Ukraine war, and will react appropriately to further developments and associated risks. The Ukraine war has not had any impact on the Group to date. Further detail of the recovery profile is documented in the Finance Review.

During the first half of the coming year, we expect trading recovery and supply chain challenges to be the key areas where we expect to see improvements, as restrictions continue to be relaxed and footfall and international travel increase. However, we also expect inflation to increasingly influence consumer sentiment and demand as spending power is impacted.

Further, we need to see how continued recovery and re-emergence from Covid-19, geopolitical and macro-economic conditions (particularly war in Ukraine) affect consumer confidence. At the time of writing the outcome remains uncertain both globally and by geography.

Our central planning assumptions are:

- the trend towards ecommerce to continue, increasing total revenue and revenue mix of the Group;
- stores in key markets continuing their recovery to pre Covid-19 levels of revenue and profitability across the period under review;
- the Group will see a slow return to more normal shipping times through the second half of the year with the first half times remaining broadly as now which affected the Group and wider global economy throughout the second half of the last financial year;
- no country-wide factory lockdowns for a period of months though smaller factory/line specific closures/working at sub optimal capacity to be the norm due to high vaccination rates; and
- higher inflation to remain but offset by increased prices reflecting recent evidence of our pricing power.

These conservative central assumptions form the base case for our FY23 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 mitigating actions (including dividend payments). The outputs of this scenario are described below.

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

Assessment period

The Directors have assessed the viability of the Group over a three-year period to 31 March 2025, 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, as has been demonstrated by the Group's reaction to supply chain-related risks during FY22.

Viability has been assessed by:
Where appropriate and practical, we assessed the impact of a number of risks described on pages 100 to 103 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 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;
- website in a significant region out of action for a period of one month during peak trading;
- impact of potential future unexpected increases in costs and inflation arising from global events;
- weaker consumer sentiment and lower demand; and
- 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).

'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. If the above scenarios occur all at once, there is a breach in covenant headroom which is remediated with mitigating actions. Experience through the two years of FY21 and FY22 indicated minimal wholesale bad debt risk and minimal margin risk with the principal risk being lower revenue. In the scenario modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

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 FY23. Under the covenant breach test it is concluded that the business could weather extreme growth reductions without mitigation, -38pts to revenue growth in FY23 before covenants are breached. Similarly, the business would have to experience –65pts revenue growth reduction in FY23 before zero cash headroom is reached, which would be below our pre-Covid-19 numbers (FY20). Under both tests modelled, there were no mitigating actions (including dividend payments) modelled and the resulting revenues calculated and likelihood of occurring have been assessed. 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 their impact does not cause material impairments.

We will continue to monitor the effects of Covid-19, other global macro-economic considerations, particularly inflation, 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 2023 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.

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 policies and procedures	Where to find more information in this report	Page(s)
Business model	N/A	Business model	20
Non-financial KPIs	N/A	Measuring our performance	40
Principal risks	Group risk management processes and procedures	Risk management and principal risks	97 to 103
Environmental matters	Supplier Environment Standards	Risk management and principal risks	101
	Made In England Environmental Policy	Stakeholder engagement	26 and 27
	Animal Derived Materials Policy	Sustainability report	54 to 89
		Our Commitments	63
		Our TCFD Disclosures	90 to 96
Human rights	The DOCtrine, our employee code of conduct	Risk management and principal risks	97 to 103
	The Rule Book, our employee handbook	Sustainability report	84
	Modern Slavery Statement	Stakeholder engagement	27
	Anti-Slavery and Human Trafficking Policy	Our Commitments	63
	Supplier Migrant Worker Policy		
	Supplier Code of Conduct and Workplace Standards		
Our people	The DOCtrine	Risk management and principal risks	101 and 103
	The Rule Book	Stakeholder engagement	24 and 27
	Mandatory training on key policies	Sustainability report: People	80 to 86
		Our Commitments	63
		Employee engagement	124 and 125
Social matters	The DOCtrine	Our Commitments	63
	Volunteering Policy	Sustainability report: People	80 to 86
	Matched Giving Policy	Stakeholder engagement	24 and 27
		Risk management and principal risks	101
Anti-bribery and corruption compliance	The DOCtrine	Audit and Risk Committee report	146
	The Rule Book	Sustainability governance	87
	Our 'Speak Up' Whistleblowing Policy	Risk management and principal risks	103
	Anti-bribery and Corruption Policy		

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 2022

GOVERNANCE

CONTENTS

Dear Shareholders

On behalf of the Dr. Martens PLC Board, I am pleased to introduce our Governance report for the financial year ended 31 March 2022 (FY22). This report is the first to cover a full year of our operations as a PLC Board and, in the sections that follow, we aim to provide insight into how corporate governance operates at Dr. Martens and explain how we as a Board have sought to apply the principles of the UK Corporate Governance Code 2018 (the Code).

The report comprises the Company's Corporate Governance Statement for the purposes of the Code and is split into several sections that outline the Board's structure, processes and activities under each of the Code's core principles: Leadership and Purpose; Division of Responsibilities; Composition, Succession and Evaluation; Audit, Risk and Internal Control; and Remuneration. Details of where this information is located throughout the report can be found in the 'Key sections' table, below.

Tone from the top

In my introduction to this Annual Report on pages 8 and 9, I reflected on the importance of custodianship as a core tenet of Dr. Martens' culture and approach. As a Board, we seek to lead by example, take a long-term view and behave with integrity as custodians of our brand and with the ambition of leaving things better than we found them. These are values that I expect myself and my colleagues on the Board to embody and I believe we have been successful in doing so during our first momentous year as a public listed company.

GOVERNANCE

Developing a PLC Board
FY22 was a year of firsts for the Board. Having successfully navigated the business through the IPO process and established Dr. Martens as a public company in FY21, it was important as we progressed through FY22 for the Board to pause and take stock of the processes and capabilities we had recently established and to assess whether we were appropriately equipped to address the challenges facing the business over the months ahead.

SETTING A CLEAR TONE FROM THE TOP

Our inaugural PLC Board Effectiveness Review, undertaken during the second half of the financial year, presented a unique opportunity for myself and my colleagues on the Board to reflect on our individual and collective performance during our first year together, provide open and honest feedback and identify our priorities looking forwards. This process was professionally led by our Company Secretary and third-party consultancy ghSMART, with whom the business had prior experience through a similar exercise undertaken with our Global Leadership Team. We found it to be an exceptionally thorough and valuable exercise. Full details of the Board Effectiveness Review are set out on pages 134 and 135.

PAUL MASON
CHAIR

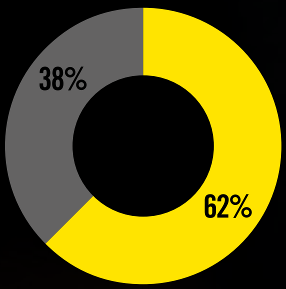
KEY SECTIONS IN THIS REPORT

P.T.O.

AT A GLANCE

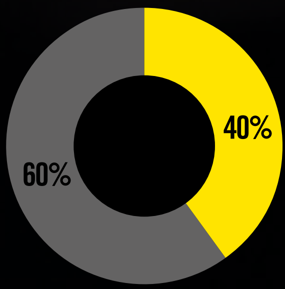
GENDER BALANCE OF BOARD

Board as a whole



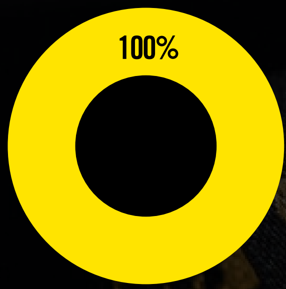
Male	5 of 8
Female	3 of 8

Non-Executive Directors (excl. Chair)



Male	2 of 5
Female	3 of 5

Executive Directors



Male	2 of 2
Female	0 of 2

ATTENDANCE OF MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2022:

The attendance of each Director is set out in the table to the right.

In addition to Board and Committee meetings, sufficient time is provided, periodically, for the Chair 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 and discussions, see pages 121 to 123.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Number of meetings held	8	5	5	2
	1 April 2021 – 31 March 2022 Number attended / max number could have attended:			
Paul Mason	8/8			2/2
Kenny Wilson	8/8			
Jon Mortimore	8/8			
Tara Alhadeff	8/8			2/2
Ije Nwokorie	8/8	5/5		2/2
Ian Rogers	8/8		4/5[1]	2/2
Robyn Perriss	8/8	5/5	5/5	2/2
Lynne Weedall	8/8	5/5	5/5	2/2

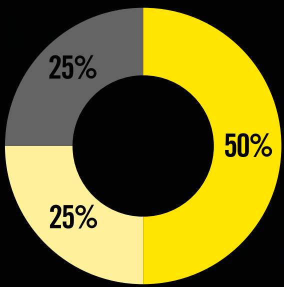
1. Ian Rogers was unable to attend the Remuneration Committee meeting on 9 June 2021 due to a pre-existing business commitment. Prior notification was given to the Chair of the Committee.

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	✓		✓		✓		✓

1. Senior full-time roles outside the UK.

BOARD TENURE



- 0-3 years
  - Robyn Perriss
  - Lynne Weedall
  - Ian Rogers
  - Ije Nwokorie
- 3-6 years
  - Jon Mortimore
  - Kenny Wilson
- 6+ years
  - Paul Mason
  - Tara Alhadeff

Corporate Governance Code Compliance Statement:
The Company has assessed itself with reference to the UK Corporate Governance Code 2018 (the 'Code'), which was adopted as the relevant standard on the Company's admission to listing on 29 January 2021. The Board confirms that the Company applied the principles and complied with the provisions of the Code throughout FY22, with an exception relating to the independence of the Chairman on the Company's admission to listing in January 2021. This is explained in more detail on page 133.

The Company's application of the principles of the Code is detailed in full throughout the Governance report, each of the principal Committee reports and the Strategic report.

Where reference is made to the availability of further information on our website, it can be found at drmartensplc.com.

Board membership
No changes were made to the membership of the Board during the year and I am pleased that each of our current Board members will be seeking re-election at the AGM on 14 July 2022, in accordance with the Code. Following the Board Effectiveness Review, I am also delighted to confirm that each of the Directors continues to demonstrate a high level of effectiveness and exceptional commitment to their respective roles and in discharging their duties as Directors of the Company.

Full biographical details setting out the professional backgrounds, skills and experience of each of our Board members, together with an overview of the range of attributes they each bring to the Board and through which they augment our collective effectiveness, are available on pages 114 to 117.

Board activities
An outline of the matters the Board discussed at its meetings during the year can be found on pages 121 to 123, whilst more information on the work and activities undertaken by the Nomination, Audit and Risk and Remuneration Committees can be found from pages 136, 138 and 147 respectively.

Stakeholders
Investor focus on the responsibility of public company boards to properly consider the needs of their stakeholders in satisfying their statutory obligations under Section 172 of the Companies Act 2006 continues to sharpen, particularly on matters of an environmental, social and governance nature. A wealth of information relating to our overall sustainability strategy, including ESG initiatives, targets and commitments, can be found within our Sustainability report from page 54.

The Board recognises that an essential ingredient in its ability to set the correct tone from the top and act as true custodians of the brand is to ensure that the business has in place internal communications, reporting and engagement infrastructure. The Board needs to maintain a clear, up to date understanding of the range of matters that are important to the Company's key stakeholder groups and, crucially, that these are properly considered and factored into its decision-making.

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 27 of the Strategic report. This section,

> Our Board seeks to lead by example, always exhibiting a custodian mindset, by taking a long-term perspective and behaving with integrity.
>
> **PAUL MASON**
> CHAIR

which contains our Section 172 statement, identifies our core stakeholder groups and considers our engagement with them in the context of examples of engagement activities undertaken during the year, including how their interests inform and influence the Board's decisions and, where appropriate, result in specific outcomes. Additionally, we have presented a deeper dive into how the Board manages engagement with the global workforce, including the engagement activities undertaken by Robyn Perriss in her capacity as our Employee Representative Non-Executive Director. This can be found on pages 124 to 127.

AGM
Our AGM in 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, which we have included at the end of this Annual Report on pages 233 to 241.

Finally, I would like to add a personal note of thanks to our people. Across the world, they have continued to exemplify brand custodianship even during times in the year where the external environment was challenging and uncertain. Their passion inspires us every day and the fantastic results we delivered in FY22 are testament to their hard work and dedication.

PAUL MASON
CHAIR

MEET OUR EXPERIENCED *BOARD*

L – R
Robyn Perriss, Ije Nwokorie, Ian Rogers, Lynne Weedall, Paul Mason, Tara Alhadeff, Kenny Wilson, Jon Mortimore and Emily Reichwald.


ORIGINALS
READ
BIOS

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.

PAUL MASON

Chair

N

Appointed: September 2015.

Experience: Paul has extensive experience in retail and consumer brand businesses, having chaired six consumer businesses over the past 13 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 provided continuity during the transition of Dr. Martens from a private limited company to a publicly listed business. He has been instrumental in ensuring corporate knowledge has been retained whilst educating and upskilling a new Board of Directors. This has created a strong foundation for the new Independent Non-Executive Directors and has facilitated effective corporate governance coupled with informed challenge to the operating business and the Global Leadership Team. Paul's deep knowledge and experience are well respected by his Board colleagues and other stakeholders alike and his focus on creating a diverse Board with a transparent culture was recognised through the positive feedback he received from the Board Effectiveness Review.

Other appointments: Adviser to the Mayborn Group (owner of the Tommee Tippee brand), which is owned by Jahwa Group (listed on the Shanghai Stock Exchange).

Favourite pair of Docs:

BLACK 2976 CHELSEA BOOTS

KENNY WILSON

Chief Executive Officer

D

Appointed: July 2018.

Experience: Kenny has 30 years of experience in building and growing global consumer brands. At Dr. Martens he has 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 described by his peers as an approachable, engaging, and collaborative CEO, who listens first and is truly passionate about the brand. He personally champions the custodian mindset and skilfully articulates both DM's heritage and its future journey. His integrity, leadership skills and commitment are key qualities as he steers the Company through its next phase of growth.

Favourite pair of Docs:

1460 BLACK SMOOTH

JON MORTIMORE

Chief Financial Officer

D

Appointed: April 2016.

Experience: Jon is an experienced CFO with over 30 years of experience in senior finance positions. 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 the 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 diligently 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 DM's.

Favourite pair of Docs:

COLLABORATION DR. MARTENS X UNDERCOVER, THE NEW WARRIORS

Committee membership

- A Audit and Risk
- N Nomination
- R Remuneration
- D Disclosure
- E Employee Representative Director
- Chair

LYNNE WEEDALL

Senior Independent Director

A N R D

Appointed: January 2021.

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 led and advised boards and their teams on large, complex transformations in a wide variety of sectors.

In her executive career, Lynne was Group Human Resource Director for Selfridges Group, where she advised on the people strategy. Previously she held the position of 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 the merged business, Dixons Carphone plc.

Lynne was a Non-Executive Director and Remuneration Committee Chair of Greene King plc from 2012 until 2019 and William Hill plc from 2019 until April 2021. She has also held senior roles at Whitbread plc, Bupa and Tesco plc.

How Lynne supports the Company's strategy and long-term success: Lynne's independence and extensive experience as a non-executive director in plc environments has enabled her to support the Board greatly in its first year as a newly listed company on the LSE. Lynne has also successfully chaired the Company's Nomination and Remuneration Committees during the year and helped upskill other members of those committees, who value her patience and sound judgement as well as her experience. Lynne has also made herself available as a sounding board for the new CHRO of the business as she develops the HR plan and roadmaps for the future. Lynne is respected for her ability to constructively challenge and contribute to the Company's strategy, promoting an open and collaborative environment for all.

Other appointments: Senior Independent Director of Treatt plc, 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 plc.

Favourite pair of Docs:

CHERRY RED AVERIL ANKLE BOOTS

ROBYN PERRISS

Independent Non-Executive Director

A N R D E

Appointed: January 2021.

Experience: Robyn has extensive financial and governance expertise and wide ranging experience in both the technology and media industries. She was Finance Director at Rightmove plc, the UK's largest property website, until June 2020. She has first-hand experience of high growth through digital disruption, whilst driving improvements in governance and strategic oversight by building capability within organisations. Robyn was previously Group Financial Controller at Auto Trader.

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: Alongside her financial expertise and qualifications, Robyn's expertise in corporate governance has also proved invaluable to the Board in its first year as a public limited company. Robyn has been a key player in the modification of the business's corporate governance practices as it moved into a listed environment. In addition, Robyn's prior board experience has enabled her to successfully Chair the Company's Audit and Risk Committee and provide constructive challenge to the Executive Directors and support and guidance to the Finance function. Robyn is also highly valued for her collaborative approach and her passion for engaging with employees, her prior Investor Relations and Capital Markets experience and her interest in sustainability. She embraces her role as Employee Representative at the Board, diligently ensuring that the employee perspective is brought into the boardroom, as well as providing strong informed challenge on ESG matters.

Other appointments: Non-Executive Director of leading IT infrastructure provider Softcat PLC and Next Fifteen Communications Group plc, where she also chairs the audit committee.

Favourite pair of Docs:

1460 PASCAL

IJE NWOKORIE

Independent Non-Executive Director

A N D

Appointed: January 2021.

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 necessarily intertwined with everyday life. He is currently Senior Director, WW Retail Engagement and Marketing at Apple Inc. Prior to that, he spent eleven 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 and helped some of the world's most exciting businesses build their brands for the digital age. He is a Board member of Charity Water and Chair of Trustees for Chineke!, the first professional orchestra in Europe to be made up of majority black, Asian and ethnic minority musicians.

How Ije supports the Company's strategy and long-term success: Ije's global brand, retail and digital experience create a foundation for him to provide helpful input and constructive challenge as an Independent Non-Executive Director. He is deeply respected for his wide-ranging, relevant and current experience within the sector as well as his personal attributes. His natural curiosity and open-minded questioning have been appreciated by his fellow Board members and recognised for elevating the debate and challenge in meetings. Ije's external charity roles have provided a further complementary skillset, helping the business hone its articulation of the brand and its approach to social justice.

Other appointments: Senior Director at Apple Inc, Chair of Trustees at Chineke!.

Favourite pair of Docs:

CHERRY RED VEGAN LEATHER 1460

Committee membership

A Audit and Risk N Nomination R Remuneration D Disclosure E Employee Representative Director Chair

IAN ROGERS

Independent Non-Executive Director

N R D

Appointed: January 2021.

Experience: Ian is currently Chief Experience Officer at Ledger, overseeing 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, 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 previous and current retail, digital and music experience enables him to help focus the business on the future, based on experience in the past. Ian's knowledge of the digital realm provides a platform for him to challenge consensus and introduce fresh thinking and perspectives to discussions. He is valued for his ability to spot future trends and to unlock complex subjects. Having worked extensively within luxury brands, Ian instinctively understands the importance of the business's heritage, brand and culture and how to translate this into the digital environment.

Other appointments: Chief Experience Officer at Ledger, Adviser at LVMH, Board member at Lyst.

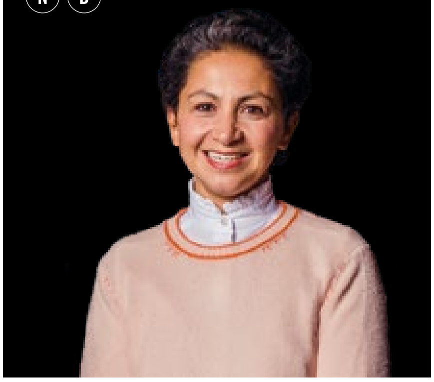
Favourite pair of Docs:

THE CLASSIC 1460

TARA ALHADEFF

Non-Independent Non-Executive Director

N D



Appointed: May 2015.

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 across a spectrum of brands, retailers and consumer internet and on major transactions including Permira's acquisition of Dr. Martens in 2014. She was initially appointed to the Dr. Martens Board in May 2015 and became a Non-Independent Non-Executive Director in January 2021.

Tara is a member of the Board of directors of Hana Group and Golden Goose and has experience as a member of the Boards of several other companies including Iglo Group. Prior to joining Permira, Tara worked in investment banking at Morgan Stanley in New York and London.

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's Non-Independent Non-Executive appointment provides the Board with continuity following the transition from private company to plc. The Board continues to benefit from Tara's deep knowledge of the business and extensive sector expertise, as well as her broad international experience. Tara's strong financial acumen, coupled with her questioning mindset and collaborative style, has proved a valuable asset to the Board in its first year as a listed company. In addition to her wide knowledge on many topics, Tara also brings a passion and interest in sustainability to the boardroom where she provides insightful provocation and challenge. Tara's appointment facilitates good shareholder engagement with the Permira funds.

Other appointments: Partner at Permira Advisers LLP, Non-Executive Director at Hana Group and Golden Goose.

Favourite pair of Docs:

SPARKLY BLACK MADE IN ENGLAND 1461

EMILY REICHWALD

Company Secretary, General Counsel, Sustainability GLT Lead and Chair of the Dr. Martens Foundation

D

Joined: April 2015.

Emily Reichwald was appointed General Counsel of Dr. Martens in April 2015 and became Company Secretary upon listing on the London Stock Exchange in 2021.

Experience: Emily is an experienced General Counsel having held several senior legal positions in large international businesses. Prior to joining Dr. Martens, Emily was Director Legal at Akzo Nobel global specialty chemicals in the Netherlands. She had previously held other senior legal positions at Akzo Nobel nv and ICI plc, as well as being seconded to GE Capital and BP plc when in private practice. Emily trained and qualified as a solicitor at Linklaters, practising in the corporate department. 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.

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 highly valued adviser and contributor to the Board. She is also a key member of the GLT, leading the Sustainability team as well as the Legal, Intellectual Property, Compliance, Risk and Company Secretarial functions, facilitating positive collaboration across the business.

As Company Secretary, Emily has built strong relationships with the Board as a whole and in particular with the Chair and Chairs of the Board's Committees, ensuring they are supported and advised on legal and corporate governance matters.

The combination of Emily's roles exposes her to all functions and businesses within Dr. Martens so she has a thorough understanding of the different markets and business drivers. She is well respected across the Company for her balanced perspective and her positive leadership style.

Favourite pair of Docs:

SHINY SILVER 1461

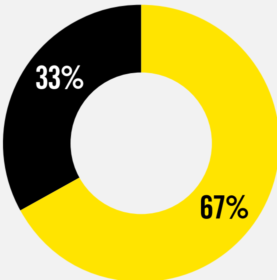
MEET THE GLOBAL LEADERSHIP TEAM

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.

The following pages provide biographical details of our GLT, which comprises the core group of senior leaders at Dr. Martens. Its membership includes the Executive Directors together with the Presidents of our Americas, EMEA and APAC regions and the leaders of our key business functions of Supply Chain, HR, IT, Legal, Strategy, Product and Marketing. The GLT manages day-to-day business operations and plays an essential role in driving our strategy forwards and delivering value for our shareholders and stakeholders over the longer term.

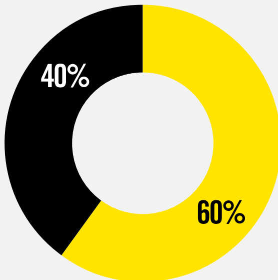
GENDER BALANCE OF THE GLOBAL LEADERSHIP TEAM[1]

As at 31 March 2022



Male	6 of 9
Female	3 of 9

As at 31 May 2022[2]



Male	6 of 10
Female	4 of 10

1. Excluding Executive Directors.
2. Date of Annual Report approval.

Geert Peeters
Chief Operating Officer

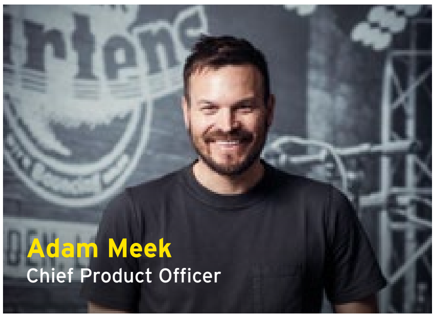
Joined: June 2018.

Experience: 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.

Favourite pair of Docs:

1460 MADE IN ENGLAND



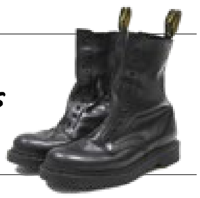
Adam Meek
Chief Product Officer

Joined: December 2021.

Experience: 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.

Favourite pair of Docs:

DM'S X VETEMENTS COLLABORATION FROM 2017



Meg Johnson
Chief Marketing Officer

Joined: April 2022.

Experience: Meg joined the business in April 2022. She started her marketing career at P&G, renowned as one of the best schools in the consumer goods industry for building excellence in marketing fundamentals. She left P&G to join New Balance where she led the international and North Americas marketing organisations. More recently, Meg relocated to Singapore and consulted in a marketing leadership role with an osteopathy & physiotherapy company. Meg brings essential global and regional experience to the GLT, having lived and worked across the globe.

Favourite pair of Docs:

2976 BLACK CHELSEA BOOT

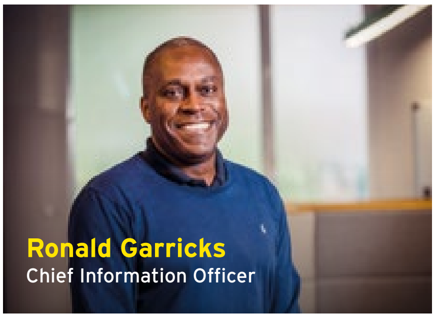
Sue Gannon
Chief HR Officer

Joined: June 2021.

Experience: Sue was previously based in California as the VP of Talent at Netflix. Prior to this, Sue was the Deputy Chief Operating Officer at Suntory, based in Tokyo, having previously been VP HR (Americas and Global marketing) at Beam Suntory in Chicago. Many of Sue's formative years were spent at the Campbell Soup Company working in both the USA and Australia. Sue is a truly global executive and a highly experienced HR professional who is thoughtful, passionate, driven and transparent.

Favourite pair of Docs:

VINTAGE MADE IN ENGLAND 2976 CHELSEA BOOTS



Ronald Garricks
Chief Information Officer

Joined: April 2020.

Experience: Ronald has built his career helping businesses transform IT into a key enabler to support sustainable growth. His previous roles have included 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.

Favourite pair of Docs:

CORONADO

Erik Zambon
Strategy Director

Joined: April 2017.

Experience: Erik started his career in management consulting, first at PricewaterhouseCoopers LLP then at Kurt Salmon (now Accenture), where he worked on a number of large-scale strategy and transformation projects both in the UK and internationally. Erik then moved to Calvin Klein where he held a number of senior roles in merchandising and planning. Before joining Dr. Martens, Erik led the merchandising function at AllSaints and later joined the London and Paris based designer brand, Joseph. He has a Master of Arts (Hons) in Modern & Medieval Languages & Management Studies from Cambridge University.

Favourite pair of Docs:

1460 MADE IN ENGLAND IN BLACK QUILON LEATHER

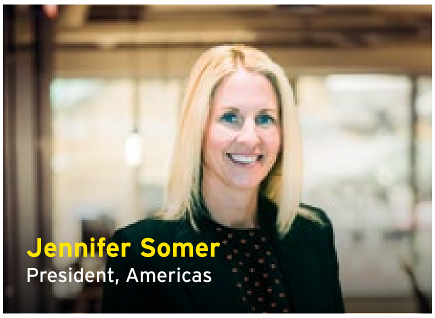
Lorenzo Moretti
President, EMEA

Joined: March 2020.

Experience: Lorenzo brings extensive knowledge of and experience in the footwear industry, having served as CEO at footwear retailer Office prior to joining Dr. Martens. His earlier career included leadership roles at a range of well-known brands, including leading the Western Europe Football division of Nike and Global Retail at Sonos.

Favourite pair of Docs:

1460 BLACK SMOOTH



Jennifer Somer
President, Americas

Joined: November 2021.

Experience: 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.

Favourite pair of Docs:

NAVY 1460 SMOOTH LEATHER

Derek Chan
President, APAC

Joined: September 2019.

Experience: 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 Master of Business Administration from Hong Kong University of Science & Technology.

Favourite pair of Docs:

2976 CHELSEA BOOT

BOARD LEADERSHIP AND COMPANY PURPOSE

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.

The Board's role

The Board sets the Company's purpose and strategy, as summarised on page 2 at the beginning of this Annual Report, and holds management to account for its delivery with a view to securing the success of the business over the longer term. It is responsible for ensuring that the strategy aligns with and promotes our organisational culture that encompasses custodianship of the brand, "doing the right thing", and "leaving things better than we found them", which is the core tenet of our sustainability strategy. Its duties are discharged both by the Board directly and through authority it has delegated to its Board Committees and the Global Leadership Team.

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. Pages 22 to 27 of the Strategic report outline some of the ways in which the Board has sought, and continues to seek, to account for its relationships with customers, suppliers and employees and its impact on communities and the environment.

Board reserved matters

Authority over certain matters of strategic significance is reserved for the Board alone. Some of the key matters reserved for the Board are summarised on this page. The full schedule, which is reviewed annually by the Board, can be found at drmartensplc.com.

How the Board assesses and monitors culture

As custodians of the Dr. Martens brand, a key responsibility of the Board is to cultivate an environment in which our culture and purpose, summarised through the maxim of 'Rebellious Self Expression', flourish and empower our people to be themselves and deliver their best. Our culture is a huge part of what makes Dr. Martens so unique and its preservation and growth is something that the Board takes extremely seriously. Overall, the Board is confident that the Dr. Martens culture is well-established across the business, strongly connects with and is 'lived' by our people and supports the ongoing and successful delivery of our strategy.

The Board ensures it is able to monitor the 'cultural health' of the business in a number of ways. Like many businesses, Dr. Martens circulates an annual, online employee Engagement and Inclusion Survey, which is a key element of the Company's wider employee listening strategy and provides an important snapshot of how our people experience life at Dr. Martens. The Board also considers a range of other important inputs. These include regular updates at Board meetings from senior leadership on particular focus areas and initiatives. Additionally, the appointment of Robyn Perriss as our Employee Representative Non-Executive Director has provided the Board with an effective new means of monitoring culture through an employee lens, particularly via her insights into the matters that are important to employees gained through her engagement activities.

For more information on:

- **The Dr. Martens governance framework, see pages 128 to 133.**
- **The Dr. Martens sustainability strategy, see pages 62 to 86.**
- **Board meetings, discussions and activities during FY22, see pages 121 to 123.**
- **How culture is embedded at Dr. Martens, see pages 81 to 83 of the Sustainability report.**
- **Employee engagement, see pages 124 to 127.**

Key matters reserved for the Board

- Establishing and monitoring the Group's purpose, values and general strategy.
- Assessing the basis over which the Group generates and preserves value over the long term.
- Ensuring necessary resources are in place for the Group to meet its objectives and measure performance.
- Approving any major changes to the Group's management or control structures.
- Approving the Group's business plan, budget and forecasts.
- Approving changes to the Company's capital structure.
- Approving any major restructuring or reorganisation of the Group, including material acquisitions or disposals.
- Ensuring an effective engagement strategy with shareholders, the workforce and other key stakeholders.

Link to strategy

D Direct-to-consumer acceleration | O Operational excellence | C Consumer connection | S Sustainable global growth

Key stakeholders

Consumers | Our people | Suppliers | Investors | Community and environment

BOARD DECISION CONSIDERING OUR STAKEHOLDERS

SUPPLY CHAIN

Decision:
To significantly upgrade supply capacity in the Netherlands through opening a new distribution centre (DC).

Background:
- It was necessary to review the capacity at our existing distribution centres to support and deliver on our growth plans. As such, during the year the Board considered and approved a proposal to extend the Netherlands DC.
- This facility would be double the size of the previous site and therefore would be capable of supporting the Company's projected growth in demand.

Links to strategic pillars and long-term sustainable success:

D O C S

The Board approved the proposal following a detailed deep-dive session with the Chief Operating Officer.

When considering approval, the Board was cognisant that the new DC would support the growth plans of the business, enabling it to better service its direct-to-consumer channels and mitigate elements of supply chain risk (more information about which can be found in the Risk management section on pages 97 to 103).

The Board's decision promotes the Company's long-term sustainable success by facilitating progress of our Global Supply Chain and wider DOCS strategies to drive operational excellence, enable growth, unlock value, progress product innovation, optimise working capital and lead in social and environmental sustainability.

S.172 stakeholder considerations:

- **People & communities** – the larger distribution centre creates new employment opportunities for the local community and an improved working environment for employees due to state-of-the-art equipment.
- **Investors** – enables delivery of the Company's plan for growth.
- **Customers and Suppliers** – facilitates product innovation and our ability to meet projected growth in demand.

BOARD DECISION CONSIDERING OUR STAKEHOLDERS

FUTURE READY WORKPLACE

Decision:
To open additional office space in London for the EMEA team.

Background:
- Due to the substantial increase in people as a result of the Company's growth, a permanent new regional office in Camden was required for the EMEA team.
- The proposed office capacity was substantially larger than the existing temporary EMEA regional office.
- The new office would need to be a place that embodied the ethos and culture of the brand, encouraging collaboration and connection whilst being located close to the Head Office in Camden.

Links to strategic pillars and long-term sustainable success:

D O C S

When reviewing the proposal to open additional office space, the Board's view was that this would support the Company's Future Ready Workplace strategy, more detail on which can be found on page 81 of the Sustainability report, particularly its ability to facilitate activity-based working.

The close proximity of the new office to the Head Office in Camden was also considered a benefit, enabling teams in each location to continue to easily connect and collaborate in person.

The Board's decision facilitates the Company's long-term sustainable success, enabling a positive workplace 'experience' that is reflective of our culture and improves our ability to attract and retain talent. It also assists in mitigating risks relating to 'people, culture and change', more information about which can be found in the Risk management section on page 101.

S.172 stakeholder considerations:

- **People** – retain and attract talent due to positive working experience and culture.
- **Environment** – the office is being designed to the BREEAM certification standard, confirmation of which is expected later in 2022.
- **Investors** – although the office required a CAPEX investment, in the longer term the Board believed it would promote the long-term sustainable success of the Company for the reasons outlined above.

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 market visits and additional deep dives to give greater understanding and context.

This section provides a flavour of the range of matters the Board discussed during the year, including the outcomes of those discussions and further detail on some of the key decisions it took. Whilst not intended as an exhaustive list of every item considered by the Board over the course of the year, this information offers a degree of insight into the boardroom and how the activities of the Board continue to focus on driving the DOCS strategy forwards, with due regard to the interests of all of the Group's key stakeholder groups.

COMPANY STRATEGY AND PERFORMANCE

STRATEGIC PILLARS:

D O C S

- Discussed the brand strategy and consumer insights.
- Received reports from the CEO at each meeting detailing performance in each region and progress against our DOCS strategic pillars.
- Discussed developments in the DTC strategy, with particular focus on our seven key markets.
- Received regular supply chain updates covering the challenging global supply chain environment.
- Received updates on and discussed new seasonal product ranges with the product team.
- Discussed the sustainability strategy and received training from an external carbon and sustainability consultancy.
- Reviewed Human Resources and Diversity, Equity and Inclusion strategy.
- Received updates and feedback from the investor roadshows held during the year.
- Received regular external communications updates from the Corporate Communications function, covering recent media coverage and current and planned media activities.

Board cadence

During its first full year of operations as a PLC Board, the Directors continued to refine the Board's cadence. Each Board meeting concludes with an invitation from the Chair for Board members to provide feedback on the quality of discussions and debate that took place, including their thoughts on areas that would benefit from further discussion with the purpose of continually improving the quality of Board meetings. During our first Board review process, held towards the end of the financial year, each Director provided candid feedback on the Board's time together since the Company listed in January 2021, including areas in which they believed its operations were working well and those where targeted action could drive increased effectiveness and further improve Board processes and dynamics.

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 CEO and CFO. Overall, agendas are tailored to balance regular updates from the Executive Directors on trading and financial performance, with detailed deep dives focusing on specific strategic initiatives or business functions. 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.

FY22	APR 2021	MAY	JUN	JUL	AUG
SCHEDULED MEETINGS		• Board • Audit • Remuneration	• Board • Audit • Remuneration • Nomination	• GLT quarterly away days (UK) • AGM • Board	To the extent possible, August is kept clear to allow our teams time to rest and recharge
DIRECTOR ATTENDED EVENTS			• Investor roadshow		
KEY MARKET ANNOUNCEMENTS	• Appointment of corporate brokers		• FY21 Full Year Results • Publication of FY21 Annual Report and AGM Notice of Meeting	• Q1 Trading Statement • Result of AGM	

Link to strategy

D Direct-to-consumer acceleration O Operational excellence C Consumer connection S Sustainable global growth

FINANCIAL UPDATES

STRATEGIC PILLARS:

D O C S

- Received reports from the CFO at each meeting detailing financial performance and progress against budget.
- Reviewed and approved the full and half-year results statements and the first and third quarter trading updates.
- Reviewed and approved the 2022 – 2027 five-year plan.
- Reviewed and approved the annual Tax Strategy Statement.
- Reviewed and approved the budget for the 2022/23 financial year.
- Approved an interim dividend of 1.22p per share.
- Received product and regulatory compliance updates.

GOVERNANCE

STRATEGIC PILLARS:

D O C S

- Completed the annual review of the Board's suite of governance policies, approving updates where necessary.
- Approved the resolutions to be put to shareholders at the AGM and reviewed investor feedback on them.
- Discussed the findings and shared reflections from the Board's Effectiveness Review.
- Received regular updates on external communications activity throughout the year.
- Reviewed and approved the criteria for entry into new supplier markets.
- Approved proposal for appointment of PwC as the Company's new statutory auditor at FY22 AGM following a thorough tender process.

PEOPLE AND CULTURE

STRATEGIC PILLARS:

D O C S

- Received updates from the CEO on recruitment into senior management positions and the key GLT roles of CMO, CPO, CHRO and Regional President, Americas.
- Deep dive into people and Human Resources with the CHRO.
- Reviewed and approved the memorandum of understanding formally establishing the relationship between the Company and the Dr. Martens Foundation.
- Discussed culture in context of 'Rebellion Reframed', our brand amplification project.
- Received updates from the designated Employee Representative Non-Executive Director on the workforce listening groups held during the year.

For more information on:

- How the Board delegates authority to its principal Board Committees and the wider business, see pages 128 and 129.
- Our first Board Effectiveness Review process, see pages 134 and 135.
- The DOCS strategy, see pages 28 to 37.
- How the Board has discharged its duties under section 172 of the Companies Act 2006, see pages 22 to 27.

SEP	OCT	NOV	DEC	JAN	FEB	MAR 2022
• GLT quarterly away days (UK) • Board • Audit	• Board	• GLT quarterly away days (Italy)	• GLT • Board • Audit • Remuneration	• GLT • Board • Audit	• GLT quarterly away days (UK)	• GLT • Board • Remuneration • Nomination
• Investor roadshow (USA) • Chair and SID Listening Roadshow • Market visit (USA) • GLT strategy away days	• Market visit (Germany) • Employee listening group (Germany)		• Investor roadshow	• Employee listening group (UK)	• Investor roadshow • Market visits (Spain, Italy) • Employee listening group (APAC)	• Investor roadshow • Employee listening groups (USA and Change Champions)
			• FY22 Half Year Results • Appointment of new auditor	• Q3 Trading Statement		

EMPLOYEE ENGAGEMENT

CONNECTING WITH OUR PEOPLE

Our approach to employee engagement

The Board firmly believes that higher levels of engagement drive higher levels of performance and a willingness to go above and beyond. This starts from the very top of the organisation. As such, commencing from FY22, employee engagement has been incorporated into the bonus scheme for the Executive Directors as a specific target, providing clear linkage between engagement and the potential remuneration of the Company's most senior leaders and reflecting the seriousness with which they approach their responsibilities in this area. More information about this can be found in the Remuneration report, from page 147.

Engagement with our people is conducted through a number of channels, both formal and informal, and focusing wherever possible on maintaining a two-way dialogue between employees and leadership. The following pages also outline the importance of the FY22 employee Engagement and Inclusion Survey, additional insights into the employee listening activity undertaken during the year by Robyn Perriss, our Employee Representative Non-Executive Director, and an overview of planned developments in our approach to employee engagement over the coming years.

The information on these pages builds on, and should be read in conjunction with, the earlier section on the Board's engagement with all of the Company's key stakeholder groups, including employees, located on pages 22 to 27 of the Strategic report.

Engagement and Inclusion Survey

It is the job of the Board and the Senior Leadership Team to create the conditions in which our people can thrive. An important means by which the Board is able to understand the issues that are important to them is our annual, online employee Engagement and Inclusion Survey, which was launched towards the end of the financial year. This survey constitutes a key part of the Company's wider employee listening strategy and provides an important snapshot of how our people experience life at Dr. Martens.

All employees were encouraged to complete the survey and regional and departmental response rates were monitored regularly between launch and close. The response data was subsequently analysed and workshops held with the Global Leadership Team (including the Executive Directors) and their respective management teams to go deeper into the issues that matter to employees and identify areas where action might be needed.

Engagement strategy: future plans

Looking ahead, our 'employee listening strategy' will be developed further to create a more meaningful, differentiated experience for employees. This approach will extend beyond the Engagement and Inclusion Survey, with greater emphasis on the action-based interventions required to help our people and the business perform at a high level. The strategy will build on what the business already has in place, as described throughout this section, incorporate new opportunities for employees to be heard and provide clear, actionable feedback to our leaders and the Board on where resources should be focused to improve further.

EMPLOYEE REPRESENTATIVE NON-EXECUTIVE DIRECTOR

Robyn Perriss was appointed as our dedicated Employee Representative Non-Executive Director during the year, with responsibility for (amongst other things) acting as the voice of employees within the boardroom.

Robyn has undertaken a range of employee engagement activities in the role and, as part of our refreshed engagement strategy, aims to expand these further over the coming year.

READ MORE **P126 - 127 and 132**

OUR CULTURE

Our people are our most important asset, and we know a key part of their working experience is our dynamic, inclusive and collaborative culture.

We work flexibly across our offices with people spending 40-60% of their time in the office, facilitating regular human connection whilst allowing for the flexibility that supports our people's wellbeing. We believe this balance creates an environment where our people can thrive and choose where they can be most productive. The changes we have made to our working environments maintain and improve the Dr. Martens culture.

READ MORE **P81 - 85 and 120**

SPEAK UP POLICY

The Audit and Risk Committee monitors the effectiveness of the Speak Up Policy, which sets out the Company's whistleblowing procedures, on behalf of the Board.

The progress and outcomes of investigations into concerns raised by employees are reported to that Committee. Whilst our procedures provide for concerns to be raised anonymously, in practice many are reported directly through the HR function or line managers.

READ MORE ABOUT OUR WHISTLEBLOWING PROCEDURES **P146**

EMPLOYEE LISTENING GROUPS

During the year a number of virtual sessions were held with employees from across the business, including our UK factory at Cobbs Lane, Northampton and our EMEA, Americas and APAC regions.

The sessions were facilitated by Sue Gannon, our CHRO, and attended by Robyn Perriss in her capacity as Employee Representative Non-Executive Director. Lynne Weedall also joined these conversations to engage on the topic of executive remuneration and provide updates on the role of the Remuneration Committee.

READ MORE **P126 - 127** AND IN OUR REMUNERATION REPORT **P149**

TOWN HALLS

Our monthly global town halls are led by the CEO, with the CFO and GLT in attendance.

Sessions are held both in the morning and evening to ensure that employees in different time zones are accommodated. These sessions will typically comprise a business update from the CEO, with one or more guest presenters from our global teams joining to update employees on specific initiatives. The sessions conclude with a (unscripted) Q&A with the Executive Directors and GLT. With the relaxation of Covid-19 restrictions, we have once again been able to host a number of these at our Camden offices and broadcast them live to our teams globally.

Additionally, each of our regional businesses hold their own town halls to ensure employees are up to speed on developments within their respective regions.

READ MORE **P24**

'KENNY COMMS' – CEO COMMUNICATION

Engagement with our employees is supplemented by regular email and video communications from Kenny Wilson.

The purpose of these is to provide employees with updates on a broad range of topics and important events occurring during the year, for example seasonal product launches, organisational changes, significant business-wide initiatives or times of reflection and celebration.

Topics on which Kenny has updated the business via this method during the year have included our new appointments to the GLT, financial results following their announcement to the market, plans for returning to the office post-Covid and the 60th anniversary of our iconic 1460 boot.

READ MORE **P24**

Q & A

WITH ROBYN PERRISS

EMPLOYEE REPRESENTATIVE NON-EXECUTIVE DIRECTOR

LISTENING TO THE EMPLOYEE VOICE

Q

What are the key aspects of your role?

A

The role comes with numerous responsibilities, but amongst the most important would be to actually spend time with a broad cross section of our employees, without management present, to have access to an unfiltered and impartial view from our employees. I am then able to act as the 'employee voice' to the Board by raising and facilitating discussions during Board meetings on the things that employees tell us are important to them, both in terms of common themes and regional nuances.

Q

Why is it important for employees to have a voice in the boardroom?

A

Our employees are the heartbeat of Dr. Martens and are at the coalface of putting our DOCS strategy into action. They are also a rich resource for new ideas and innovative thinking. It's imperative that the Board is in tune with the 'mood music' of the organisation in each region so that we can ensure we are communicating with employees about the right things, in the right way, and taking action where it is needed most. Culture has always been a differentiator at Dr. Martens and a key part of maintaining a healthy culture is ensuring the Board listens and employees are heard.

It is also critical for their voice to be heard in the boardroom to ensure the Board has access to their fresh ideas and that it is up to speed not only on what is going well in the business, but also on any 'pain points' there may be in particular areas that it needs to address.

Q

How do you think your role can help drive better engagement between the Board and business?

A

As the 'voice' of employees within the boardroom I ensure that the themes of the feedback I receive through my engagement with the business are aired during Board meetings, on a strictly 'no-names' basis of course, and ensure they are properly considered and factored into the Board's discussions.

The wider Board and I are conscious that this is a new role and there is work to be done to properly flesh out and embed it in the business. Our refreshed employee engagement strategy is currently under development and, as a part of this, we will be looking to put in place a programme of activities that not only allow me to reach more of the business but also cement our approach to employee engagement as a continuing dialogue and feedback loop between the Board and business.

During the year Robyn Perriss undertook a number of engagement activities as our Employee Representative Non-Executive Director. We asked Robyn about the types of activities that her role involves, how she sees it developing in future and also for her insights into the ways in which the Board engages with the global workforce.

Q

What are some of your main reflections since taking on the role?

A

Thinking back to the employee listening forums we held towards the end of the financial year, I am struck by the refreshing candidness with which my conversations with different areas of the business have been conducted so far. The sessions were employee-led and participants spoke with exceptional honesty, courage and openness.

Another reflection would be that the insights gained through the Covid-19 restricted engagement I have had with employees since formally taking on the representative role have proven its importance, and I'm looking forward to spending more time with our employees in person over the next financial year.

Q

What were some of the challenges raised during your conversations with different teams and regions?

A

Many of the issues of concern for our employees were reflective of current social and economic pressures impacting their lives. Concerns raised around pay in the context of rapidly increasing inflation in each of our core regions are significant given the economic backdrop. Health and wellbeing has been thrown into sharp focus due to the pandemic and was of course a key conversation topic. In an international business, employees are at different stages of the pandemic and subject to a range of restrictions and we need to be mindful of that as a Board. Some employees also spoke about their experiences during the pandemic and their concerns around a loss of connectivity and its potentially erosive impact on Company culture at a time when our workforce was growing.

Another positive challenge that employees put forward was for the Board to lead the business to build on its successes in terms of diversity, equity and inclusion, which are important issues for all of us and is something I also care deeply about. It is encouraging to feel the passion about DE&I and I am hopeful we can harness this to help us gain momentum on this topic, but what was also clear was the sense of determination amongst employees to drive change where it is needed.

Q

...and the highlights?

A

Regardless of where they are in the world, employees share an affinity and passion for the Dr. Martens brand, inclusive working culture, willingness to take positions on social causes and strong connections to popular culture. Additionally, the sense of energy amongst employees to embed even greater diversity, equity and inclusion into Dr. Martens' culture to an even greater extent came through very strongly during our listening groups. Part of my role will be to work closely with Sue Gannon, our CHRO, to ensure that we are holding ourselves to account for driving change in their respective areas.

Q

How do you see your role developing in future?

A

In short, by doing more, and doing it in person. These are a new set of responsibilities at Dr. Martens and we're working on refining our engagement strategy to ensure we're making the most of opportunities presented by this role over the coming year.

The relaxation and, in some countries, removal of Covid-19 related travel restrictions has meant that we are once again able to visit employees in our stores, factories and distribution centres in many of our core markets and I am hoping to be able to do more of that over the coming year. However, the pandemic is, unfortunately, very much still with us and continues to impact our regional businesses with differing degrees of severity. We will need to ensure that we continue to reach out to employees globally via virtual means to ensure all our employees are heard.

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 effectiveness of the relationship between the Board as a whole, the Executive Directors and the GLT is secured through strong lines of communication and a culture of open discussion.

EMILY REICHWALD
GENERAL COUNSEL
& 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 principal Board Committees. 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 Board Committees can be found on the page opposite and in each of their respective reports, covering pages 136 to 161.

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 senior leaders and the 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. The Board recognises the value of seeking many perspectives and encourages each Board member to speak out and ask challenging questions. This approach has served the Board well during its first full year of activities and will continue to enhance its overall effectiveness in the years ahead.

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 Board's oversight of how the authorities it has delegated to its Board Committees and the GLT are exercised is maintained through clear reporting channels. It is kept updated on proceedings of Audit and Risk, Remuneration and Nomination Committee meetings by the Chair of each respective Committee, whilst detailed executive updates are provided by the CEO and CFO at each Board meeting. These updates are supported by written summaries of matters considered and approved by the Operating and Real Estate Committees, in addition to the regular suite of written reports circulated to the Board prior to each meeting.

DR. MARTENS PLC BOARD

OVERSIGHT

DELEGATION OF AUTHORITY

AUDIT AND RISK COMMITTEE

- 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.

SEE PAGES **138 to 146**

REMUNERATION COMMITTEE

- 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.

SEE PAGES **147 to 161**

NOMINATION COMMITTEE

- 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.

SEE PAGES **136 to 137**

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.

EXECUTIVE DIRECTORS

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.

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.

GLOBAL LEADERSHIP TEAM

Reporting into the CEO, this constitutes the Group's core leadership team with accountability over each of our regional and central business functions: EMEA, Americas, APAC, IT and Digital, Strategy, Product, Marketing, Finance, Legal & Compliance and HR. This group is responsible for the day-to-day management of the business and ensuring Board oversight requirements are met.

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.

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.

DELEGATED AUTHORITIES AND GROUP POLICIES:

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.

DIVISION OF BOARD ROLES

The roles and responsibilities of the Chair, Chief Executive Officer and Senior Independent Director have been clearly defined and divided by the Board and all Board Directors stand for (re-)election annually at the Company's AGM.

The roles of Chair and Chief Executive are separately held, with distinct responsibilities defined in writing, reviewed by the Board and published on drmartensplc.com. A summary of how the responsibilities of these key Board roles are divided is set out in this section.

Over half of our Board (excluding the Chairman) comprises Independent Non-Executive Directors and the composition of all Board Committees is compliant with the requirements of the UK Corporate Governance Code 2018.

The Chairman, Paul Mason, was considered independent on his appointment but was not considered independent on the Company's admission to listing. Tara Alhadeff is a Non-Independent Non-Executive Director, appointed to the Board pursuant to the terms of the Company's relationship agreement with its principal shareholder, IngreLux S.àr.l. More information about Board composition and independence is available on pages 110 to 117 and 133.

CHAIR

PAUL MASON

The Chair leads the Board and ensures it discharges its responsibilities to the Company and its stakeholders effectively, whilst promoting high standards of corporate governance across the Group. Key responsibilities include:

- facilitating constructive Board relations and the effective contribution of all Non-Executive Directors, fostering relationships based on trust, mutual respect and open communication;
- setting a Board agenda primarily focused on strategy, performance, value creation, culture, stakeholders and accountability, ensuring that issues relevant to these areas are reserved for Board decision;
- demonstrating objective judgement throughout tenure and promoting a culture of openness and debate;
- ensuring the clear and effective communication of information to shareholders and seeking regular engagement with them.

SENIOR INDEPENDENT DIRECTOR

LYNNE WEEDALL

The Senior Independent Director acts as a sounding board for the Chairman, providing support in the delivery of the Chairman's objectives and serving as an intermediary for the other Directors and shareholders. Key responsibilities include:

- being available to shareholders if they have concerns that contact through the normal channels of Chair, CEO or other Executive Directors has failed to resolve, or for which such contact would be inappropriate;
- leading the process for evaluating the performance of the Chair and, if requested by the Board, leading the evaluation process for the Board, its Committees and individual Directors;
- when called on, seeking to meet a sufficient range of major shareholders in order to develop a balanced understanding of their views;
- ensuring an orderly succession process for the Chair, working closely with the Nomination Committee.

CHIEF EXECUTIVE OFFICER

KENNY WILSON

The CEO reports to the Chairman and to the Board and is responsible for the executive management of the Group. All members of executive management report to the Chief Executive Officer. Key responsibilities include:

- leading the leadership team in managing the Group's activities on a day-to-day basis;
- developing Group strategy, plans and commercial and other objectives with the Board;
- leading communications with shareholders and other key stakeholders and ensuring that timely and accurate information is disclosed to the market;
- setting an example to the Group's workforce and other key stakeholders and communicating to them expectations in respect of the Company's culture.

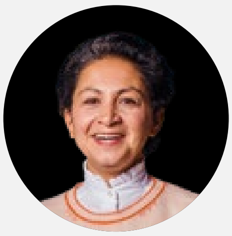
CHIEF FINANCIAL OFFICER

JON MORTIMORE

The CFO leads the Group Finance function and ensures that effective financial processes, controls and reporting are implemented and maintained. Key responsibilities include:

- all aspects of finance including tax, treasury, procurement and investor relations;
- working with the CEO to develop and implement the Group's strategic objectives;
- ensuring effective financial compliance and control;
- management of the budget and long range financial planning processes;
- ensuring resource allocation decisions meet the Group financial hurdle ratio;
- ensuring there is adequate liquidity and financing arrangements through the financial year and in the long term.

NON-EXECUTIVE DIRECTORS



TARA ALHADEFF

IJE NWOKORIE

IAN ROGERS

ROBYN PERRISS

LYNNE WEEDALL

Non-Executive Directors use their outside expertise to support the Executive Directors and the leadership team. Key responsibilities include:

- assisting with the development of Group strategy;
- providing objective and constructive challenge to both the Executive Directors and the leadership team;
- monitoring and scrutinising the Group's financial and operational performance.

P.T.O.

DIVISION OF BOARD ROLES CONTINUED

EMPLOYEE REPRESENTATIVE NON-EXECUTIVE DIRECTOR

ROBYN PERRISS

The Designated Employee Representative Non-Executive Director acts as Board Ambassador for Employee Engagement and will seek to maintain strong links between the Board and the workforce. Key responsibilities include:

- acting as the 'employee voice' to the Board by raising and facilitating discussion on any relevant matters or issues of concern highlighted by the workforce;
- gaining an insight into the workforce culture within Dr. Martens through a programme of activities, for example site visits and listening groups;
- ensuring that all major strategic initiatives, business and budget proposals appropriately consider the potential impact on the workforce;
- maintaining open lines of communication with the workforce through ensuring the Board has effective methods of receiving feedback and, where possible, to seek to provide the workforce with a clear understanding of Board decision-making;
- ensuring that all Non-Executive Directors of the Company continue to gather feedback and perspectives from the workforce.

COMPANY SECRETARY

EMILY REICHWALD

The Company Secretary advises and provides support to the Chair and the Board, on all matters relating to corporate governance. Key responsibilities include:

- being available to all Directors to provide advice and assistance as needed;
- ensuring compliance with Board procedures, Group governance policies and all applicable rules and regulations;
- ensuring appropriate, detailed information flows from the business to the Board and its Committees to facilitate high quality discussion and debate;
- facilitating a comprehensive induction for newly appointed Directors;
- coordinating the Board evaluation in conjunction with the Chair;
- setting the appropriate 'tone from the top' relating to corporate governance of the Company;
- updating the Board on new or amended corporate governance-related legislation and/or regulatory requirements applicable to the Company.

GOVERNANCE

Non-Executive Director independence

Our Non-Executive Directors offer a range of skills, knowledge and experience from successful careers outside of Dr. Martens and provide a degree of independent oversight to the Executive Directors, constructively challenging where needed and providing valuable insights that will help shape our strategy in the years ahead.

The independence of our Non-Executive Directors is reviewed as part of the Board evaluation process. In FY22, the Board was satisfied that the Company complies with the requirements of the Code in relation to Director independence since over half the Board, excluding the Chair, comprises Non-Executive Directors that the Board has determined to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, their judgement. However, as at the date of this report there are two specific areas relating to Director independence and the criteria of the Code that require further explanation:

1. Chairman independence

Paul Mason 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 the Code. 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.

2. Non-Independent Non-Executive Director

Tara Alhadeff, a Board member since 2015, was appointed as a Non-Executive Director of the Company by its largest shareholder, IngreLux S.àr.l. (IngreLux S.àr.l. is wholly owned by funds advised by Permira Advisers LLP), pursuant to its relationship agreement with the Company, and is therefore not considered by the Board to be independent for the purposes of the Code. Under the terms of the relationship agreement, IngreLux S.àr.l. can 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.

The Board remains confident that its overall composition remains appropriate and that Tara's extensive experience with the Company together with her background in investing in consumer brands remain significant assets from which it continues to benefit.

All of our Non-Executive Directors are in the second 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 less than eight full years on the Board.

For more information on:

- Arrangements with the Company's largest shareholder, see pages 165;
- The skills and experience of each Director, see pages 114 to 117.

Directors' external interests

The Non-Executive Directors are expected to commit sufficient time to Company business to enable them to meet their obligations to the Company. However, the nature of their role means that it is not possible to specify the precise time commitment required. This was made clear to each Non-Executive Director at the time of their appointment and the Board will ensure it continues to do so for future non-executive Board appointments. 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.

The Board considered the positions held by the current Directors in external organisations as part of their process of appointment to the Board and will continue to do so for all future prospective Board appointments. 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.

The Board has processes in place for the monitoring and assessment of Directors' external interests and potential conflicts of interest. It requires that all Directors disclose to it any new external interests before their appointment takes effect and any potential conflict(s) of interest of which they are aware that may arise in future. Additionally, the Non-Executive Directors are required to seek consent from the Board prior to accepting any other (or further) directorships of publicly quoted companies or any major external appointments.

Furthermore, there is an expectation that the Non-Executive Directors will avoid holding an excessive number of external appointments, however the Board understands that these roles vary in complexity and has therefore agreed to consider their potential impact on a Director's ability to meet their obligations to the Company on an individual basis. When doing so, the Board considers the number of directorships of other public companies held by the individual Director in conjunction with the 'size' of the role, i.e. the likely amount of time and work required. The Board also takes into account externally published guidance and proxy voting guidelines to ensure the principles of major investors in respect of 'overboarding' are considered. More information about how the Board considers the needs of investors and other stakeholders can be found on pages 22 to 27.

A number of new external interests were disclosed to the Board during or shortly after the year under review, in accordance with the procedure outlined above. Lynne Weedall notified the Board that she would be joining the boards of Softcat plc and Greggs plc as a Non-Executive Director. Similarly, Robyn Perriss notified the Board of her appointment as a Non-Executive Director to the Board of Huel Ltd. Additionally, the Nomination Committee reviewed the positions of both Lynne Weedall and Robyn Perriss as Non-Executive Directors of Softcat plc. The Board has confirmed that it is comfortable that none of these positions are likely to impact the commitment of Robyn and Lynne to the Dr. Martens Board, be it in terms of time or dedication, that the quantity of external interests held by each of the Non-Executive Directors remains at an appropriate level and that they do not give rise to any conflicts of interest.

For more information on:

- The attendance of each Non-Executive Director at Board and Committee meetings during the year, see page 110 and the report of each respective Committee.
- The external interests of our Directors, see pages 114 to 117.

FROM GOOD TO GREAT: DEVELOPING BOARD EFFECTIVENESS

The following pages provide insight into the **Board Effectiveness Review** that took place during the latter part of the financial year, the first undertaken by the Board since Dr. Martens became a public company in 2021.

FY22 Approach

Having successfully managed its transition to a PLC, the Board shifted focus to delivering a strong start to FY23. It was therefore keen to ensure that its first Effectiveness Review was a genuinely value-adding exercise; one through which it could openly and honestly discuss, challenge and assess its strengths, the quality of its discussions and decision-making and its opportunities for improvement, as well as those of its Committees and individual Directors, to help it excel over the longer term.

The FY22 Board Effectiveness Review comprised a hybrid approach led jointly by the Chairman, Company Secretary and specialist leadership and board consultancy ghSMART. It represented the commencement of the Board's annual review cycle, which will incorporate both internal processes facilitated by the Company Secretary and, at least every three years in line with the requirements of the UK Corporate Governance Code, externally facilitated reviews.

Timing

When considering the appropriate point in the financial year to undertake this exercise, the Board decided that scheduling it for the fourth quarter of FY22, by which time it would have a full year of activities as a PLC Board on which to reflect, would lead to a richer, more insightful review process than would have been possible were it to have been undertaken in FY21, so soon after the IPO.

Rationale

The Board agreed that its first review should follow a hybrid model to bring both internal and external rigour and to set the tone for an approach of continual improvement at the start of the journey of being a PLC Board. The Company had previous experience of working with ghSMART and the Board felt that its PxWxR model was ideal to apply in a board context and could be effective in driving a common and consistent nomenclature and approach through the business. Likewise, key members of the ghSMART team were familiar with the business as a result of their prior work with the Company. The Board was therefore confident that its involvement in collecting data and generating findings would result in a higher quality process overall than would otherwise have been achievable. Equally, the Board was satisfied that the themes, insights and recommendations identified would represent their independent views.

Process and timeline:

NOV 2021	JAN 2022	FEB 2022	MAR 2022	MAR 2022	MAR/APR 2022
DESIGN	**QUESTIONNAIRE**	**INTERVIEW**	**ANALYSIS**	**FEEDBACK**	**ACTION**
The Board discussed the intended approach to its first review and agreed to the proposal from the Chairman, Senior Independent Director, CEO and Company Secretary to pursue a hybrid model. ghSMART was selected as the appropriate independent external partner to assist the Chairman and Company Secretary in undertaking the review.	Each Board member completed an online questionnaire covering both self-evaluation and Board and Committee effectiveness through the lenses of the three pillars of the PxWxR model ('Priorities', 'Who' and 'Relationships') and the UK Corporate Governance Code.	The feedback received from the questionnaires was used as the basis for discussions between: 1. each Board member and the Chairman focusing on self-evaluation; 2. each Board member and the SID focusing on the effectiveness of the Chairman; and 3. each Board member, the Company Secretary and ghSMART focusing on the overall effectiveness of the Board and each of its Board Committees.	ghSMART managed the process of analysing the feedback from the interviews and integrating this with the findings of the earlier questionnaires. A full report covering the Board as a whole, the Committees and each individual Director was prepared for discussion at the March Board meeting.	A full, detailed debrief facilitated by the Company Secretary and ghSMART took place during the Board meeting. Individual Director feedback was shared and the Board discussed its strengths and opportunities for future improvement, both for the Board as a whole and for each Director, as highlighted in the findings of the review. The Board Committees held separate discussions on their own effectiveness at their subsequent meetings.	The recommendations and learnings from the review resulted in a number of action points, next steps and a revised 'Board skills matrix', which was reviewed by the Nomination Committee. The insights and recommendations from the review were also used to help the Directors shape individual personal commitments to be finalised during the first half of FY23.

PxWxR MODEL: SETTING THE CONTEXT OF THE FY22 BOARD EFFECTIVENESS REVIEW

The Board's effectiveness was evaluated against the three pillars of the PxWxR model to ensure that the Board is focused on what matters most (Priorities), has the right people in the right positions (Who) and cultivates a culture of trust, open debate and constructive challenge (Relationships). The key questions that the Board considered under each of these pillars are outlined below.

PRIORITIES

- Are the Board and senior leadership aligned on what success looks like and key priority areas to deliver value?
- Is the Board properly focused on value drivers, the core business and key risks?
- Is the Board allocating its focus in a balanced way between strategic leadership and regulatory requirements?

WHO

- Do Board members bring requisite attributes to the Board, including skills, experience, market understanding, diversity of perspectives and other key factors?
- Is the right leadership in place to deliver the strategy?
- Are decision-making authorities and Board roles well-defined, with clear succession plans in place?

RELATIONSHIPS

- Is there trust and transparency between the Board and senior management?
- Are ways of working clear and consistent and supported by the right cadence, reporting and flow of information?
- Are Board debates and decisions conducted with appropriate confidence, openness, candour, challenge and respect?

FINDINGS OF THE BOARD EFFECTIVENESS REVIEW

It was felt that the Board was focused on the right priorities and that it had correctly pivoted away from the 'governance heavy' issues on which it had rightly spent a large amount of its time during the Company's PLC transition phase and had refocused on the strategic conversations that were more relevant for the business looking forwards.

The contributions of the Non-Executive Directors were valued and would continue to develop further with greater exposure to the business in person (rather than remotely).

Overall, the Board was regarded as having committed, high-calibre individuals 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, whilst the Non-Executive Directors were viewed as a strong and talented team with a diverse range of skills and experience. Looking ahead, it was felt that the Board should ensure it takes a targeted, strength-based approach to further leverage the skills of its Non-Executive Directors to ensure their skills are used to maximum effect.

There was acknowledgment that the Covid-19 pandemic had resulted in an exceptionally challenging start to the Company's journey as a PLC; however, despite this Board members had successfully built strong relationships with each other, underpinned by a high degree of trust in the intentions, credibility and performance of the Group. Having successfully navigated their first year as a PLC Board, there was an opportunity for individual Board members to broaden their contributions even further as their peers welcomed contributions from all Board members beyond their own areas of expertise and knowledge.

RECOMMENDATIONS AND ACTIONS

The review resulted in a number of actions and recommendations focused on further improving the Board's effectiveness, summarised below.

- Continue to ensure the Board is aligned on a clear set of priorities on which to focus over the coming twelve months.
- Use the Board strategy offsite event to dive deeper into priorities.
- Schedule time at Board meetings during FY23 for more exposure to bench strength through the organisation, focusing on the Company's people strategy and talent.

- The Nomination Committee should focus on the development of the Company's approach to key talent succession.
- The composition of the Board should be kept under review over the coming year.

- Continue to refine and strengthen the relationships between Board members through in-person meetings in and out of the boardroom.
- Introduce general non-executive sessions without the executive team to allow for confidential discussions.
- Create opportunities for shared experiences such as visits together to key markets.

> I am proud to be serving on a diverse and inclusive Board.

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.

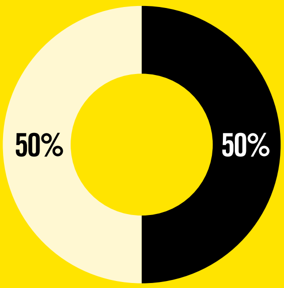
The members of the Committee and their attendance at meetings during the year are disclosed below. Full biographies of each member can be found on pages 114 to 117.

Committee members

	Number of meetings attended/max number could have attended:
Lynne Weedall **(Committee Chair)**[1]	2/2
Tara Alhadeff	2/2
Paul Mason	2/2
Ije Nwokorie[1]	2/2
Robyn Perriss[1]	2/2
Ian Rogers[1]	2/2

1. Independent.

Committee composition



Focus areas for FY23

- Continue to review Board and senior management appointment and succession, including induction and education process for future Non-Executive Board appointments.
- Review of diversity and inclusion initiatives for improving female representation at senior levels.
- Review the gender diversity of the Board in light of recently updated requirements.
- Review Chairman and Non-Executive Director independence.

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.

→ Oversee (with the Chairman) the annual Board evaluation process.

Further detail on the role and remit of the Committee can be found within its terms of reference, which are available on our website, drmartensplc.com.

DEAR SHAREHOLDER,

I am pleased to present the report of Dr. Martens' Nomination Committee for FY22. In our report last year, I outlined several key areas on which the Committee intended to focus during FY22, our first full year as a Committee. We have made progress in each of these and have identified our key areas of focus for the year ahead. This report provides an update on the Committee's discussions during the year and the matters on which we intend to focus in the year ahead.

Activities during FY22

The Committee met twice during the year, in June 2021 and March 2022. Our meeting in June was our first full meeting as a Committee and it was therefore important for us to take time to discuss the scope of our remit and the manner in which we believed we could function best in support of the Board and business. In particular, we discussed the operations of an effective PLC Nomination Committee, with reference to examples of good practice based on our experiences on other boards. Through these discussions, we were clear that our effectiveness as a Committee would be augmented through the close involvement and support of the CEO and Chief HR Officer, particularly in respect of matters relating to (non-Board) senior leadership recruitment and succession and the development of initiatives relating to diversity, equity and inclusion.

Later in the year, we discussed the recommendations from our first Board Effectiveness Review process. We agreed that the Board possessed a breadth of skills, diversity and experience and reviewed the Board's skills matrix to delve into the areas where we believed these could be further developed in future.

Succession planning

An important discussion point for the Committee during the year was Board succession. It is never too early to consider succession arrangements for Board and senior leadership roles and how any future changes at these levels should be managed in the best interests of the business. Indeed, with the Dr. Martens Board still very much in the early stages of its journey together and every executive and non-executive Board member focused on delivering the Company's strategy over the longer term, it was the Committee's view that this provided a solid base to ensure that we have appropriate processes in place in preparation for every eventuality. The Committee's conversations focused on the key Board roles of Chair, CEO and CFO and, in particular, emergency succession in the event of unforeseen urgent circumstances, as have been seen by other companies during the pandemic.

Diversity, equity and inclusion

I am proud to be serving on a diverse and inclusive Board and the Committee will ensure that diversity, equity and inclusivity remain amongst its core tenets, underpinning all future appointments to the Board and Senior Leadership Team, be it diversity of gender, background, heritage, sexuality or any of the many aspects of identity that make individuals unique. All recommendations for future Board and senior appointments will be made on merit to ensure the appropriate balance of skills and experience across our senior leadership are maintained or improved.

The Board comfortably met the recommendations of the FTSE Women Leaders Review and Parker Review Committee relating to, respectively, female membership and ethnic diversity that applied during FY22. At present, 38% of our Board members are women and we continue to benefit from the significant experience of Ije Nwokorie, whose successful career was built on his experiences growing up in Nigeria and who has been named as one of the 100 most influential people of African or African Caribbean heritage in the UK. Furthermore, when reviewing the feedback from our Board evaluation it was pleasing to see that all of our Board members felt included, which is another important aspect of diversity.

Whilst not applicable to the year under review, the Committee has noted the publication in April 2022 of the FCA's Policy Statement in respect of diversity and inclusion on company boards and executive management, which sets out updated requirements to drive further improvements in board diversity, including a revised 40% minimum target for women on listed company boards and a requirement that at least one woman should occupy the position of Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer. With myself occupying the role of Senior Independent Director, our Board is already compliant with the latter requirement and, whilst not within the scope of the new requirements, we would highlight that each of our principal Board Committees is chaired by one of our female Board members: myself for this and the Remuneration Committee, and Robyn Perriss for the Audit and Risk Committee. Whilst we do not yet meet the new 40% requirement, we are confident that we will do so within the specified timeframe.

In terms of our wider leadership, as at the date of publication of this Annual Report 60% of our Global Leadership Team (GLT) were male vs 40% female (excluding the Executive Directors), whilst the equivalent figures for their direct reports were 52% and 48% respectively. Additionally, the Board and Committees continue to benefit directly from the participation of our General Counsel and Company Secretary, Emily Reichwald, in meetings and the advice and perspectives she provides as part of her role. Details of gender diversity across the business can be found in the Sustainability report on page 83. Additionally, our Gender Pay Gap report for FY22 can be found on our website, drmartensplc.com.

Strengthening the GLT

A key area within the Committee's remit is to review the succession arrangements for the GLT, which comprises the senior leaders of each of our business functions accountable for delivering our strategy.

There were a number of changes to the GLT during the year and recruitment was focused on establishing a GLT for the next wave of growth, with exceptionally thorough searches closely supported by the CHRO, CEO and Company Secretary. GLT recruitment and succession was discussed by the Committee at its meeting in June, with further updates on developments in the search for suitable candidates provided through the CEO's regular Board update papers and the Remuneration Committee.

The end result of this process was the addition of highly talented individuals to take us into the next phase of the journey. Sue Gannon joined the business in June 2021 as our new Chief HR Officer. Jennifer Somer and Adam Meek followed in November and December 2021 as President, Americas and Chief Product Officer respectively. Finally, Meg Johnson joined as Chief Marketing Officer in April 2022. With these new additions, the Board is confident that the Company has in place a GLT that is both of high quality and well positioned to drive the business forwards. More information about the GLT can be found on pages 118 and 119.

AGM and Director reappointment

All Directors will be offering themselves for re-election at the forthcoming AGM in July, in accordance with the provisions of the Code. All the Directors being proposed for reappointment attended an acceptable number of Board and Committee meetings during FY22 and, as mentioned on page 133, 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 110 and 111.

L Weedall

LYNNE WEEDALL
CHAIR OF THE NOMINATION COMMITTEE
31 May 2022

> The Committee has continued to build and refine on the solid foundations established pre-IPO.

ROBYN PERRISS
CHAIR OF THE AUDIT AND RISK COMMITTEE

COMMITTEE MEMBERSHIP

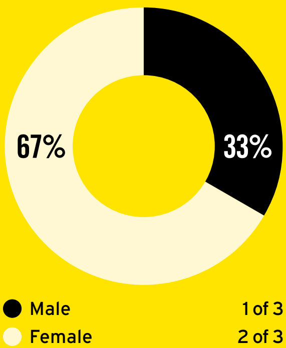
The Committee comprises three Independent Non-Executive Directors: Lynne Weedall, Ije Nwokorie and Robyn Perriss as Committee Chair. The Committee reviewed its composition during the year under review and believes it continues to be appropriate.

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:
Robyn Perriss **(Committee Chair)**	5/5
Ije Nwokorie	5/5
Lynne Weedall	5/5

Committee composition



Focus areas for FY23

- Programme and project assurance on the implementation of key Group systems.
- Continued focus on cyber and IT security, with a particular focus on our ecommerce platform.
- Assurance on the methodology and calculation of key ESG metrics.
- Supply chain assurance review.
- Preparation and implementation following the final outcomes of the BEIS corporate governance proposals.
- Development of an Audit and Assurance Policy.
- Monitoring the transition of the external auditor relationship to PwC.

Key responsibilities

- Monitoring the integrity of the Group's Annual Reports and financial statements and any other formal announcements relating to its 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 established which minimise the potential for fraud and financial impropriety.

DEAR SHAREHOLDER,

As Chair of the Audit and Risk Committee (the Committee), I am pleased to present the Committee's report for the first full year as a listed company. The Committee has continued to build and refine on the solid foundations established pre-IPO, establishing a regular cadence of meetings around the Group's financial reporting cycle, and met five times during the year. It also formally reviewed its effectiveness as a Board Committee as set out on page 141.

The Committee fulfils 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 Ernst & Young LLP (EY), the external auditor. This report outlines how the Committee has discharged its responsibilities during the year, the key issues it has considered during the year ended 31 March 2022 and also key areas of focus over the next financial year.

EY have been the external auditor since 2005 and during FY21 a decision was made to tender the external audit for the year ending 31 March 2023. Consequently a significant proportion of the Committee's time during the year was devoted to the audit tender process, and following a very comprehensive, high quality and competitive tender process, the Committee recommended the appointment of PwC as auditor to the Board at the 2022 AGM. Further details of the external audit tender process are set out on pages 144 and 145.

Given the geographic scale and complexity of the Dr. Martens business, combined with our growth ambitions and our desire to maintain a strong framework of internal controls and risk management across the business, a decision was made by the Committee to appoint an internal audit co-source partner alongside the Group's 'in-house' Internal Audit function. Following a competitive tender process led by the Head of Internal Audit and the Committee Chair, Grant Thornton LLP (GT) were appointed in June 2021. This further strengthens our internal audit capability by providing valuable subject matter expertise and geographic reach, particularly in areas where travel has not been possible due to ongoing Covid restrictions.

The Committee has 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 with the TCFD pillars of disclosure as set out on pages 90 to 96.

As part of the 'business as usual' items set out on pages 140 to 143, the Committee has also carried out a review of the effectiveness and independence of EY as auditor for the year ended 31 March 2022 and performed an internal questionnaire-based review of the effectiveness of the Internal Audit function.

With the assistance of management, the Committee has reviewed the content in the Annual Report and believes that this explains our strategic objectives and is fair, balanced and understandable. We have considered the impact of Covid-19 on our business and our risk management framework and you will find important detail on this in other sections of the Annual Report.

Whilst this Audit and Risk Committee report contains some of the matters addressed during the year, it should be read in conjunction with the Dr. Martens plc financial statements from page 167. This includes the significant accounting matters and issues in relation to the Group's financial statements that the Committee has assessed during the year, which can be found on page 142. This report explains why the issues were considered significant, which provides context for understanding the Group's financial statements for the year. Further information can be found in the Independent Auditor's report from page 168, which covers their key audit matters.

I will be happy to answer any questions about the work of the Committee at the forthcoming AGM.

R Perriss

ROBYN PERRISS
CHAIR OF THE AUDIT
AND RISK COMMITTEE
31 May 2022

Competence of the Committee

The members of the Committee provide a breadth of financial, commercial and sector expertise, thereby enabling the Committee to meet its responsibilities and the requirements of the UK Corporate Governance Code (the 'Code'). The Board is satisfied that the Committee as a whole has competence relevant to the sector in which the Company operates. The Board is also satisfied that Robyn Perriss, a Chartered Accountant, recent 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. Emily Reichwald, our General Counsel and Company Secretary, acts as Secretary to the Committee.

More information about the experience and qualifications of each member of the Committee can be found on pages 114 to 117.

Role of the Committee

The key responsibilities of the Committee are described on page 138. Further details on the role of the Committee and the range of matters that fall within its remit can be found within its terms of reference, available at drmartensplc.com.

How the Committee operates

The Committee held five meetings during FY22, all of which were attended by a full complement of Committee members. Committee meetings are scheduled to align with key dates in the Group's financial calendar and in accordance with a structured forward planner, developed with the Company Secretary. This provides Committee members with clarity in respect of the range of matters on which their attention will focus over the course of a given year and ensures that the Committee remains able to focus its priorities effectively, devote sufficient time to discussing and debating key topics within its remit and discharge its responsibilities in full.

The external auditor is invited to attend each meeting together with the Chairman of the Board, the CEO, the CFO, Tara Alhadeff, the Company Secretary and the Head of Internal Audit and Risk. This means that substantially all Board members are present at Committee meetings. The Committee also sets time aside periodically to seek the views of the external auditor and the Head of Internal Audit and Risk. In between meetings the Committee Chair also regularly keeps in touch with the CFO, Company Secretary and other members of the management team. The members of the Committee also hold private, 'in camera' sessions with the external auditor after each meeting to give the opportunity for the external auditor to provide feedback without the executives present.

Audit Committee activities during FY22

The Committee received updates on, discussed and debated a range of topics during the five meetings it held during the year, summarised below:

Finance
- received updates from the Group's Treasury and Tax functions, including overviews of their roles within the business, current and planned team structures and areas of focus for FY22 and future years;
- reviewed and discussed a number of items relating to the FY22 half and full-year results, including disclosures relating to key areas of accounting judgement and the proposed approach to the going concern assessment and Viability Statement, and whether the FY22 Annual Report (taken as a whole) was fair, balanced and understandable;
- discussed the Group's tax strategy and approved the statement for publication on our corporate website;
- considered upcoming legislative developments relating to tax and their potential impact on the Group;

Internal audit and risk management
- received a detailed update on the work of the Internal Audit function at each meeting;
- reviewed and discussed the findings of internal audit reviews undertaken during the year and monitored progress of agreed remediation actions;
- reviewed and approved the internal audit plan for FY22;
- discussed the Group's risk appetite, principal risks and risk management and reviewed the Group's Risk Register;

External audit
- received an update from the external auditor on the planned approach and scope for the half-year audit review and the full-year audit;
- reviewed the Group's policy relating to the provision of non-audit services by the external auditor;
- reviewed and approved EY's audit report and fee for FY22;
- reviewed and discussed the effectiveness of the external auditor;
- discussed the external audit tender process and approved a proposal to recommend the appointment of PricewaterhouseCoopers LLP as the Group's statutory auditor from FY23;

Business updates
- received updates at each meeting on the regional rollout of 'Project Reboot', the strategic initiative to implement a single, global ERP solution (MS Dynamics);
- reviewed the Company's crisis management plan and procedures;
- received an update on the ongoing work to enhance the Group's IT and cyber security infrastructure and capabilities;

Governance
- received an update from the Group's Compliance function, including the approach to Group-wide policy management, training and third-party due diligence, and approved the proposed policy governance process;
- received updates on whistleblowing and fraud procedures, including reports on specific incidents;
- received an update on data protection, including the Group's approach to privacy management and key business priorities in respect of privacy maturity;
- reviewed and approved the Committee's terms of reference;
- subsequent to the year end, reviewed its effectiveness as a Committee during its first full year.

GOVERNANCE

Key areas of focus for the Committee

Committee Effectiveness Review

The Committee's effectiveness was reviewed as part of the wider Board evaluation process. The Committee considered and reflected on the outputs of its assessment subsequent to the year end, at its meeting in April 2022. These reflections covered where the Committee perceives its strengths and opportunities for improvement to lie as well as specific feedback provided by individual Committee members and advisers.

Overall, the review found that the Committee is effective in executing its responsibilities and made significant progress during its first full year of operations. It was considered to be focusing on the right priority areas and guided by a strong and knowledgeable Committee Chair, who was encouraging of substantive discussions and debate.

Committee papers were considered to be of good quality and to provide clear visibility of relevant issues, albeit there were opportunities to tighten the presentation of information to further focus the Committee's discussions on key areas.

There was a sense that the Committee was still calibrating the appropriate level of detail for its discussions and deliberations and that it would be beneficial to consider certain matters within its remit in a wider context and with future horizon-scanning in mind.

Additionally, the review highlighted the importance of building a strong, constructive relationship with the incoming external auditor, a process which commenced later in the year as part of their onboarding process.

More information about the Board evaluation process can be found on pages 134 and 135.

Corporate reporting

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.

In line with its terms of reference, the Committee monitored the Group's year-end reporting process 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 the work undertaken to ensure the Annual Report was fair, balanced and understandable. It also received and discussed reports from the external auditor.

Significant financial reporting issues, judgements and estimation uncertainty

The Committee received reports from the leadership team in relation to the identification of significant accounting issues, judgements and key sources of estimation uncertainty, significant accounting policies and proposed disclosures in the FY22 Annual Report. The Committee is satisfied that the judgements made are reasonable, that suitable accounting policies have been adopted and appropriate disclosures have been made in the accounts.

The Committee's review of the full-year financial statements focused on several areas of significance, either due to the materiality of the areas or the nature of them to the extent that they require significant judgement or estimation, all of which were discussed and addressed with our external auditor throughout the external audit process. The key matters of focus are set out on page 142, overleaf.

Risk

The role of the Committee relating to internal control and risk management is set out in the table below:

PLC BOARD	AUDIT AND RISK COMMITTEE	LEADERSHIP
• 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.	• 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.	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; and • 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 pages 97 to 103.

Key areas of focus

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; • the statutory day adjustment made to align the Group's retail calendar which ended on 27 March with the year end date of 31 March. Based on detailed reports and discussions with management and the external auditor, including the review of the outputs of the data analytics procedures used by EY, 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	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 reviewed the significant assumptions 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.
Intangible assets: Cloud computing arrangements accounting	Software as a Service arrangements are ones in which a customer does not have possession of the underlying software, but accesses and uses the software on an as-needed basis. The most recent guidance published by the IFRS Interpretations Committee (IFRIC) focuses on accounting for customisation and configuration costs relating to cloud computing arrangements not covered previously under IFRS. The implementation of the new guidance has been treated as a change in accounting policy under IAS 8 as per the IFRIC instruction which must be applied retrospectively; this resulted in a restatement of prior capitalised costs to operating expenses and reductions to intangible assets. More information on this can be found on page 47 of the Strategic report and pages 187 to 190 of the financial statements. Based on detailed reports and discussions with management and the external auditor, the Committee reviewed the assessment of SaaS arrangements and is satisfied that the judgements made were appropriate and that the prior year adjustment is clearly presented.
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, including the prior year adjustment relating to a deduction in respect of 2021 bonus costs, 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 2022 by reviewing the Group's financial position and performance, budgets for FY23 and three-year cash projections, which were stress tested under different scenarios having regard to the principal risks faced by the business. The Committee reported to the Board that, in its view, the going concern assumption remained appropriate.

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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. To assist it in making this determination, the Board has requested the advice of the Committee.

To assist the Committee in making its assessment, it received drafts of the report at key points in the production process in order to provide its feedback and papers from leadership highlighting the supporting evidence for the report's key messages. 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.

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 2022 Annual Report and financial statements was 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 amongst other things a number of scenarios modelled by the business (including a 'severe but plausible' downside scenario) and a reverse stress test carried out to assess the strength of the Group's financing arrangements.

More detail can be found on pages 97 to 99 of the Strategic report.

The going concern and long-term viability statements were also reviewed by the external auditor. Their findings were highlighted to the Committee, with whom the conclusions that had been drawn by leadership in producing each statement were also discussed. More detailed information about our approach to making our going concern and long-term viability assessments can be found on pages 104 and 105 of the Strategic report.

External auditor
A key responsibility of the Committee is to oversee and maintain the relationship with the external auditor on behalf of the Board. Ernst & Young was appointed as the auditor of Doc Topco Limited, which was the parent company in the Dr. Martens Group prior to the IPO, in 2014 and became the auditor of the Company and the Dr. Martens Group on its admission to listing on the London Stock Exchange in January 2021. The lead partner for the FY22 audit was Julie Carlyle, who was appointed in 2015.

During the year, the Committee oversaw the Group's tendering of the external audit, which resulted in the Committee making a recommendation to the Board that PricewaterhouseCoopers LLP be appointed as the new external auditor for FY23. Consequently, Ernst & Young will step down following the conclusion of their work on the FY22 audit and the Company will be seeking shareholder approval for the appointment of PricewaterhouseCoopers LLP at its AGM to be held in July.

Audit effectiveness
The Committee's oversight responsibilities in respect of the relationship between the Group and the external auditor incorporate an additional duty to review the external auditor's independence, objectivity and overall effectiveness.

The Committee received a comprehensive audit plan from Ernst & Young, setting out the proposed scope and areas of focus for the FY22 audit and the auditor's assessment of the key areas of risk it 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 management's assumptions and estimates underlying each were robust.

Subsequent to year end, the Committee conducted a review of the effectiveness of Ernst & Young and its work during the year-end audit. A session was held to discuss the effectiveness of Ernst & Young and the audit process, led by the Committee Chair and attended by members of the Company's global finance leadership teams. To frame these discussions and ensure the key topics were covered in full, a tailored list of questions focusing on, amongst other things, the audit plan, working relationship with the auditor, management of issues, audit process and any particular areas of excellence and/or challenge, was circulated to attendees in advance. Feedback from the session was subsequently discussed by the Committee. The review acknowledged that there was a general sense that the audit was more efficient compared to FY21, particularly in the area of quality and frequency of communication with finance teams and management, aided by the external audit teams being on site in most regions. The greater use of data analytic tools in areas like impairment reviews was also seen as valuable.

The Committee concluded that, overall, the external auditor was effective in planning and executing the FY22 audit.

Audit tender

Following the disclosure last financial year of our intention to tender the audit, the Group undertook a formal tender process to select a new external auditor, with effect from the financial year ended 31 March 2023, in order to ensure the Group's compliance with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014. FY22 was considered by the Committee to be the appropriate time to conduct a tender given that it would align with the planned mandatory rotation of the lead audit partner at EY and the overall length of EY's tenure as the Group's external auditor.

The Committee was supported in the selection process by an internal Tender Panel, of which Robyn Perriss, Lynne Weedall, the Executive Directors and key members of the Dr. Martens Senior Leadership Team were members. Clear assessment criteria were established and communicated to each participant firm in advance of the deadline for submission of their proposals. A dedicated internal audit tender project manager was appointed with oversight from the Committee, with the tender process formally commencing in September 2021 and concluded in early December 2021.

Overall, the Committee was impressed by the high quality of the proposals put forward by each participant firm, all of which demonstrate significant commitment to the tender process, good understanding of key areas of risk and of the unique culture at Dr. Martens. In assessing the proposals, particular consideration was given to the long-term nature of the future relationship with the new external auditor, the length of the past relationship with the incumbent and the advantages and disadvantages of appointing a new external auditor over the short, medium and longer term.

EXTERNAL AUDIT TRANSITION TIMELINE:

FAMILIARISATION			ACCELERATION
DEC 2021	**JAN – MAR 2022**	**APR – JUN 2022**	**JUL – SEP 2022**
• New auditor selected following completion of a thorough tender.	• Handover protocols discussed and agreed by PwC and EY ahead of year end. • Handover interviews with key team members on the Ernst & Young team. • Transition planning meeting held between PwC and the Dr. Martens team.	• PwC shadowed EY's year-end audit.	• Formal appointment of PwC to be proposed for shareholder approval at the AGM. • PwC's planning procedures to be completed for the FY23 audit.

External auditor independence

The Committee oversees the process for approving all 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 must 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, such as reviewing quarterly and half-yearly financial information, 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; and the criteria governing the compensation of members of the audit team.

Permitted non-audit services are subject to certain safeguards to preserve the independence of the external auditor. The assignment of any individual permitted service up to £50,000 must be approved by the CFO, with any work that is incremental to that limit being subject to approval by the Committee. The Committee also receives reports analysing any fees paid for non-audit work undertaken by the external auditor every six months. Additionally, any non-audit services provided and fees paid are factored into the Committee's annual review of the independence of the external auditor.

In FY22, Ernst & Young received total fees of £1.5m (FY21: £3.6m) comprising £1.4m of audit fees (FY21: £1.1m), and £0.1m for non-audit services (FY21: £2.5m).

The fees for non-audit services during the year related to work undertaken by Ernst & Young on the interim financial review

After a thorough and detailed review, the Committee agreed with the view of the Tender Panel that PricewaterhouseCoopers LLP (PwC) represented a high quality firm with and the best overall audit strategy for Dr. Martens going forwards. Consequently, the Committee formally recommended that PwC be appointed as the Group's new external auditor from FY23 onwards. The recommendation of the Committee was subsequently approved by the Board at its meeting in December 2021, subject to the approval of shareholders at the AGM in July 2022. A summary of the intended transition process is set out in the timeline below:

The external audit tender was a comprehensive process which resulted in some interesting stats:

42
meetings with Company management and 33+ with the Tender Panel

10+
pairs of Dr. Martens worn by members of the firms participating in the tender

22
Dr. Martens employees and 43 audit firm individuals involved

PLAN AND DELIVER

OCT – DEC 2022	JAN – MAR 2023	APR – JUN 2023	JUL 2023
Audit planning finalisation and half-year review: • PwC's planning procedures anticipated to be completed. • PwC to perform their first half-year review. • Dr. Martens Audit and Risk Committee to receive an update on the transition and first impressions. • Final year-end audit plan ready to be issued.	**Pre-year-end audit procedures:** • Systems and controls audit testing concluded. • Initial review of Group Annual Report. • Finalise view on key judgements and estimates.	**Year-end audit procedures:** • Year end work focusing on the balance sheet, Annual Report disclosures and top-up testing from interim procedures. • Annual Report reviews, including going concern audit procedures.	**Statutory accounts and debrief:** • Finalisation of the statutory accounts. • Audit debrief on the engagement.

and one audit of furlough reporting in the Netherlands. Additionally, no non-audit services were provided during FY22 by incoming external auditor PricewaterhouseCoopers LLP.

Further details of fees paid to Ernst & Young are set out in note 5 to the financial statements on page 197.

Internal Audit, risk and internal control

The remit of the Group's Internal Audit function encompasses the review of all aspects of risk management and control across the Group's activities. It serves as an independent review function for the Board and all levels of management. Its role is to understand the Group's key risks and to examine and evaluate the adequacy and effectiveness of its systems of risk management and internal control. Its responsibilities include 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 Audit and Risk Committee.

Additionally, during the year Grant Thornton were appointed as our internal audit co-source partner and provided close support to the Internal Audit function through delivering certain reviews in the FY22 internal audit plan.

Whilst the Board and Committee have overall responsibility for ensuring that risks are identified and managed, day-to-day responsibility for these matters is delegated to the leadership team. Oversight of the Group Risk Register and the development and implementation of the Group's approach to risk management is delegated to the Operational Risk Committee, chaired by the Head of Internal Audit and Risk. More information about how the Board delegates authority can be found on page 129.

During the period under review, the Committee reviewed and fed back on the progress made in delivering the internal audit plan for FY22. The plan included reviews of the following areas: remote / hybrid working risks and controls, cyber security risks, factory payments, South Korea commercial controls and programme assurance for ERP and HR system implementations.

Additionally, during the year Internal Audit worked closely with management and the Committee Chair on an internal audit plan for FY23. The risk-based plan was formulated considering Dr. Martens' strategic plans and objectives, together with consideration of 'hot topics', the principal risks facing Dr. Martens and the wider economic and regulatory climate. The internal audit plan also took into account the potential impact of the BEIS consultation and proposed reforms on improving trust in audit and corporate governance and the emerging themes on enhanced governance and controls.

During FY23 reviews are planned in the following areas: ecommerce sales returns, new store opening, supply chain assurance, ESG assurance, particularly around TCFD disclosures and externally reported metrics, 'UK SOX' readiness, and programme assurance for major system and business change projects.

The Committee also reviewed the effectiveness of the Internal Audit function in its first year of operations. It was felt that it had made strong initial progress in embedding the function into the wider business, possessing a good level of experience and knowledge and building strong working relationships with senior management. With the relaxation of Covid-19 restrictions in some markets, it agreed that there was an opportunity to visit teams globally to further refine their understanding of the business and further develop relationships across the Group.

The Head of Internal Audit and Risk meets regularly with the Chair of the Committee outside of its scheduled meetings without the presence of management. The Head of Internal Audit and Risk may also meet with any of the other members of the Committee and with the external audit partner outside of Committee meetings. 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.

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 100 to 103.

The Company has in place 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 we have responsibility for ensuring the effectiveness of these controls.

In accordance with the requirements of the UK Corporate Governance Code 2018, the Committee confirms it has reviewed the Group's risk management and internal control systems and identified no significant failings or weaknesses that may significantly impact the financial statements.

Anti-bribery and corruption

The Board holds ultimate accountability for the Company's anti-bribery and corruption policies and procedures and is committed to ensuring that Dr. Martens conducts business in an honest and ethical manner. To assist it in this regard, the Board has delegated to the Committee responsibility for reviewing the Group's systems and controls for preventing bribery and corruption, with support to the Committee provided by the Internal Audit function. Dr. Martens operates a zero-tolerance approach to bribery and corruption at all levels within the organisation globally and expects the highest standards of integrity from our people, agents, consultants, interns and subcontractors and any other person associated with it through business dealings and relationships worldwide.

Dr. Martens has in place a clear Anti-Bribery and Corruption Policy which forms part of its Global Code of Conduct, the 'DOCtrine'. This is available for employees globally to access on our internal online policy hub. Every Board Director, member of the leadership team, employee and third party which performs services on behalf of Dr. Martens (including the suppliers and manufacturers we partner with, distributors and franchisees which sell our products and any contractors and agents which work with us) has an individual responsibility to comply with the policy. 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.

Whistleblowing

The Board has delegated oversight of the Group's whistleblowing policies and procedures to the Committee. Employees are expected to act professionally, honestly and ethically in their dealings with people, be they others within the organisation, consumers shopping with us through any channel, suppliers or any other external partner they may have contact with. The behaviours and standards expected of our people are set out in the DOCtrine, our code of conduct, to which all employees must attest on joining the organisation.

Additionally, the Company's Speak Up Policy governs how our people can safely raise any concerns they may have about suspected illegal or unethical business practices impacting the business. A confidential incident reporting facility is available, provided by an independent specialist firm, for circumstances where an individual wishes to report an issue anonymously.

Monitoring the effectiveness and appropriateness of the Speak Up Policy falls within the remit of the Committee, supported by Internal Audit. Any potential incidents that are reported, via the anonymous reporting facility or directly to individual line managers or leadership, are followed up and investigations launched where appropriate. Ongoing investigations and their outcomes are subsequently reported to the Committee. The Committee received updates on particular whistleblowing cases during the year, which included details of the investigations that took place and the follow up actions identified.

> Our executive pay approach offers market competitive remuneration for the achievement of stretching long-term performance objectives. The Remuneration Committee will ensure that pay is closely linked to the business strategy and generates a strong alignment of interest with all of our stakeholders including shareholders.

LYNNE WEEDALL
CHAIR OF THE REMUNERATION COMMITTEE

COMMITTEE MEMBERSHIP

The Committee comprises Lynne Weedall (Chair), Robyn Perriss and Ian Rogers, all of whom are Independent Non-Executive Directors and provide a balance of skills and experience. The full terms of reference of the Committee are available on the Company's corporate website at www.drmartensplc.com.

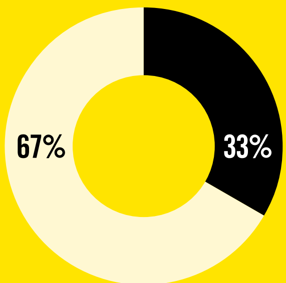
The attendance of Committee members at meetings during the year is disclosed below. Full biographies of each member can be found on pages 116 to 117.

Committee members

	Number of meetings attended/max number could have attended:
Lynne Weedall **(Committee Chair)**	5/5
Robyn Perriss	5/5
Ian Rogers	4/5[1]

1. Ian Rogers was unable to attend the Remuneration Committee meeting on 9/6/21 due to a pre-existing business commitment, and prior notification was given to the Chair of the Committee.

Committee composition



Male	1 of 3
Female	2 of 3

Focus areas for FY23

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 second year of the policy period.
- Rolling out our global all-employee SIP – Dr. Martens Your Share – following the successful Free Shares award in October 2021.
- Engaging further with the Board employee listening groups on Executive remuneration.
- Reviewing performance and effectiveness during our first year as a Committee, as part of the annual Board evaluation process.

Key responsibilities

- Establish and agree with the Board the Remuneration Policy for the Chair of the Board, the Executive Directors, the Company Secretary, the leadership team and any other senior employees as the Board may determine.
- Determine the individual remuneration packages of the Directors and relevant senior employees within the terms of the agreed Remuneration Policy.
- Monitor the remuneration structures and overall levels of remuneration of the Group's senior management and make recommendations to the Board where appropriate.
- Oversee the remuneration of the wider Dr. Martens team and ensure that our policy for the senior team is consistently structured.
- Oversee the operation of the Group's employee share schemes.

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 2022.

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 on the Company website).
- The Annual Report on Remuneration, which sets out the remuneration outcomes for the financial year ended 31 March 2022 and the proposed implementation of the Remuneration Policy for the upcoming year.

Role of the Remuneration Committee

In summary, the Committee's scope is as follows:

- To develop the Group's policy on executive remuneration and monitor its ongoing appropriateness;
- To determine the levels of remuneration for the Executive Directors and the Global Leadership Team (together, the 'Executive Group'), plus the Chair of the Board;
- To oversee the remuneration of our wider workforce and ensure that our policy for the senior team is consistently structured; and
- To oversee the operation of the Group's share plans.

LOOKING BACK

Company performance

The Group delivered revenue of £908.3m, up 18% year-on-year, in line with the high-teens growth guidance given at the time of listing, and up 22% on a constant currency basis. DTC continues to grow ahead of wholesale, in line with our DOCS strategy. Within DTC, ecommerce revenue was up 11%, or up 92% compared to FY20, and retail revenue was up 86%, or up 12% compared to FY20. FY22 wholesale revenues were £460.3m, up 5%, driven mainly by USA.

FY22 EBITDA was £263.0m, up 18%, with an EBITDA margin of 29.0%, up 0.2pts. This strong performance was driven by a combination of volume and improved DTC mix, with margin partially offset by increased marketing investment, cost annualisation and a return to business as usual spending.

Group PBT before exceptional items was £214.3m, up 43%, and profit after tax was £181.2m, compared to £34.7m in FY21 when we incurred £80.5m of exceptional costs related to the IPO. Underlying earnings per share[1] were 17.4p, up 21%. Operating cash flow after capex was strong at £208.1m, with conversion of 79%.

Remuneration payable in respect of FY22

Base salaries and fees

Base salaries for the Executive Directors and fees for the Non-Executive Chair and other Non-Executive Directors remained unchanged from the levels set at admission of the Company to the London Stock Exchange in February 2021.

During the year, 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, in line with our policy on fees for additional Board duties, the Board introduced an additional fee of £10,000 per annum for this role. The fee has been applied from 1 January 2022 to reflect her time in the role.

FY22 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 FY22, the Executive annual bonus (Global Bonus Scheme, or GBS) continued to broadly mirror that of the wider workforce and the same range of global PBT targets was used 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 profit before tax (75%) and strategic targets (25%). Three equally weighted measures are included under the strategic element of the GBS: employee engagement, accelerating our sustainability journey, and growing our brand equity. These reflect our passion and focus on culture, sustainability and being brand custodians.

Our financial performance was strong and, reflecting the stretching targets that were set, this has delivered a 69% pay-out level under the PBT element (52% out of 75%). The Committee carefully considered the performance against the strategic objectives and determined that there should be a payout of 13% out of 25% based on their achievement. A full breakdown of the objectives and our performance against them is contained in the report. Overall, based on the achievement of these performance measures, the CEO and CFO will receive a bonus of 65% of maximum. When reviewing the outcome of the bonus against the targets, the Committee took into account:

- Wider business performance, both financial and non-financial, in the context of market expectations and our IPO guidance.
- The wider workforce experience – the bonus out-turn of 65% of maximum for the Executive Directors is marginally below the payout as a percentage of maximum for the majority of our employees of 69%, due to the relatively higher payout under the PBT element.
- Covid-19 response – no UK government support has been taken and employees who were unable to work due to, for example, enforced store closures, were paid in full throughout the pandemic.

Based on the considerations set out above, the Committee is comfortable that the formulaic outcome of the bonus is appropriate and so no discretion has been applied.

In line with the Remuneration Policy, one-third of the net cash bonus earned will be used to purchase shares which the Executive Directors are required to hold for two years; the remaining two-thirds will be paid in cash.

Long Term Incentive Plan (LTIP) awards
The first award under the LTIP was granted soon after Admission. The first award is eligible to vest on the announcement of 2024 annual results. No awards vested to Executive Directors in FY22, and none are due to vest in FY23.

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

Implementation of the Directors' Remuneration Policy in FY23

Salary and fees
The Executive Directors received a 3% increase in salary with effect from 1 April 2022. This is in line with the average increase in our UK workforce, which was also set at 3%.

Non-Executive Directors' fee levels for the year ending 31 March 2023 were increased by 3%.

Global Bonus Scheme (GBS)
The maximum annual bonus payable under the GBS will remain at 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%, continuing with the core focus areas of employee engagement, brand equity and ESG (sustainability). Stretching targets will be set for all elements, the detail of which and performance against will be set out in full in the Directors' Remuneration report for FY23.

LTIP
The Committee has been closely monitoring our recent share price, is mindful of corporate governance best practice and the consequential impact on the number of shares that may be awarded under the FY23 LTIP grant. As a result, after careful consideration, the Committee currently intends that the award level will be scaled back to 250% from 300% of salary. We have determined this to be a meaningful scale-back.

Similar to the first grant under the LTIP, awards will remain subject to stretching Underlying EPS[1] (67%) and relative TSR targets (33%). The EPS range will remain unchanged for the FY23 awards at 12% p.a. (threshold vesting) to 21% p.a. (stretch vesting) compound annual growth.

TEAM PLAYER

Workforce engagement

This year I, alongside Robyn Perriss (our Non-Executive Director Designated Employee Representative), undertook a number of Listening Forums in EMEA, USA and APAC. Amongst a wide range of topics, I shared our approach to Executive remuneration, how it aligns with Company strategy and invited comments, questions and input. There was a wide ranging and constructive conversation that we intend to act on and continue our 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.

For employees who participate in the Global Bonus Scheme, the level of performance was 69%, resulting in a payout to all eligible employees in line with the rules applying to their job level.

On 8 October 2021, Free Shares were awarded under the Dr. Martens Your Share SIP across our global business. This gave those employed with the Company on 1 September 2021 a number of Free Shares enabling them to hold a stake in the business and share in its future success. Over FY23, the Committee plans to launch a purchase and match share scheme to continue to encourage strong employee engagement and share ownership.

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 2021) can be found on the Dr. Martens corporate website. We're disappointed that our mean and median pay gap widened in the year to 5 April 2021, but we are focused on improving this through the actions of our DE&I strategy. For example, we're aiming for a 40:60 male:female split in our retail stores by 2024. Similarly, we're aiming to increase female representation on our Global Leadership and Management teams to a 50:50 split. In FY22 we made significant progress in this regard, with four out of ten of our Global Leadership Team being female as at the time of writing (2021: two).

Further information about our diversity, equity and inclusion initiatives across the workforce is set out in the Sustainability report on pages 81 to 83.

Shareholder engagement

The Committee consults with its larger shareholders on executive pay matters, where considered appropriate. I spoke with some of our largest shareholders at the beginning of the year in relation to the approval and operation of our new policy. 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 FY22. However, I am always happy to make myself available to shareholders to discuss any concerns or feedback they may have.

On behalf of the Committee, thank you for reading this report and we look forward to receiving your support at the AGM on 14 July 2022 in relation to the advisory vote under resolution 2 to approve this report.

LYNNE WEEDALL
CHAIR OF THE REMUNERATION COMMITTEE
31 May 2022

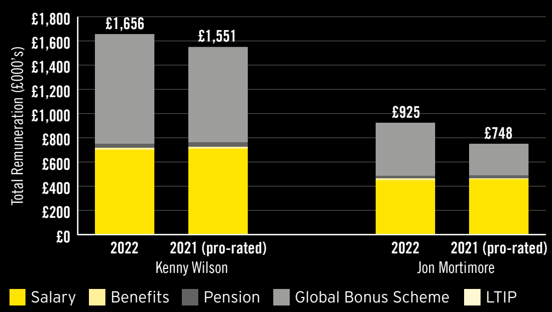
1. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

AT A GLANCE

PERFORMANCE SNAPSHOT

Global Bonus Scheme performance

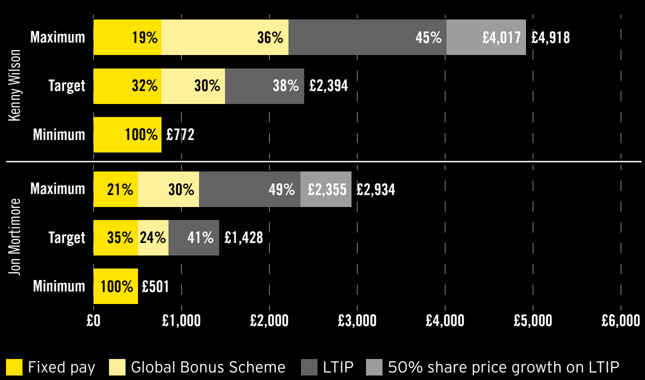
	Measure	Weighting of the bonus	Result achieved	Achievement (out of a maximum 100%)	Payout as a % of total bonus
Financial performance	PBT	75.0%	£214.3m	69%	52%
Strategic objectives	Employee engagement	8.3%	4.03	0%	0%
	Brand equity	8.4%	4.3 out of 6 areas improved	58%	5%
	ESG	8.3%	Roadmaps completed	100%	8%
		100%			65%



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 – FY23 IMPLEMENTATION



- **Minimum:** Fixed pay (FY23 salaries, pension at 5% of salary and FY22 benefits).
- **On-target:** Fixed pay plus 50% of maximum FY23 GBS and LTIP payout.
- **Maximum:** Fixed pay plus 100% of maximum FY23 GBS and LTIP payout. The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award from the date of grant to vesting.

IMPLEMENTATION FOR FY23

Base salary	3% increase for all Executive Directors • CEO – £721,000. • CFO – £463,500.
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	• Grants for Executive Directors in June 2022: 250% of salary. • Subject to Underlying EPS[1] (67%) and relative TSR (33%). • Two-year holding period applies.
Shareholding guidelines	300% of salary (to be held for two years post employment).

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 on our website.

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, whilst 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 & 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 pay-out 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

1. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

Directors' Remuneration Policy continued

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) – formerly known as the Global Management Incentive Plan (GMI)			
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 LTIP 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

Directors' Remuneration Policy continued

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, 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 rise 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

1. All Non-Executive Directors are in their initial term.

ANNUAL REPORT ON REMUNERATION

The Remuneration Committee (the 'Committee') presents the Directors' Remuneration report (excluding the Remuneration Policy), to be put to shareholders for an advisory (non-binding) vote at the Annual General Meeting to be held on 14 July 2022.

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

The Remuneration Committee comprises Lynne Weedall (Chair), Robyn Perriss and Ian Rogers, all of whom are Independent Non-Executive Directors.

Committee met a total of five times during the year ended 31 March 2022.

The table below shows the number of meetings attended out of the possible maximum for each of the members of the Committee.

2021 AGM	Number of meetings attended/max number could have attended:
Lynne Weedall (Committee Chair)	5/5
Robyn Perriss	5/5
Ian Rogers	4/5[1]

1. Ian Rogers was unable to attend the Remuneration Committee meeting on 9/6/21 due to a pre-existing business commitment, and prior notification was given to the Chair of the Committee prior.

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 through the first full year post-IPO;
- The roll-out of the first phase of our all-employee share plan across the global business, in the form of a Free Shares award under our Dr. Martens Your Share SIP;
- Roll-out of our first phase of engagement with the wider workforce on Executive remuneration via Board employee listening programmes;
- Development of the Global Bonus Scheme objectives to evolve with our business strategy;
- 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. Korn Ferry provided advice on market practice updates and benchmarking, and supported management with undertakings such as producing the Directors' Remuneration report to the extent this did not impact the independence of its advice. The total fees paid to Korn Ferry in FY22 were £88,490 and were charged on a time and materials basis. The Committee is satisfied that the advice provided by Korn Ferry is objective and independent.

Korn Ferry is a member of the Remuneration Consultants Group and abides by the voluntary code of conduct of that body.

Statement of voting at the Annual General Meeting

At the 2021 AGM, Dr. Martens' shareholders were asked to approve resolutions on the Directors' Remuneration Policy and the 2021 Annual Report on Remuneration. The votes received are set out below:

2021 AGM	Nature of vote	Votes for	%	Votes against	%	Votes total	Votes withheld
Approve the Directors' Remuneration report	Binding	814,391,695	99.62	3,102,787	0.38	817,494,482	1,193
Approve the Directors' Remuneration Policy	Advisory	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 2022 (audited)

The following table sets out the total remuneration for Executive and Non-Executive Directors for the financial year ended 31 March 2022. The comparative FY21 figures relate only to the period from Admission on 29 January 2021 to 31 March 2021.

All figures shown in £000	Salary and fees		Benefits[1]		Pension[2]		Total Fixed Remuneration		GBS (Annual bonus)		LTIP		Total Variable Remuneration		Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Kenny Wilson	**700**	118	**15**	3	**35**	6	**750**	127	**906**	132	**-**	-	**906**	132	**1,656**	259
Jon Mortimore	**450**	76	**15**	2	**23**	4	**488**	82	**437**	43	**-**	-	**437**	43	**925**	125
Paul Mason	**326**	55	**-**	-	**-**	-	**326**	55	**-**	-	**-**	-	**-**	-	**326**	55
Lynne Weedall	**97**	16	**-**	-	**-**	-	**97**	16	**-**	-	**-**	-	**-**	-	**97**	16
Ian Rogers	**65**	11	**-**	-	**-**	-	**65**	11	**-**	-	**-**	-	**-**	-	**65**	11
Robyn Perriss	**84**	14	**-**	-	**-**	-	**84**	14	**-**	-	**-**	-	**-**	-	**84**	14
Ije Nwokorie	**65**	11	**-**	-	**-**	-	**65**	11	**-**	-	**-**	-	**-**	-	**65**	11
Tara Alhadeff[3]	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

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.
3. 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 FY22 was 200% of salary for the CEO and 150% for the CFO. The performance against measures for FY22 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 10% of maximum	Target 50% of maximum	Stretch 100% of maximum	Actual	Achievement % of maximum available under that element	Payout as a percentage of total bonus
PBT	75%	£186m	£206m	£227m	£214.3m	69%	52%
Employee engagement – Grow global employee engagement to reflect a thriving culture.	8.3%	Maintain Global Factor Grand Mean Engagement Score at 4.07	Grow Global Factor Grand Mean Engagement Score to 4.17	Stretch Global Factor Grand Mean Engagement Score to 4.2 reflect a thriving culture	Global Factor Grand Mean Engagement Score of 4.03	0%	0%
Brand equity – Growing the brand equity across 6 key areas (Awareness, Familiarity, Ever Purchased, L24M Purchased, Loyalty & Advocacy) in our 7 key markets.	8.3%	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	4.3 out of 6 improvements[1]	58%	5%
Sustainability (ESG) – Create roadmaps for the 11 sustainability targets to accelerate our sustainability journey.	8.3%	4 of target roadmaps completed	8 of target roadmaps completed	All 11 target roadmaps completed	11 roadmaps completed[2]	100%	8%

Notes

1. Improvements were made in six of our seven key markets, in all of the indicators of Awareness, Familiarity, Ever Purchased and L24M Purchased. The only market in which we reduced our scores under these four indicators was China – so on average a positive global score was achieved in these four indicators. In the areas of Loyalty and Advocacy the improvement in net average scores across our seven key markets was slightly above zero. This resulted in a weighted average score across the six brand equity indicators of 4.3 out of 6.
2. Prior to the start of FY22 our external consultant identified 11 priority sustainability issues. During FY22 our target was to create and sign off detailed roadmaps for all 11 priority areas, against which we can measure our sustainability journey. During FY22 all 11 road maps have been completed, the detail of which is set out in the Sustainability report on page 61.

Based on performance during FY22 the GBS outcome for Executive Directors is shown below. The Committee is satisfied that no adjustments to the payouts is required, and that the outcome is reflective of underlying performance.

	Overall GBS outcome		
Executive	% of maximum	% of salary	Bonus outcome for FY22 (£'000)
Kenny Wilson	65%	129%	£906
Jon Mortimore	65%	97%	£437

One-third of the net GBS will be used to purchase shares on behalf of the Executive Directors, which they will be required to hold for two years.

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 2022.

LTIP granted during the year (audited)
On Admission, the Board adopted the Dr. Martens Long Term Incentive Plan. The first LTIP award was granted soon after Admission on 9 February 2021, to cover the performance period through to 31 March 2024 and was therefore disclosed in last year's report. As a result, no further LTIP awards were made to Executive Directors in FY22.

All-employee share plans (audited)
To foster a shareholder mindset in all our employees, the Company wanted to give as many employees as possible a stake in the business. All employees (at the time the Dr. Martens Your Share SIP was launched) received a small Free Shares award under the SIP in October 2021. The Executive Directors opted out and so did not receive the award of Free Shares.

Payments to former Directors and for loss of office (audited)
No payments were made to former Directors of the Company in relation to loss of office 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.

Director	Beneficially owned shares on 31 March 2022[1]	Vested shares subject to deferral/ holding period[2]	Unvested shares subject to performance conditions[3]	Shareholding requirement (% of salary)	Current shareholding (% of salary)[4]	Requirement met
Kenny Wilson	11,165,275	0	567,567	300%	3809%	Yes
Jon Mortimore	6,350,043	0	364,864	300%	3370%	Yes
Paul Mason	7,875,000	-	-	N/A	N/A	N/A
Lynne Weedall	11,054	-	-	N/A	N/A	N/A
Ian Rogers	20,270	-	-	N/A	N/A	N/A
Robyn Perriss	89,054	-	-	N/A	N/A	N/A
Ije Nwokorie	5,405	-	-	N/A	N/A	N/A
Tara Alhadeff	0	-	-	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.
2. Not subject to performance conditions.
3. No share interests are vested but unexercised and no share interests were exercised in FY22.
4. Based on the salary for the year ended 31 March 2022, and a share price on 31 March 2022 of 238.8 pence.

In the tables below, we have summarised the outstanding awards for the Executive Directors included in the Directors' share interest table.

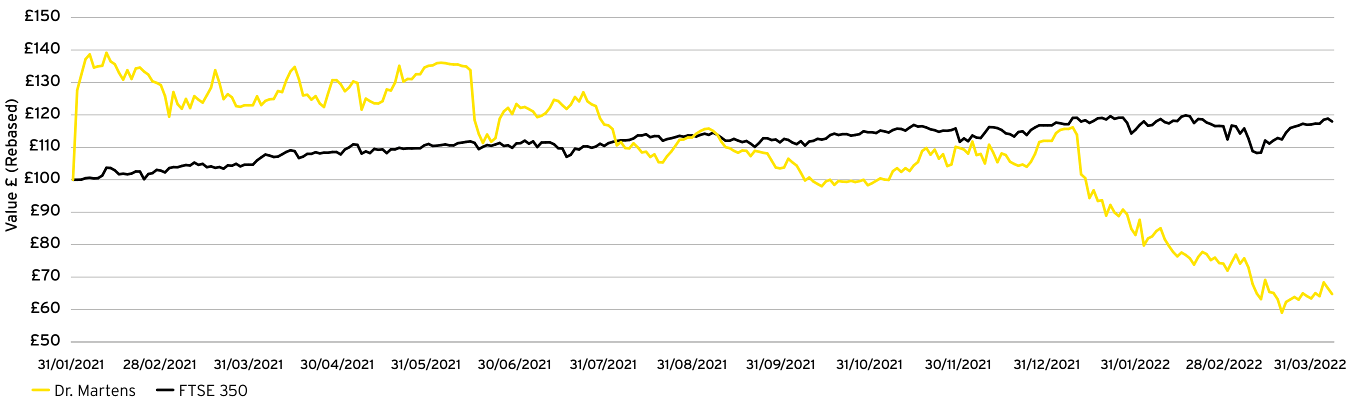
LTIP awards (awards subject to performance conditions)

		Grant date	Share price at grant	Type of award	No of shares under the award 01/04/2021	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	No of shares under the award 31/03/2022	End of performance period
Kenny Wilson	2021 LTIP	09/02/2021	513p[1]	Conditional shares	567,567	-	-	-	-	567,567	31/03/2024
Total					567,567					567,567	
Jon Mortimore	2021 LTIP	09/02/2021	513p[1]	Conditional shares	364,864	-	-	-	-	364,864	31/03/2024
Total					364,864					364,864	

1. As explained in the Prospectus and also in last year's 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 2022 against the FTSE 350 index. The FTSE 350 index is considered an appropriate comparison as Dr. Martens is a constituent of the index.



	FY22	FY21
CEO single figure total remuneration (£000s)	**1,656**	259
GBS (as % of maximum opportunity)	**65%**	75%
Long-term incentive vesting (as % of maximum opportunity)	**-**	-

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. 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 is based on the full financial year ending 31 March 2022. As a result, we have shown the annual percentage based on the change in the actual single figure of remuneration for 2022 compared to the annualised single figure of remuneration for FY21 for both Directors and employees.

	Percentage change in FY21 - FY22		
	Salary	Taxable benefits	Global Bonus Scheme
Kenny Wilson	0%	0%	15.7%
Jon Mortimore	0%	0%	71.6%
Paul Mason	0%	-	-
Lynne Weedall	0%	-	-
Ian Rogers	0%	-	-
Robyn Perriss	2.9%[1]	-	-
Ije Nwokorie	0%	-	-
Tara Alhadeff	-	-	-
Employees	7.0%	34.8%	37.5%

1. Fee increase for Robyn Perriss relates to the inclusion of additional Employee Engagement Director supplementary fee, paid from January 2022.

CEO pay ratio

UK regulations require companies with more than 250 UK employees to publish a ratio to show CEO 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. The pay ratio for FY21 was based on CEO and wider employee pay from Admission to 31 March 2021. The CEO pay ratio for FY22 is based on remuneration for the financial year to 31 March 2022.

Period ended	Method	Lower Quartile	Median	Upper Quartile
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	700	18.7	24.0	43.9
Total pay	1,656	21.4	27.7	52.8

The employee pay figures were calculated by reference to the year ended 31 March 2022. For our retail employees who are paid by reference to hours worked, full-time annualised equivalent remuneration was derived using their hourly rates grossed up to a full-time working week and applying this to relevant elements of pay (such as bonuses which are based on contracted hours). For salaried employees, their full-time annualised equivalent remuneration is calculated based on contracted working hours and joining date, applied to the other elements of pay for which they are eligible. Leavers in the period and employees who are on statutory maternity/paternity leave are excluded from the calculations.

The median CEO to employee pay ratio has slightly decreased this year. This is primarily due to the fact that employees received salary increases as at 31 March 2021, whilst the CEO did not. Additionally, the GBS for more junior employees has had a stretch element added in FY22, so this significantly increased the bonus payouts at more junior grades.

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 2024, variable pay will increase for our Executive Directors. 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 2022, compared to the annualised figure for FY21 (the annualised figure has been used as this enables better comparison to FY22):

	FY22 £m	FY21 £m	% Change
Distribution to shareholders	**55**	0	100
Total employees' pay	**106.8**	94.1	13.5

Implementation of policy in FY23 (unaudited)

The section below sets out the planned implementation of the Remuneration Policy in FY23. The only significant change in the implementation of the policy is that the Committee currently intends that the LTIP award level will be scaled back to 250% from 300% of salary as detailed below.

Executive Director remuneration

Base salary

In line with the wider UK workforce, Executive Directors received a 3% salary increase effective 1 April 2022:

Executive Director	Base salaries FY23	FY22	% Change
Kenny Wilson	**£721,000**	£700,000	3%
Jon Mortimore	**£463,500**	£450,000	3%

Pension and benefits

Executive Directors will 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 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 GBS awarded will be invested in shares and deferred for two years. Malus and clawback provisions apply.

Long Term Incentive Plan

The Committee has been closely monitoring our recent share price, is mindful of corporate governance best practice and the consequential impact on the number of shares that may be awarded under the FY23 LTIP grant. As a result, after careful consideration, the Committee currently intends that the award level will be scaled back to 250% from 300% of salary. We have determined this to be a meaningful scale-back.

Similar to the first grant under the LTIP, awards will remain subject to stretching Underlying EPS[1] and relative TSR targets. The EPS range will remain unchanged for the FY23 awards at 12% p.a. (threshold vesting) to 21% p.a. (stretch vesting) compound annual growth.

Performance measure	Weighting	Targets: Threshold (25% of maximum)	Targets: Maximum (100% of maximum)	Performance period
Underlying EPS[1] (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	

The Committee is comfortable that these targets provide an appropriate level of stretch and represent a strong link between pay and performance.

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.

1. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

Non-Executive Director remuneration

In line with the increases across the workforce, the Chair and Non-Executive Directors' fees have been increased by 3% for the year ending 31 March 2023. The fees are set out in full in the table below.

Non-Executive Director	Fees		
	FY23	FY22	% Change
Chair of the Board	**£335,265**	£325,500	3%
Non-Executive Director base fee	**£66,744**	£64,800	3%
Senior Independent Director	**£15,450**	£15,000	3%
Audit and Risk Committee Chair's fee	**£17,407**	£16,900	3%
Remuneration Committee Chair's fee	**£16,686**	£16,200	3%
Employee Engagement Director	**£10,300**	£10,000	3%

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.

Approval

This Remuneration report was approved by the Board of Directors on 31 May 2022 and signed on its behalf by the Remuneration Committee Chair:

LYNNE WEEDALL
CHAIR OF THE REMUNERATION COMMITTEE
31 May 2022

1. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

The Directors' report for the year ended 31 March 2022 comprises pages 107 to 166 and 249 and 250 of this Annual Report, including any sections incorporated by reference. The Strategic report can be found on pages 1 to 106. 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 97 to 103.
- The going concern and long-term viability statements can be found on pages 104 and 105.
- Details of branches operated by the Company are set out on pages 6 and 7 and 40.
- The Company's global greenhouse gas emissions during FY22 can be found on page 68 of the Sustainability report, which is located within the Strategic report.
- Information relating to research and development can be found on pages 20 and 21 and 30 to 37 of the Strategic report and 65 to 79 of the Sustainability report.
- Information on how the Directors have had regard for the Company's stakeholders, and the effect of that regard, can be found on pages 22 to 27 of the Strategic report.
- Disclosures based on the principles of Task Force on Climate-related Financial Disclosures (TCFD) are detailed on pages 90 to 96 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 54 to 96.

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 210 to 212 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.

Relating to the Board

The Board of Directors

The Directors who have held office during the year ended 31 March 2022, together with biographical details of each Director, are provided on pages 114 to 117. There were no changes to the Directors during the year.

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, 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 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 regarding the share interests of the Directors in the share capital of the Company are set out in the Remuneration report on page 157.

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 154.

Relating to the Company's share capital

Share capital

Details of the Company's issued share capital are set out in note 23 to the financial statements on page 214. As at 31 March 2022, 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

During FY22, the Company, IngreLux S.àr.l. and the Directors, together with other pre-IPO shareholders (the 'Minority Shareholders'), were subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital. Each had agreed that they would not, without the prior written consent of the Joint Global Co-ordinators (Morgan Stanley and Goldman Sachs International) appointed during the IPO, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any shares or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement entered into during the IPO, the above mentioned restrictions (subject to certain exceptions) applied to the Company and IngreLux S.àr.l. for a period of 180 days, and to the Directors for a period of 365 days, from 3 February 2021 (being the date on which the Company's shares were admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange). Additionally, pursuant to Deeds of Election entered into prior to the IPO, these restrictions also applied to the Minority Shareholders for a period of 365 days in respect of relevant senior employees of the Group and two former senior executives, and 180 days in respect of all other Minority Shareholders. These restrictions lapsed on 3 February 2022 and 2 August 2021, respectively.

In connection with the IPO IngreLux S.àr.l. and certain pre-IPO shareholders who are members of the Griggs family 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 any disposals of any of them following the IPO may be coordinated and conducted in an orderly manner. This agreement stipulates that, after the expiration of the restrictions referred to above, following a disposal of shares by IngreLux S.àr.l., the parties agree that they will be bound by a further lock-up on identical terms to the equivalent lock-up terms in the Underwriting Agreement (in the case of IngreLux S.àr.l.) and in the SSE Deed (in the case of the relevant pre-IPO shareholders) for a period of 90 calendar days from the date on which the disposal completes.

In addition to the specific restrictions set out above which expired during FY22, 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

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service and is available on the Company's website. As at 31 March 2022 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 2022 and the publication of this Annual Report.

Relating to the Company

Profit and dividends

The profit for the financial year, after taxation, amounts to £181.2m. An interim dividend of 1.22p per ordinary share was announced on 9 December 2021 and paid in February 2022 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 2022 of 4.28p per ordinary share.

Disclosures required under the UK Listing Rules

Listing Rule	Detail	Page reference(s)
9.8.4R (1-2) (5-13)	Not applicable	N/A
9.8.4R (4)	Long-term incentive schemes	150 to 161
9.8.4R (14) (A-D)	Agreements with controlling shareholder	Set out in the Directors' report in the sections entitled 'Relationship agreement with controlling shareholder', page 165, and 'Additional statement of compliance with UK Listing Rule 9.8.4 (14)', below.

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 232 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, the Employee Engagement section of the Governance report (which details the work of Robyn Perriss as our Employee Representative Non-Executive Director) and the wider Strategic report, specifically on pages 80 to 86, 124 to 127 and 22 to 27.

Political donations
The Company did not make any political donations or incur any political expenditure during the year ended 31 March 2022.

External auditor
Resolutions proposing to appoint Pricewaterhouse Coopers 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
There have been no balance sheet events since the year ended 31 March 2022.

Agreements with controlling shareholder
Set out in the Directors' report in the sections entitled 'Relationship agreement with controlling shareholder' on page 165, and 'Additional statement of compliance with UK Listing Rule 9.8.4 (14)', left.

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: (i) to cancel all undrawn commitments on five business days' notice; and (ii) 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.

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 36.99% 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. Whilst 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.

Directors' statement of disclosure of information to the auditor
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting
The Company's AGM will be held at 28 Jamestown Road, Camden NW1 7BY, on Thursday 14 July 2022 at 9.30am.

The Notice of Meeting, together with explanatory notes and guidance on voting and arrangements for the day, is contained within this Annual Report and can be found on pages 233 to 241.

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report, the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Annual Report, the Remuneration report and policy and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. 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. The Company financial statements have been prepared on a going concern basis under the historical cost convention and 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) and in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted IFRS and applicable UK Accounting Standards (including FRS 102) have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, at any time and with reasonable accuracy, the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report

We confirm that, to the best of our knowledge:

- the Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 31 May 2022 and is signed on its behalf by:

EMILY REICHWALD
GENERAL COUNSEL AND COMPANY SECRETARY
31 May 2022
Dr. Martens plc
Company number: 12960219

FINANCIAL STATEMENTS

CONTENTS

Opinion

In our opinion:

- Dr. Martens plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dr. Martens plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise:

Group	Parent Company
Consolidated Statement of Profit or Loss for the year then ended	Balance Sheet as at 31 March 2022
Consolidated Balance Sheet as at 31 March 2022	Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Related notes 1 to 12 to the financial statements including a summary of significant accounting policies
Consolidated Statement of Changes in Equity for the year then ended	
Consolidated Statement of Cash Flows for the year then ended	
Consolidated Non-GAAP Statement of Cash Flows and Related notes 1 to 30 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk around going concern at the planning and year end phases of the audit;
- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's going concern assessment process and engaged with management early to understand and assess the key assumptions made in their assessment;
- Obtaining management's going concern models which included a base case, and severe but plausible downside cash flow scenario covering the going concern assessment period. These forecasts include an assessment of available debt facilities, the adequacy of liquidity headroom and EBITDA headroom related to compliance with debt covenants as well as understanding how the impact of Covid-19, supply chain constraints and macro-economic changes had been reflected in the forecasts. In addition to the severe but plausible scenario, management prepared a reverse stress test scenario;
- Considering the downside scenarios identified by management, independently assessing whether there are any other scenarios which should be considered, and assessing the quantum of the impact on the available cashflows of the downside scenario in the going concern period;
- We agreed the 31 March 2022 cash balances included in the going concern assessment to the Group's year end cash balances;
- We assessed the reasonableness of the cashflow forecasts included in the going concern assessment by analysing management's historical forecasting accuracy and understanding how the potential impact of principal risks such as COVID-19 and the current geopolitical matters have been reflected in the forecasts;
- We evaluated the key assumptions by searching for contrary evidence to challenge these assumptions, including third party sector forecasts and analyst expectations. Further, we ensured these assumptions were consistent with the five-year plan approved by Dr. Marten's Board;
- We also challenged management's assumptions within the cash flow forecasts in relation to the growth assumptions in wholesale and ecommerce as well as the extent to which retail trading would continue to recover to pre-Covid-19 levels. Due to uncertainty in the wider retail and economic markets post Covid-19 and the current macro-economic conditions in the core markets the Group operate we have anchored our work to focus on further sensitivities to the severe but plausible scenario and whether the reverse stress test is considered remote;
- Assessing the adequacy of the going concern assessment period until 30 September 2023, considering whether any events of conditions foreseeable after the period indicated a longer review period would be appropriate;
- Checking the arithmetical accuracy of the cash flow forecast models and assessing the Group's historical forecasting accuracy;
- Comparing management's forecasts to actual results through the subsequent events period and performing inquiries to the date of this report;
- Confirm our understanding of the facility agreements, understood the terms and conditions including those related to covenant test ratio requirements and checked the calculation of headroom in respect of the financial covenant test ratios; Assessing the Group's forecast banking covenant compliance;
- Assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA UK 570 going concern standard.

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 and Parent Company's ability to continue as a going concern for a period up to 30 September 2023.

In relation to the Group and Parent Company's 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further seven components. • The components where we performed full or specific audit procedures accounted for 98.7% of Profit before tax, 99.5% of Revenue and 98.1% of Total assets.
Key audit matters	• Revenue recognition including the risk of management override. • Valuation of inventory provisioning.
Materiality	• Overall Group materiality of £10.7m which represents 5% of profit before tax.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 26 reporting components of the Group, we selected 14 components covering entities within UK, the USA, China, Japan, South Korea, Hong Kong, France, Netherlands, Belgium and Germany, which represent the principal business units within the Group.

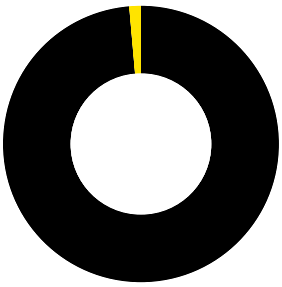
Of the 14 components selected, we performed an audit of the complete financial information of seven components ("full scope components") which were selected based on their size or risk characteristics. For the remaining seven components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 98.7% (2021: 93.7%) of the Group's profit before tax, 99.5% (2021: 99.6%) of the Group's revenue and 98.1% (2021: 98.4%) of the Group's total assets. For the current year, the full scope components contributed 95.9% (2021: 86.0%) of the Group's profit before tax, 92.6% (2021: 89.1%) of the Group's revenue and 89.4% (2021: 83.6%) of the Group's total assets. The specific scope component contributed 2.8% (2021: 7.7%) of the Group's profit before tax, 6.9% (2021: 11.9%) of the Group's revenue and 8.7% (2021: 14.8%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 12 components that together represent 1.3% of the Group's profit before tax, none are individually greater than 0.6% of the Group's profit before tax. For these components, we performed other procedures, including analytical review testing of consolidation journals and intercompany eliminations and foreign currency translation recalculation to respond to any potential risks of material misstatement to the Group financial statements.

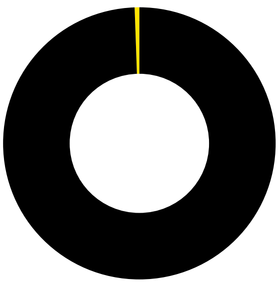
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



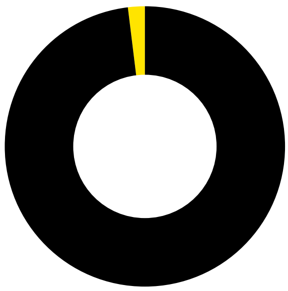
98.7% Full and specific scope audits
1.3% Other procedures

Revenue



99.5% Full and specific scope audits
0.5% Other procedures

Total assets



98.1% Full and specific scope audits
1.9% Other procedures

Changes from the prior year
Scoping arrangements have changed since the prior year. Two new full scope locations for FY22 were added due to one new entity being established in People's Republic of China as well as the Group debt company which was elevated to full scope.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on three of these directly by the primary audit team; the rest were performed by component audit teams except for certain central balances and risk areas which were covered directly by the primary audit team. For the seven specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team carried out a site visit to the US component in May 2022 and the Americas regional close meeting was attended in person by a member of the primary team. Given the continued travel restrictions we have been unable to perform physical site visits to APAC sites. The EMEA component audits are completed by the primary team as majority of the finance function is based in the UK.

For all locations, the primary team interacted on a weekly or bi-weekly basis with all components, via pre-scheduled conference calls, during the audit fieldwork. This was supported through the use of EY software collaboration platforms for the secure and timely delivery of requested audit evidence. In addition, we reviewed key working papers, either by arranging virtual conference calls with the respective component teams or by obtaining direct access to their audit files. Furthermore, we were responsible for the scope and direction of the audit process. Lastly, we attended all closing meetings of the component teams with management. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements. Despite restrictions, we were still able to physically attend and observe inventory counts performed by the entity across the majority of scoped locations. For locations in Hong Kong and China where we were not able to attend counts, we performed alternative procedures for inventory existence including virtual counts.

Climate change
There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impact from climate change on their operations is expected to be from transitional policy and market risks. These are explained on pages 90 to 96 in the required Task Force for Climate-related Financial Disclosures and on page 90 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in Basis of preparation note, the key areas of the financial statements that may be impacted by climate change have been described and the Group concluded there is no material financial statement impact from climate change. Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted International Accounting Standards.

Our audit effort in considering climate change was focused on considering that the effects of material climate risks disclosed in the TCFD report on pages 90 to 96 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, this primarily being impairment assessments. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Revenue recognition including the risk of management override (2022 £908.3m, 2021 £773.0m). Refer to the Audit and Risk Committee Report (page 142); Accounting policies (page 186); and Note 3 of the Consolidated Financial Statements (page 195). Our assessment is that the revenue transactions, for retail and ecommerce revenue, are high volume low value, non complex, with no judgement applied over the amount recorded for the transactions. We consider there is a risk for overstatement of revenue through either the understatement of the returns provision or other manual top side journals processed by management throughout the year. Around year end there is a further risk in relation to revenue cut off. For wholesale we consider there is a risk for overstatement of revenue through understatement of judgemental provisions which are netted off this revenue stream namely for promotional agreements with distributors, returns and rebates. At year end there is a further risk in relation to revenue cut off. The above risk regarding manual top side journals is also applicable.	We performed full and specific scope audit procedures over this risk area in 14 locations, which covered 99.5% of Group reported revenue. Our procedures were designed to corroborate our assessment that revenue should be correlated closely to cash banked (for all three revenue streams) and to identify the manual adjustments that are made to revenue for further testing. Applicable to all channels; wholesale, ecommerce and retail: • We updated our understanding of the revenue processes and tested whether the Group's revenue recognition policy by channel is in line with the criteria set out in IFRS 15: Revenue from Contracts with Customers. For revenue in each full and specific scope audit location: • We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. • We used data analytics tools to perform a correlation analysis to identify those revenue journals for which the corresponding entry was not to cash. These entries included VAT, rebates, promotional agreements and returns obtaining corroborating evidence for such entries. • We also verified the underlying data driving our correlation analysis by tracing a sample of cash transactions, selected at random throughout the year, to bank statements to verify the cash entries represent real cash receipts. • We performed detailed substantive testing on the calculation of the returns provision to determine whether it was appropriate. We verified the appropriateness of provisions by analysing returns incurred post year-end to ensure that the returns provision is complete. We further also considered the uncertainty caused by the ongoing Covid-19 pandemic and supply chain delays on this provision. • We obtained a complete list of manual revenue transactions recognised in the year. We tested any material or unusual manual transactions by obtaining an explanation from appropriate management and corroborated these to third party supporting evidence. • We performed cut-off testing around year-end to ensure revenue is recognised in the correct period. Contract review for promotional agreement and rebates: • We tested whether revenue is recognised in accordance with the contract terms and conditions. • We tested the completeness of a sample of contracts by enquiring with finance and sales teams for any additional arrangements or amendments to terms, inspecting meeting minutes to identify if any additional contracts exist, and verifying that the contracts are in date and cover the financial statement period. • We performed detailed review and testing of a sample of the adjustments posted to revenue in relation to promotional agreements and settlement discount arrangements with customers.	Based on our audit procedures we concluded that revenue, and adjustments to revenue, are appropriately recognised and recorded.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Valuation of inventory Provision (Inventory as at 2022 £123.0m, Inventory provision of £3.1m Inventory as at 2021 £101.5m Inventory provision of £3.9m). **Refer to the Audit and Risk Committee Report (page 142); Accounting policies (page 191 and 194); and Note 14 of the Consolidated Financial Statements (page 205).** The Group sells an array of footwear options and is subject to changing consumer demands and fashion trends, increasing the level of judgement involved in estimating inventory provisions. Heightened demand following the recovery from COVID-19 in key territories increased the need for higher gross inventory than at the prior year end. Early 2022 supply chain issues increased sell through of obsolete stock leading to a reduced provision as a percentage of gross inventory. We consider both finished goods and raw materials as part of our risk area. Judgement is required to assess the appropriate level of provisioning for items that may be sold below cost or will be written off in the next 12 months. The judgement relates to management's expectations for future sales based on current forecasts, and its intentions with respect to alternative exit routes for inventory which attract different provisioning rates.	We performed full and specific scope audit procedures over this risk area in five locations plus EMEA, which covered 100% of Group inventory provision. We updated our understanding of the inventory provisioning process in each of the above locations assessing the conformity to Group policy. We also understood local provisions made outside of Group policy for appropriateness. Procedures: • We re-computed the provision calculations and inputs to check for completeness and accuracy; including testing inventory classification within the provision workings. • We challenged and validated the key assumptions applied by management in estimating the provision with particular focus on historic sell through data of aged/ provided for items in the prior year using data analytics. • We performed sensitivity analysis to assess the significance and risk of changed assumptions on the provision. This included consideration of the possible impact of macro-economic matters like impact to consumer spending and sell through rates. We performed enquiries across the business and observed the inventory counts with particular focus on verifying the obsolete inventory and aged inventory which had indicators that a provision may be required and we traced back into the provision. • We challenged and corroborated to supporting documentation any large releases from the provision to appropriate supporting documents. • We discussed the adequacy of the provision with management in each region, understood the ageing profile of inventory at year end and challenged the completeness of the provision in light the prevailing economic environment and post year-end utilisation. • We reviewed disclosures in the financial statements for appropriateness, including the presentation of any releases in the financial statements.	Based on our audit procedures we were satisfied with the judgements taken by management and that the resulting inventory provision is appropriate.

In the prior year, our auditor's report included a key audit matter in relation to the Initial Public Offering and related accounting within exceptional items which is not applicable to FY22.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £10.7 million (2021: £7.6 million), which is 5% (2021: 5%) of profit before tax. We believe that profit before tax provides us with a measure which aligns to the users of the financial statements given the focus on profit and results. In prior year we utilised adjusted profit before tax to as they key measure for users of the financial statements following the IPO in January 2021.

We determined materiality for the Parent Company to be £7.2 million (2021: £8.8million), which is 0.5% (2021: 0.5%) of total assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £5.3m (2021: £3.8m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £3.5m to £1.0m (2021: £3.5m to £0.6m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.5m (2021: £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 233 to 250, including Notice of Annual General Meeting 2022, Five-year financial summary (unaudited), First Half/Second Half Analysis, Glossary, Shareholder information and Company information, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 105;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 104 and 105;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 104 and 105;
- Directors' statement on fair, balanced and understandable set out on page 166;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 98;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 146; and;
- The section describing the work of the Audit and Risk Committee set out on page 138 – 146.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 166, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, Companies Act 2006, the UK Corporate Governance Code, and the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which Dr. Martens plc operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices. Given the onset of the conflict in the Ukraine prior to year-end, we considered the potential impact of the economic sanctions in relation to Russia had on Dr. Martens plc and concluded on the compliance with these new regulations.
- We understood how Dr. Martens plc is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Legal Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes, and papers provided to the Audit and Risk Committee and noted that there was no contradictory evidence. We also reviewed correspondence between the Group and various UK and overseas regulatory bodies.
- We considered performance targets and the market capitalisation of Dr. Martens plc and their influence on fraud risks. We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the entity, or that might otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement including complex transactions, performance targets, economic or external pressures and the impact that these have on the control environment. We considered the risk of fraud through management override of controls and, in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures also included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of Board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with regulations and enquiries of Legal Counsel and management. Where instances of fraud are identified we involve specialists as appropriate to assist our review of internal investigations completed by management. We additionally performed detailed testing of legal expenditure incurred in the period and noted that there was no contradictory evidence. We communicated relevant items from these procedures to the relevant component teams who performed sufficient and appropriate audit procedures on these areas, supplemented by audit procedures performed at the Group level.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address
- Following the recommendation from the Audit and Risk Committee we were reappointed by the Company on 1 June 2021 to audit the financial statements for the year ending 31 March 2022.

  We have been auditors of subsidiaries of the Group since the year ended 31 March 2005.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

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

Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
31 May 2022

Consolidated Statement of Profit or Loss
for the year ended 31 March 2022

	Notes	Total FY22 £m	Total FY21[1] £m
Revenue	3	**908.3**	773.0
Cost of sales		**(329.5)**	(302.5)
Gross profit		**578.8**	470.5
Selling and administrative expenses	4	**(349.5)**	(359.2)
Finance expense[2]	8	**(15.0)**	(41.6)
Profit before tax		**214.3**	69.7
EBITDA	3	**263.0**	222.9
Exceptional items	4	**-**	(80.5)
EBITDA (post exceptional items)		**263.0**	142.4
Depreciation, amortisation and foreign exchange gains	4	**(33.7)**	(31.1)
Finance expense[2]	8	**(15.0)**	(41.6)
Profit before tax		**214.3**	69.7
Tax expense	9	**(33.1)**	(35.0)
Profit for the year		**181.2**	34.7

	Notes	FY22	FY21[1]
Earnings per share			
Basic	10	**18.1p**	3.5p
Diluted	10	**18.1p**	3.5p
Adjusted[3] earnings per share			
Basic	10	**18.1p**	11.5p
Diluted	10	**18.1p**	11.5p
Underlying[4] earnings per share			
Basic	10	**17.4p**	14.4p
Diluted	10	**17.4p**	14.4p

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. See note 2.14 for further details.
2. Finance expense includes non-cash interest on preference shares of £nil (FY21: £28.5m) and on 28 January 2021 all preference shares were redeemed in full.
3. Adjusted earnings per share is calculated on adjusted profit after tax, being profit after tax before exceptional items.
4. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

The results for the years presented above are derived from continuing operations and are entirely attributable to the owners of the Parent Company.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022

	Notes	Total FY22 £m	Total FY21[1] £m
Profit for the year		**181.2**	34.7
Other comprehensive income/(expense)			
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		**4.3**	(7.4)
Cash flow hedges		**-**	(1.6)
		4.3	(9.0)
Total comprehensive income for the year		**185.5**	25.7

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. See note 2.14 for further details.

Consolidated Balance Sheet
for the year ended 31 March 2022

	Notes	Total FY22 £m	Total FY21[1] £m
Non-current assets			
Intangible assets	12	**262.1**	259.6
Property, plant and equipment	13	**38.3**	32.6
Right-of-use assets	13	**105.5**	77.4
Deferred tax assets	22	**9.6**	7.4
Pension fund surplus	29	**-**	-
		415.5	377.0
Current assets			
Inventories	14	**123.0**	101.5
Trade and other receivables	15	**85.6**	59.4
Income tax assets		**6.1**	-
Derivatives and other financial assets	20	**0.9**	0.3
Cash and cash equivalents	16	**228.0**	113.6
		443.6	274.8
Total assets		**859.1**	651.8
Current liabilities			
Trade and other payables	17	**(134.7)**	(133.0)
Borrowings – Lease liabilities	18	**(19.8)**	(18.2)
Derivatives and other financial liabilities	20	**(0.5)**	-
Income tax payable		**-**	(1.1)
		(155.0)	(152.3)
Non-current liabilities			
Borrowings – Bank[2]	18	**(280.9)**	(281.6)
Borrowings – Lease liabilities	18	**(93.1)**	(66.6)
Provisions	19	**(1.9)**	(1.6)
		(375.9)	(349.8)
Total liabilities		**(530.9)**	(502.1)
Net assets		**328.2**	149.7
Equity attributable to the owners of the Parent			
Share capital	23	**10.0**	10.0
Hedging reserve	24	**(0.1)**	(0.1)
Capital reserve – own shares	24	**-**	-
Capital redemption reserve	24	**-**	-
Merger reserve	24	**(1,400.0)**	(1,400.0)
Non-UK translation reserve	24	**7.0**	2.7
Retained earnings	24	**1,711.3**	1,537.1
Total equity		**328.2**	149.7

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. See note 2.14 for further details.
2. Included in bank debt is £4.7m (FY21: £5.9m) of unamortised bank fees.

The notes on pages 183 to 223 are an integral part of these financial statements.
The financial statements were approved and authorised by the Board of Directors and signed on its behalf by:

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2022

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2022

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

	Notes	Share capital £m	Hedging reserve £m	Capital reserve – own shares £m	Capital redemption reserve £m	Merger reserve £m	Non-UK translation reserve £m	Retained earnings[1,2] £m	Total equity[1] £m
At 1 April 2020		**-**	**1.5**	**-**	**(165.8)**	**-**	**10.1**	**224.7**	**70.5**
Comprehensive income									
Profit for the year[1]		-	-	-	-	-	-	34.7	34.7
Other comprehensive expense		-	(1.6)	-	-	-	(7.4)	-	(9.0)
Total comprehensive income for the year[1]		-	(1.6)	-	-	-	(7.4)	34.7	25.7
Own shares and other equity transactions		-	-	(0.9)	-	-	-	1.2	0.3
Share issues during the period		-	-	0.3	-	-	-	3.6	3.9
Own shares sold in the year		-	-	0.6	-	-	-	37.2	37.8
Shares issued	23	-	-	-	-	-	-	-	-
Share for share exchange	23	1,400.0	-	-	-	(1,400.0)	-	-	-
Capital reduction	23	(1,390.0)	-	-	-	-	-	1,390.0	-
Capital redemption reserve distributions	23	-	-	-	165.8	-	-	(165.8)	-
Share-based payments	26	-	-	-	-	-	-	11.5	11.5
At 31 March 2021[1]		**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	23	-	-	-	-	-	-	-	-
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**

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. See note 2.14 for further details.
2. Included within retained earnings Dr. Martens plc (the Company) has distributable reserves of £1,389.8m (FY21: £1,385.0m).

The notes on pages 183 to 223 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

	Notes	Total FY22 £m	Total FY21[1] £m
Profit after taxation		**181.2**	34.7
Add back: income tax expense		**33.1**	35.0
Add back: finance expense		**15.0**	41.6
Add back: depreciation and amortisation		**36.9**	34.9
Add back: net foreign exchange rate gains		**(3.2)**	(3.8)
Add back: share-based payments	25,26	**5.2**	11.5
Add back: restricted cash		**-**	4.2
Increase in inventories		**(18.3)**	(18.1)
(Increase)/decrease in trade and other receivables		**(23.3)**	0.8
(Decrease)/increase in trade and other payables		**(1.0)**	51.2
Change in working capital		**(42.6)**	33.9
Cash flows from operating activities			
Cash generated from operations		**225.6**	192.0
Taxation paid		**(41.2)**	(33.1)
Cash generated from operating activities		**184.4**	158.9
Cash flows from investing activities			
Additions to intangible assets	12	**(9.5)**	(6.9)
Additions to property, plant and equipment	13	**(15.5)**	(10.4)
Cash used in investing activities		**(25.0)**	(17.3)
Cash flows from financing activities			
Finance expense[2]		**(10.8)**	(12.8)
Payment of lease liabilities	28	**(24.0)**	(23.8)
Dividends paid	11	**(12.2)**	-
Proceeds from new bank borrowings	18	**-**	300.0
Net bank borrowings and facility repayments	18	**-**	(92.7)
Preference share repayments	18	**-**	(341.4)
Sale of shares from EBT		**-**	37.8
Cash used in financing activities		**(47.0)**	(132.9)
Net increase in cash and cash equivalents		**112.4**	8.7
Cash and cash equivalents at beginning of year		**113.6**	117.2
Effect of exchange on cash held		**2.0**	(12.3)
Cash and cash equivalents at end of year	16	**228.0**	113.6

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. See note 2.14 for further details.
2. Included in finance expense in FY21 are fees paid of £5.4m in relation to the new financing arrangements of £300.0m.

The notes on pages 183 to 223 are an integral part of these financial statements.

Consolidated Non-GAAP Statement of Cash Flows
for the year ended 31 March 2022

	Notes	**Total FY22 £m**	Total FY21[1] £m
EBITDA[2]	3	**263.0**	222.9
Change in net working capital		**(35.1)**	27.8
Share-based payments		**5.2**	0.7
Capital expenditure		**(25.0)**	(17.3)
Operating cash flow[2]		**208.1**	234.1
Net interest paid		**(10.8)**	(7.4)
Payment of lease liabilities	28	**(24.0)**	(23.8)
Taxation		**(41.2)**	(33.1)
Free cash flow[2] before exceptional items		**132.1**	169.8
Proceeds from new bank borrowings	18	**-**	300.0
Exceptional items[3]	4	**(7.5)**	(27.0)
Preference shares redemption	18	**-**	(341.4)
Net bank borrowings and facility repayments	18	**-**	(92.7)
Dividends paid	11	**(12.2)**	-
Net cash flow		**112.4**	8.7
Opening cash	16	**113.6**	117.2
Net cash foreign exchange		**2.0**	(12.3)
Closing cash	16	**228.0**	113.6

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. See note 2.14 for further details.
2. Alternative Performance Measures as defined in the Glossary on pages 247 and 248.
3. 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 incorporated in England and Wales under the Companies Act 2006. 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. The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for derivative financial instruments 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.

The Group reviewed its key metrics during the year and determined that operating profit did not meet the definition of a key metric and references to this have been removed from the financial statements.

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 2023 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 2022 and 31 March 2021. 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 and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

2. Accounting policies continued

2.2 Basis of consolidation continued

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.

In the prior year, the Company acquired the entire shareholding of Doc Topco Limited by way of a share for share exchange. The insertion of the Company on top of the existing Doc Topco Limited group does not constitute a business combination under IFRS 3 'Business Combinations' and instead has been accounted for as a common control transaction. Merger accounting has been used to account for this transaction.

2.3 Adoption of new and revised standards

The Group has applied the following standards, amendments and interpretations for the first time for the annual reporting period commencing 1 April 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7).
- Amendments to IFRS 16 Leasing – Covid-19 related rent concessions.
- An IFRS Interpretations Committee (IFRIC) agenda decision from March 2021 clarifying how configuration or customisation costs in a cloud computing arrangement (Software-as-a-Service (SaaS)), should be accounted for.

For information on the restatement as a result of the IFRIC agenda decision from March 2021 refer to note 2.14. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet applied

At the date of authorisation of these financial statements, there were no standards and interpretations relevant to the Group that are in issue but not yet effective. Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the Group's consolidated financial statements.

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 2023 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's funding arrangements at 31 March 2022 with cash of £228.0m, term loan of £285.6m as well as available undrawn facilities of £189.5m. A bullet debt repayment of the term loan of £285.6m not due until February 2026.

The year saw a slow recovery from Covid-19 as demand rebounded in our core markets as they emerged from lockdowns and restrictions and as we begin to learn to live with Covid-19. Despite a wide variety of localised restrictions negatively impacting trading on a country by country basis, a recovery trajectory has been clear. The principal impact of Covid in the year was on supply and specifically on manufacturing (as experienced with three factories being closed for circa three months in south Vietnam during summer 2021) and significantly extended lead times from factory to our DCs, particularly lead times to USA nearly doubling to 90-95 days. More recently we have seen a slow improvement in lead times and, coupled with a high vaccination rate across our factories, we anticipate it unlikely we will experience a repeat of FY22 country-wide lockdown. Continued recovery is reliant upon economies normalising, following vaccination success in our core markets and learning to live with Covid-19.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the financial year to March 2022, including the impact of Covid-19 on profitability, cash flow and covenant compliance.

2. Accounting policies continued

2.5 Going concern continued

The Directors remain vigilant and continue to monitor the effects of Covid-19 and supply chain challenges in all our core markets (across ecommerce, retail and wholesale channels) and economic and political instability and will react appropriately to further developments and associated risks. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts from pre Covid-19 trading.

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 104 and 105 with no planned cost or working capital mitigation (including the payment of dividends).

The base case assumes the Group continues to trade with no restrictions in core markets and trade continues to build in line with the DOCS growth strategy.

Given the backdrop of continued global economic uncertainty the current geopolitical landscape and increasing inflation, the risks for modelling purposes in the severe but plausible downside scenario included a large website down during our peak period, factory closures for 3 months in one key production geographic and unexpected increases in costs and inflation arising from global events. These risks will impact on the 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 mitigation actions (including the dividend payments). The impact was represented by revenue growth being 33pts 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 pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, reducing purchases in line with reduced sales, and delay/cancellation of IT related capex and reduced future dividend payments. In addition, if inflation expectations are high, we expect to increase prices to offset higher input costs. A more extreme downside scenario is not considered plausible.

To date we have had minimal experience of bad debts or lower margin. Whilst we have experienced manufacturing constraints through summer 2021 (with 3 factories in south Vietnam closed for 3 months) and extended lead times for logistics from Asia to USA, our plans assume the extended lead times are broadly maintained until H2 (when they slowly improve) with factories more likely to not experience country-wide, long-term lockdowns, but due to high vaccination status, more likely periods of sub optimal operations/closures for a few days with positive tests isolated but broadly continued operations.

In addition, a reverse stress test has been modelled to determine what could break covenant compliance estimates and liquidity before any 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 FY23. Under the covenant breach test it is concluded that the business could weather extreme growth reductions against the base case without mitigation, -38pts of revenue growth in FY23 before covenants are breached. Similarly, the business would have to experience -65pts revenue growth reduction in FY23 before zero cash headroom is reached, which would be below our pre-Covid-19 numbers (FY20). Under both tests modelled, there were no mitigating actions (including dividend payments) modelled and the resulting revenues calculated and likelihood of occurring have been considered. The Directors have assessed the likelihood of occurrence to be remote.

The Directors will continue to monitor the effects of Covid-19 and inflation on our Group and the economies of the countries the Group operates and plan to maintain maximum flexibility to react on a market by market basis, taking into consideration the various national and local government regulations and policies as events unfold.

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 Employee Benefit Trust (EBT)

Under accounting standard IFRS 10 Consolidated Financial Statements, control for accounting purposes has a different test threshold than under a legal basis. The Group operated an EBT for the benefit of its employees in the prior year. The Trust was dissolved on 1 July 2021.

2. Accounting policies continued

2.8 Revenue

The Group's revenue arises from the sale of products to customers. Contracts with customers generally have one performance obligation. The Group has concluded that the revenue from the sale of products 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.

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.

Provisions for returned goods are calculated based on future expected levels of returns for each channel, assessed across a variety of factors such as historical trends, economic factors and other measures. The Group performed the five-step model on each of these elements, 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:

- retail revenue;
- ecommerce revenue, including delivery charge income; and
- wholesale revenue.

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. Prior to FY22 the refund liability was netted against trade debtors due to its immaterial nature. This is now presented within accruals in line with IFRS 15.

Rebates
Under IFRS 15, rebates give rise to variable consideration. To estimate this the Group applies the 'most likely amount' method.

2.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as an expense on a systematic basis over the periods of the related costs and for which it is intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

During the year, the Group received government grants of £nil (2021: £1.9m) of which £nil (2021: £nil) related to the UK. In the prior year, the Group received and subsequently repaid the UK furlough monies of £1.3m. The repayment is presented net of the grants received.

2.10 Finance expenses

Finance expenses consist of interest payable on various forms of debt and are recognised in the Statement of Profit or Loss under the effective interest rate method.

2.11 Exceptional items

Exceptional items consist of material non-recurring items and items arising outside of the normal trading of the Group.

2. Accounting policies continued

2.12 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.

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.

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. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

2.13 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.

2.14 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 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.

Software

Software is carried at cost less accumulated amortisation and any provision for impairment. Cost includes the original purchase price of the asset and the development costs incurred attributable to bringing the asset to its working condition for intended use. Additional costs in relation to the software are capitalised only so far as they fulfil the criteria of being separable intangible assets. These assets are considered to have finite useful lives and are amortised on a straight-line basis over the expected useful economic life of each of the assets, which is considered to be three to seven years. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Change in accounting policy – intangible assets

In March 2021 the IFRS Interpretations Committee (IFRIC) announced an agenda decision on configuration and customisation costs in a cloud computing arrangement and as a result the Group has changed its accounting policy relating to software intangible assets. Specifically, this relates to where a cloud computing arrangement represents access to software as a service (SaaS). Historically, the Group has capitalised all customisation and configuration costs relating to SaaS arrangements. In line with the new guidance, where a SaaS arrangement is present, configuration and customisation costs will only be capitalised if they meet recognition criteria for intangible assets separately. If they do not, and they are distinct from the SaaS (typically provided by a third party), these costs are expensed as incurred. If they are not distinct from the SaaS (typically provided by the software provider), these are recognised as prepayments and expensed over the SaaS contract.

This change in accounting policy resulted in reductions to intangible assets of £1.5m and £1.2m as at 31 March 2022 and 2021 respectively and an increase in operating expenses of £0.7m and £1.3m in those respective years. The tables on the following page show the impact of this change. Relevant comparatives in the financial statements and notes to the financial statements have also been restated. This change in accounting policy had £nil impact on cash.

The change in accounting policy had no impact on the opening balance sheet as at 1 April 2020, and as such no opening balance sheet has been presented.

2. Accounting policies continued

2.14 Intangible assets continued

Impact on Consolidated Statement of Profit or Loss of restatement

	FY21 £m	Change in accounting policy £m	FY21 (restated) £m
Revenue	773.0	–	773.0
Cost of sales	(302.5)	–	(302.5)
Gross profit	470.5	–	470.5
Selling and administrative expenses	(358.0)	(1.2)	(359.2)
Finance expense	(41.6)	–	(41.6)
Profit before tax	70.9	(1.2)	69.7
EBITDA	224.2	(1.3)	222.9
Exceptional items	(80.5)	–	(80.5)
EBITDA (post exceptional items)	143.7	(1.3)	142.4
Depreciation, amortisation and foreign exchange (losses)/gains	(31.2)	0.1	(31.1)
Finance expense	(41.6)	–	(41.6)
Profit before tax	70.9	(1.2)	69.7
Tax expense	(35.2)	0.2	(35.0)
Profit for the year	35.7	(1.0)	34.7

Impact on Earnings Per Share

	FY21	Change in accounting policy	FY21 (restated)
Earnings per share			
Basic	3.6p	(0.1p)	3.5p
Diluted	3.6p	(0.1p)	3.5p
Adjusted earnings per share			
Basic	11.6p	(0.1p)	11.5p
Diluted	11.6p	(0.1p)	11.5p
Underlying earnings per share			
Basic	14.5p	(0.1p)	14.4p
Diluted	14.5p	(0.1p)	14.4p

2. Accounting policies continued

2.14 Intangible assets continued

Impact on Consolidated Balance Sheet of restatement

	FY21 £m	Change in accounting policy £m	FY21 (restated) £m
Non-current assets			
Intangible assets	260.8	(1.2)	259.6
Property, plant and equipment	32.6	-	32.6
Right-of-use assets	77.4	-	77.4
Deferred tax assets	7.2	0.2	7.4
Pension fund surplus	-	-	-
	378.0	(1.0)	377.0
Current assets			
Inventories	101.5	-	101.5
Trade and other receivables	59.4	-	59.4
Income tax assets	-	-	-
Derivatives and other financial assets	0.3	-	0.3
Cash and cash equivalents	113.6	-	113.6
	274.8	-	274.8
Total assets	652.8	(1.0)	651.8
Current liabilities			
Trade and other payables	(133.0)	-	(133.0)
Borrowings – Bank	-	-	-
Borrowings – Lease liabilities	(18.2)	-	(18.2)
Provisions	-	-	-
Derivatives and other financial liabilities	-	-	-
Income tax payable	(1.1)	-	(1.1)
	(152.3)	-	(152.3)
Non-current liabilities			
Trade and other payables	-	-	-
Borrowings – Bank	(281.6)	-	(281.6)
Borrowings – Redeemable preference shares	-	-	-
Borrowings – Lease liabilities	(66.6)	-	(66.6)
Provisions	(1.6)	-	(1.6)
	(349.8)	-	(349.8)
Total liabilities	(502.1)	-	(502.1)
Net assets	150.7	(1.0)	149.7
Equity attributable to the owners of the Parent			
Share capital	10.0	-	10.0
Hedging reserve	(0.1)	-	(0.1)
Capital reserve – own shares	-	-	-
Capital redemption reserve	-	-	-
Merger reserve	(1,400.0)	-	(1,400.0)
Non-UK translation reserve	2.7	-	2.7
Retained earnings	1,538.1	(1.0)	1,537.1
Total equity	150.7	(1.0)	149.7

2. Accounting policies continued

2.14 Intangible assets continued

Impact on Consolidated Statement of Cash Flows of restatement

	FY21 £m	Change in accounting policy £m	FY21 (restated) £m
Cash generated from operating activities	160.2	(1.3)	158.9
Cash used in investing activities	(18.6)	1.3	(17.3)
Cash used in financing activities	(132.9)	–	(132.9)

2.15 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.
- Leasehold land and buildings — 2% straight line method or over the life of the lease.
- Plant and machinery — 15% straight line method.
- Office and computer equipment — 20% and 33% straight line method.

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.

2.16 Impairment

The carrying amounts of the Group's 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.

2.17 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 discount rate applied varies 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:

- Leasehold buildings – 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.

2.17 Lease accounting continued

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 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, 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.

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.

iv) Covid-19-related rent concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – Amendment to IFRS 16 Leases. The amendments provide an optional relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The Group has elected to apply the practical expedient which allows for any qualifying change in lease payments resulting from the Covid-19-related rent concession to be treated the same way it would account for the change under IFRS 16 if the change were not a lease modification. During the year ended 31 March 2022, the Group received £nil (2021: £0.7m) of rent concessions from landlords, which have been offset against operating expenses.

2.18 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.

2.19 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.

2.20 Financial assets

Trade and other receivables

Trade receivables are classified 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 FVPL. The most significant financial assets of the Group are its trade receivables, which are referred to as 'customer and other 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 comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents includes debit and credit card payments made by customers which are receivable from banks and cleared the bank.

2. Accounting policies continued

2.21 Financial liabilities

The Company classifies all of its non-derivative financial liabilities as liabilities at amortised cost.

Initial recognition

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Details of the Group's equity are included in note 23.

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.

2.22 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.

2.23 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 (FY21: £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. No asset is recognised in the Balance Sheet in respect of defined benefit pension plans due to the uncertainty over future obligations. 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. Accounting policies continued

2.24 Derivative financial instruments and hedging activities

The Group uses foreign 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.

Assets and liabilities held at fair value are categorised into levels that have been defined 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). The fair value of hedges 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 relevant factors, including trade price quotations, time value and volatility factors and dealer quotations for similar currencies traded in different markets and geographical areas, existing at the end of the reporting period; and inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Derivative financial instruments consist of foreign exchange forward contracts, which are categorised within Level 2.

Trading derivatives are classified as a current asset or liability. 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 hedged item 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.

2.25 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 notes 25 and 26.

2.26 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.

2.27 Capital reserve – own shares

Dr. Martens plc shares held by the Company's two SIP Trusts are classified in shareholders' equity as 'Capital reserve – own shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

2.28 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 247 and 248 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.

2.29 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

2.29 Significant judgements and estimates continued

Key judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Provisions for expected credit losses of trade receivables

Expected credit losses are calculated based on a combination of factors, including the ageing of the receivable balances, historical experience of groupings of customer segments that have similar loss patterns, current credit status of the customer and forward-looking information such as current economic conditions.

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.

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

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 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 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 (see notes 9 and 22).

Key sources of estimation uncertainty and assumptions

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amount of assets and liabilities recognised at the Balance Sheet date:

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.

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.

2. Accounting policies continued

2.29 Significant judgements and estimates continued

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. 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, the principal UK trading subsidiary of Dr. Martens plc, with revenue from wholesale and export customers, Americas revenue is fully attributable to the USA including export revenue to certain South America markets, and APAC revenue is mainly attributable to Japan, Australia, China and South Korea.

	FY22 £m	FY21 £m
Revenue by geographical market		
EMEA	**398.5**	335.6
Americas	**382.7**	295.8
APAC	**127.1**	141.6
Total revenue	**908.3**	773.0

	Notes	FY22 £m	FY21[1] £m
EBITDA by geographical market			
EMEA		**143.8**	115.3
Americas		**120.0**	91.9
APAC		**32.6**	39.7
Support costs		**(33.4)**	(24.0)
EBITDA		**263.0**	222.9
Exceptional items	4	**-**	(80.5)
EBITDA (post exceptional items)		**263.0**	142.4
Depreciation and amortisation		**(14.4)**	(13.4)
Depreciation of right-of-use assets[2]		**(22.5)**	(21.5)
Foreign exchange gains		**3.2**	3.8
Depreciation, amortisation and foreign exchange gains		**(33.7)**	(31.1)
Finance expense	8	**(15.0)**	(41.6)
Profit before tax		**214.3**	69.7

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. See note 2.14 for further details.
2. Includes impairment charge of £0.2m in relation to one store we decided to exercise a break clause to relocate to a better location recognised on property, plant and equipment (see note 13). In the prior year, an impairment charge of £1.1m was recognised on right-of-use assets in relation to two stores.

	FY22 £m	FY21 £m
Revenue by channel		
Ecommerce	**262.4**	235.4
Retail	**185.6**	99.7
Total DTC revenue	**448.0**	335.1
Wholesale	**460.3**	437.9
Total revenue	**908.3**	773.0

3. Segmental analysis continued

	FY22 £m	FY21[1] £m
Non-current assets		
EMEA[2]	**107.9**	84.3
Americas	**46.1**	34.6
APAC	**11.2**	10.0
Goodwill	**240.7**	240.7
Deferred tax	**9.6**	7.4
Total non-current assets	**415.5**	377.0

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. See note 2.14 for further details.
2. Included in the EMEA non-current assets is £60.6m (FY21: £52.0m) in relation to the UK market.

4. Expenses analysis

Profit before tax is stated after charging:

	Notes	FY22 £m	FY21[1] £m
Selling and administrative expenses			
Staff costs	6	**132.6**	109.6
Operating costs		**183.2**	138.0
		315.8	247.6
Amortisation	12	**4.7**	4.4
Depreciation[2]	13	**9.7**	9.0
Depreciation of right-of-use assets	13	**22.5**	21.5
Foreign exchange gains		**(3.2)**	(3.8)
Depreciation, amortisation & foreign exchange gains		**33.7**	31.1
Exceptional items		**-**	80.5
		33.7	111.6
Total selling and administrative expenses		**349.5**	359.2

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. See note 2.14 for further details.
2. Depreciation includes impairment of property, plant and equipment of £0.2m (FY21: £nil). See note 13 for further details.

There were no exceptional costs in the current year. In the prior year exceptional costs of £80.5m all related to the IPO which took place on 29 January 2021. The main cost was in relation to an all employee 'IPO bonus' of £49.1m which was in part funded by shares held by the EBT (and sold at IPO date) and also cash held by the EBT totalling £42.0m. Also included within this charge (of £49.1m) was an employer's national insurance charge in relation to the cash payment of £7.1m. In addition, the Group incurred an IFRS 2 share-based payment charge in relation to the IPO of £10.8m (which was non-cash and further described in note 7). The balance of £20.6m was advisory fees.

5. Auditor's remuneration

	FY22 £m	FY21 £m
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**0.6**	0.5
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries	**0.8**	0.6
Other services – interim review	**0.1**	0.1
	1.5	1.2
Fees payable to the Company's auditor for other services:		
Other services – exceptional items related to the IPO	**-**	2.4
	1.5	3.6

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	
	2022 No.	2021 No.	2022 No.	2021 No.
EMEA	**810**	703	**1,359**	1,125
Americas	**547**	446	**662**	575
APAC	**412**	356	**471**	382
Global support functions	**460**	392	**431**	351
	2,229	1,897	**2,923**	2,433

1. FTE (Full Time Equivalent) is calculated by dividing the employee's contracted hours by the Company's standard full time contact hours.
2. Average is the average actual employees of the Group during the year.

The aggregate payroll costs were as follows:

	Notes	FY22 £m	FY21 £m
Wages and salaries		**106.8**	94.1
Social security costs		**10.8**	8.0
LTIPs – Share-based payments		**5.2**	0.7
Pension costs		**6.0**	5.8
Other post-employment benefits		**3.8**	1.0
		132.6	109.6
Exceptionals:			
IPO bonus for all employees		**-**	49.1
IFRS 2 accounting (non-cash)	7	**-**	10.8
		132.6	169.5

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7. Directors' remuneration

The remuneration of Directors of the Company is set out below:

	FY22 £m	FY21[1] £m
Salaries and benefits	**2.6**	2.5
Pension costs	**0.1**	0.1
	2.7	2.6
Exceptionals:		
IFRS 2 (non-cash)[2]	**-**	10.8
	2.7	13.4

1. The Group listed on the London Stock Exchange on 29 January 2021. Prior to admission it was a private company which operated a customary private equity remuneration model and post listing a 'listed' Remuneration Policy and practice were implemented. The Remuneration Policy post 29 January 2021 (and currently applicable) is fully described in the Remuneration report on pages 150 to 161.
2. In relation to the period prior to admission and under a private equity remuneration structure the Company operated an EBT to warehouse shares for the benefit of employees. On admission the shares in the EBT were sold (as described on page 185 of the Prospectus) and in recognition of the contribution made by all employees of the Group to the success and continuing progress made by the business, and conditional on admission, the EBT distributed the net proceeds of shares it held together with cash that it held to make a cash payment to each employee of the Group. As part of this, following legal advice, immediately prior to admission, shares were transferred to the Executive Directors and, following accounting rules, these shares fell under IFRS 2 accounting requirements resulting in a non-cash accounting charge of £10.8m which, being in relation to the transaction, was charged to exceptional items in FY21.

The remuneration of the highest paid Director was:

	FY22 £m	FY21[1] £m
Salaries and benefits	**1.3**	1.3
Pension costs	**-**	–
	1.3	1.3
Exceptionals:		
IFRS 2 (non-cash)[2]	**-**	6.2
	1.3	7.5

1. Refer to note 1 above.
2. Refer to note 2 above.

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 (FY21: £nil). Further details on Directors' remuneration can be found in the Remuneration report on pages 150 to 161.

8. Finance expense

	FY22 £m	FY21 £m
Bank debt – net[1]	**10.3**	6.5
Preference interest (non-cash)	**-**	28.5
Interest on lease liabilities	**3.5**	3.7
Amortisation loan issue costs – New funding (non-cash)	**1.2**	0.2
Amortisation loan issue costs – Old funding (non-cash)	**-**	2.7
Total financing expense	**15.0**	41.6

1. Finance expense includes £10.3m (FY21: £6.5m) of bank debt costs. Interest paid in the period was £10.8m (FY21: £7.4m), with the difference of £0.5m (FY21: £0.9m) relating to movements in the bank interest and finance charges payable.

9. Taxation

	FY22 £m	FY21[1] £m
Current tax		
Current tax on UK profit for the year	**40.0**	29.6
Adjustment in respect of prior years[2]	**(8.8)**	(1.0)
Current tax on overseas profits for the year	**4.3**	6.4
	35.5	35.0
Deferred tax		
Origination and reversal of temporary differences	**(2.5)**	(1.2)
Adjustment in respect of prior years	**0.1**	1.2
	(2.4)	-
Total tax expense in the Consolidated Statement of Profit or Loss	**33.1**	35.0
Other Comprehensive Income		
Tax in relation to unexercised share options	**-**	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**33.1**	35.0

	FY22 £m	FY21[1] £m
Factors affecting the tax expense for the year:		
Profit before tax	**214.3**	69.7
Profit before tax multiplied by standard rate of UK corporation tax of 19% (FY21: 19%)	**40.7**	13.2
Effects of:		
Non-deductible expenses	**-**	21.3
Temporary differences not provided for	**-**	(0.2)
Effect of change in tax rate	**0.1**	(0.2)
Share-based payments	**0.2**	-
Non-UK tax	**1.0**	1.4
Intangibles capitalised allowable for tax purposes	**-**	(0.6)
Other adjustments	**(0.2)**	(0.1)
Before prior year adjustments	**41.8**	34.8
Adjustments in respect of prior years	**(8.7)**	0.2
Total tax expense in the Consolidated Statement of Profit or Loss	**33.1**	35.0
Tax in relation to unexercised share options	**-**	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**33.1**	35.0
Effective tax rate		
- Before prior year adjustments	**19.5%**	49.9%
- After prior year adjustments	**15.4%**	50.2%

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. See note 2.14 for further details.
2. The adjustment in respect of the prior year is mainly in relation to bonus payments paid to all staff following the IPO which were treated as non-deductible. However, following a similar tax case and subsequent tax counsel advice we have taken a deduction.

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.

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.

	Notes	FY22 £m	FY21[1] £m
Profit after tax		181.2	34.7
Exceptional items	4	-	80.5
Adjusted[2] profit after tax		**181.2**	115.2

	FY22 No.	FY21 No.
Weighted average number of shares for calculating basic earnings per share (millions)	1,000.1	1,000.0
Potentially dilutive share awards (millions)	2.8	0.4
Weighted average number of shares for calculating diluted earnings per share (millions)	1,002.9	1,000.4

	FY22	FY21[1]
Earnings per share		
Basic earnings per share	18.1p	3.5p
Diluted earnings per share	18.1p	3.5p
Adjusted[2] earnings per share		
Adjusted[2] basic earnings per share	18.1p	11.5p
Adjusted[2] diluted earnings per share	18.1p	11.5p
Underlying[3] earnings per share		
Underlying[3] basic earnings per share	17.4p	14.4p
Underlying[3] diluted earnings per share	17.4p	14.4p

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. See note 2.14 for further details.
2. Adjusted earnings per share is calculated on adjusted profit after tax, being profit after tax before exceptional items.
3. Underlying earnings per share is calculated as earnings before taking into account exceptional items, preference share interest and prior year tax deduction.

11. Dividends

	FY22 £m	FY21 £m
Equity dividends on ordinary shares declared and paid during the year:		
Interim dividend for FY22: 1.22p (FY21: nil)	12.2	-
Total dividends declared and paid during the year	12.2	-
Proposed for approval by shareholders at the AGM		
(not recognised as a liability at 31 March 2022 or 31 March 2021)		
Final dividend for FY22: 4.28p (FY21: nil)	42.8	-
Total interim and final dividend relating to FY22	55.0	-
Dividend as a % of earnings	30.4%	-
Dividend per share		
Total dividend per share relating to FY22 (pence)	5.50	-

11. Dividends continued

The Board has approved and the Company has proposed a final dividend of 4.28p. As previously guided the Board has adopted a progressive 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 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 14 July 2022, the dividends will be paid to shareholders on the register at 10 June 2022 with payment on 19 July 2022.

12. Intangible fixed assets

	Software[1] £m	Goodwill £m	Total[1] £m
Cost			
At 1 April 2020	**25.2**	**240.7**	**265.9**
Additions[1]	6.9	-	6.9
Disposals	(0.9)	-	(0.9)
Reclassifications to tangible fixed assets	0.3	-	0.3
Foreign exchange	(0.5)	-	(0.5)
At 31 March 2021[1]	**31.0**	**240.7**	**271.7**
Additions	9.5	-	9.5
Disposals	(0.2)	-	(0.2)
Reclassifications to right-of-use assets[2]	(2.2)	-	(2.2)
Other intangible assets reclassification	1.9	-	1.9
Foreign exchange	-	-	-
At 31 March 2022	**40.0**	**240.7**	**280.7**
Accumulated amortisation			
At 1 April 2020	**8.7**	**-**	**8.7**
Charge for the year[1]	4.4	-	4.4
Disposals	(0.9)	-	(0.9)
Reclassifications to tangible fixed assets	0.2	-	0.2
Foreign exchange	(0.3)	-	(0.3)
At 31 March 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
Foreign exchange	0.1	-	0.1
At 31 March 2022	**18.6**	**-**	**18.6**
Net book value			
At 31 March 2022	**21.4**	**240.7**	**262.1**
At 31 March 2021[1]	18.9	240.7	259.6

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. See note 2.14 for further details.
2. Relates to a reclassification of assets to right-of-use assets in relation to key money.

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 value-in-use calculations which requires the use of assumptions. The calculations use cash flow forecasts based on financial budgets approved by management 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.

12. Intangible fixed assets continued

The aggregate carrying amount of goodwill allocated to each CGU was as follows:

	FY22 £m	FY21 £m
EMEA	**66.6**	66.6
Americas	**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 (FY21: £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 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 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 approximately 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.

Long-term growth rates

To forecast beyond the detailed cash flows into perpetuity, a long-term average growth rate has been used. In each case rates of between 1.8% and 3.4% have been used, 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 for any CGU to exceed its recoverable amount.

13. Property, plant and equipment

	Freehold property £m	Leasehold improvements £m	Plant and machinery £m	Office equipment £m	Motor vehicles £m	Total £m
Cost or valuation						
At 1 April 2020	6.9	43.6	3.5	5.2	0.1	59.3
Additions	0.4	7.9	0.7	1.4	-	10.4
Disposals[1]	-	(0.5)	-	(0.9)	-	(1.4)
Reclassifications between asset class	-	(0.5)	-	0.5	-	-
Reclassifications to intangible fixed assets	-	(0.3)	-	-	-	(0.3)
Foreign exchange	(0.5)	(2.6)	-	(0.1)	-	(3.2)
At 31 March 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)
Reclassifications between asset class	-	-	-	-	-	-
Reclassifications to intangible fixed assets	-	-	-	-	-	-
Foreign exchange	0.2	0.1	-	-	-	0.3
At 31 March 2022	**6.5**	**60.0**	**4.6**	**8.3**	**0.1**	**79.5**
Depreciation and impairment						
At 1 April 2020	**0.9**	**20.4**	**1.6**	**3.6**	**0.1**	**26.6**
Charge for the year	0.1	7.0	0.7	1.2	-	9.0
Eliminated on disposal[1]	-	(0.5)	-	(0.9)	-	(1.4)
Reclassifications between asset class	-	(0.4)	-	0.4	-	-
Reclassifications to intangible fixed assets	-	(0.2)	-	-	-	(0.2)
Foreign exchange	(0.3)	(1.4)	-	(0.1)	-	(1.8)
At 31 March 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[2]	-	0.2	-	-	-	0.2
Eliminated on disposal	(0.5)	(0.5)	-	(0.1)	-	(1.1)
Reclassifications between asset class	-	-	-	-	-	-
Reclassifications to intangible fixed assets	-	-	-	-	-	-
Foreign exchange	0.1	0.3	-	-	-	0.4
At 31 March 2022	**0.4**	**31.9**	**3.2**	**5.6**	**0.1**	**41.2**
Net book value						
At 31 March 2022	**6.1**	**28.1**	**1.4**	**2.7**	**-**	**38.3**
At 31 March 2021	6.1	22.7	1.9	1.9	-	32.6

1. The Group carried out a physical verification of assets during FY21 and identified assets with a total net book value that were no longer in physical existence but remained on the assets register. These assets were therefore written off during the period to £nil net book value.
2. During the year, impairment charges of £0.2m were recognised in leasehold improvements due to a decision to exercise a break clause and relocate this store to a better location.

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:

	Leasehold £m
Cost or valuation	
At 1 April 2020	**99.9**
Additions	**23.0**
Modification of leases[1]	**(2.2)**
Foreign exchange	**(3.9)**
At 31 March 2021	**116.8**
Additions	**41.9**
Modification of leases[1]	**5.9**
Reclassifications from intangible fixed assets	**2.2**
Disposals	**(8.4)**
Foreign exchange	**1.1**
At 31 March 2022	**159.5**
Depreciation and impairment	
At 1 April 2020	**17.9**
Charge for the year	**20.4**
Impairment[2]	**1.1**
At 31 March 2021	**39.4**
Charge for the year	**22.5**
Disposals	**(8.4)**
Foreign exchange	**0.5**
At 31 March 2022	**54.0**
Net book value	
At 31 March 2022	**105.5**
At 31 March 2021	**77.4**

1. Lease modifications in the year relate to measurement adjustments for rent reviews and stores that have exercised lease breaks.
2. In the prior year impairment charges of £1.1m were recognised on right-of-use assets.

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.

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 9% for all periods. 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.

13. Property, plant and equipment continued

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 2022/23 represents sources of significant estimation uncertainty. The projections for future years include conservative retail revenue recovery and build in sensitivity of lower revenue recovery profiles compared to expected GDP rates on a regional basis (in line with CGUs). 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

	FY22 £m	FY21 £m
Raw materials	**1.2**	1.3
Finished goods	**121.8**	100.2
Inventories net of provisions	**123.0**	101.5
Inventory provision	**3.1**	3.9
Inventory written off to Consolidated Statement of Profit or Loss	**0.8**	1.5

15. Trade and other receivables

	FY22 £m	FY21 £m
Trade receivables	**76.6**	52.0
Less: allowance for expected credit losses	**(0.7)**	(1.3)
Trade receivables – net	**75.9**	50.7
Other receivables	**5.6**	5.3
	81.5	56.0
Prepayments and accrued income	**4.1**	3.4
	85.6	59.4

All trade and other receivables are expected to be recovered within 12 months of the year-end date. The fair value of trade and other receivables is the same as the carrying values shown above. 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, mortgages or letters of credit which can be called upon if the counterparty is in default under the terms. As at 31 March 2022 the amount of collateral held was £0.4m (FY21: £0.6m).

As at 31 March 2022 trade receivables of £0.2m (FY21: £0.5m) were due over 90 days. Trade receivables are reviewed on a line-by-line basis with consideration given to specific circumstances and credit history when calculating the provision. The ageing analysis of these receivables is as follows:

	FY22 £m	FY21 £m
Over 90 days	**0.2**	0.5

As at 31 March 2022 trade receivables were carried net of expected credit losses of £0.7m (FY21: £1.3m). The individually impaired receivables relate mainly to accounts which are outside the normal credit terms. The ageing analysis of these receivables is as follows:

	FY22 £m	FY21 £m
Up to 60 days	**0.2**	1.0
60 to 90 days	**0.1**	-
Over 90 days	**0.4**	0.3
	0.7	1.3

15. Trade and other receivables continued

	FY22 £m	FY21 £m
At 1 April	**1.3**	2.3
Change in provision for expected credit losses	**(0.6)**	(1.0)
At 31 March	**0.7**	1.3
Debtors days	**42**	42

The carrying amount of the Group's trade and other receivables is denominated in the following currencies:

	FY22 £m	FY21 £m
UK Sterling	**7.4**	3.0
Euro	**15.1**	9.6
US Dollar	**45.5**	29.1
Japanese Yen	**3.0**	2.8
Other currencies	**4.9**	6.2
	75.9	50.7

16. Cash and cash equivalents

	FY22 £m	FY21 £m
Cash and cash equivalents	**228.0**	113.6

17. Trade and other payables

	FY22 £m	FY21 £m
Current		
Trade payables	**52.4**	52.6
Taxes and social security costs	**6.9**	5.3
Other payables	**5.5**	5.3
Bank interest and finance charges	**0.8**	1.3
	65.6	64.5
Accruals and deferred income	**69.1**	68.5
	134.7	133.0

All trade and other payables are expected to be settled within 12 months of the year-end date. The fair value of trade and other payables is the same as the carrying values shown above. At 31 March 2022, other payables consisted of £4.4m (FY21: £4.4m) in relation to employment related payables.

18. Borrowings

	Notes	FY22 £m	FY21 £m
Current			
Lease liabilities	28	**19.8**	18.2
Total current interest-bearing loans and borrowings		**19.8**	18.2
Non-current			
Bank loans (including unamortised fees)		**280.9**	281.6
Lease liabilities	28	**93.1**	66.6
Total non-current		**374.0**	348.2
Total borrowings		**393.8**	366.4
Reconciliation of disclosed non-current borrowings to gross bank borrowings:			
Non-current bank loans		**280.9**	281.6
Add back unamortised fees		**4.7**	5.9
Total gross bank borrowings		**285.6**	287.5

On 29 January 2021, the Group entered into a New Facilities Agreement, comprising a new Term Loan B ('TLB') facility of €337.5m (equivalent to £300.0m at that date) and a new multi-currency revolving credit facility of £200.0m. These new facilities have a maturity date of 2 February 2026. Under the ancillary facility a total of £6.0m has been utilised in relation to HMRC deferment guarantee and landlord bank guarantees (£3.2m) and foreign exchange hedging contracts (£2.8m). No amount has been drawn down under the revolving credit facility in the period.

The Group value of debt at 31 March 2022 (excluding unamortised fees) of £285.6m is £14.4m lower than the amount borrowed on 29 January 2021 due to GBP Euro exchange rate movement.

The carrying value of the Group's total borrowings (excluding lease liabilities) is denominated in the following currencies:

	FY22 £m	FY21 £m
Euro Term Loan B	**285.6**	287.5
Total borrowings	**285.6**	287.5

Loan repayments will occur as follows:

Year to 31 March	Term Loan B (EURO) £m
2026 (2 February 2026)	285.6
Total	285.6

Interest is chargeable on the loan at the following rate:

	FY22 £m	Base rate	Margin %
Euro Term Loan B	**285.6**	EURIBOR	2.75
Total loans before unamortised fees	**285.6**		

The current margin on the Euro Term Loan B is 2.75%, however this will fall to a low of 2.25% based on the Group leverage.

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18. Borrowings continued

Bank loans

	FY22 £m	FY21 £m
Revolving credit facility utilisation		
Guarantees	**3.2**	2.6
Foreign exchange hedging contracts	**2.8**	2.0
Total utilised facility	**6.0**	4.6
Available facility (unutilised)	**194.0**	195.4
Total revolving facility	**200.0**	200.0
	%	%
Interest rate charged on unutilised facility	**0.88**	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 new £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 approximately equal.

Redeemable preference shares
Interest charged on preference shares which were redeemed in full on 28 January 2021 was £28.5m.

Movements in bank loans and preference shares were as follows:

	1 April 2021 £m	Cash flows: New loans £m	Cash flows: Repayment of capital £m	Cash flows: Repayment of interest £m	Foreign exchange movement £m	Non-cash capitalised interest £m	31 March 2022 £m
Euro Term Loan B	287.5	–	–	–	(1.9)	–	**285.6**
Total borrowings	287.5	–	–	–	(1.9)	–	**285.6**

	1 April 2020 £m	Cash flows: New loans £m	Cash flows: Repayment of capital £m	Cash flows: Repayment of interest £m	Foreign exchange movement £m	Non-cash capitalised interest £m	31 March 2021 £m
Bank loans (B and C)	74.8	–	(72.7)	–	(2.1)	–	–
Euro Term Loan B	–	300.0	–	–	(12.5)	–	287.5
Bank loans	74.8	300.0	(72.7)	–	(14.6)	–	287.5
Preference shares	312.9	–	(165.8)	(175.6)	–	28.5	–
Total borrowings	387.7	300.0	(238.5)	(175.6)	(14.6)	28.5	287.5

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**

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

	FY22 £m	FY21 £m
Assets		
Foreign exchange forward contracts	**0.9**	0.3
Liabilities		
Foreign exchange forward contracts	**(0.5)**	-

Assets and liabilities held at fair value are categorised into levels that have been defined 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).

Derivative financial instruments consist of foreign exchange forward contracts, which are categorised within Level 2. 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.

Non-UK exchange forward contracts derivatives
The Group manages its exposure to variability in GBP equivalent cash flows by hedging highly probable future cash flows arising in foreign currencies. The Group manages its exposure to net foreign currency cash flows and seeks to maximise natural offsets wherever possible. The Group's principal net foreign currency exposures are to USD, EUR and JPY.

The Group adopts a rolling, layered approach to hedging using forward foreign exchange contracts on an 18-month horizon. Other derivative contracts and longer tenors may be used provided these are approved by the Board.

The following table represents the nominal amounts of derivatives in a continued hedge relationship as at each Balance Sheet date:

	FY22	FY21
Average exchange rate		
Cash flow hedges: sell GBP buy EUR	**1.1716**	-
Cash flow hedges: sell EUR buy GBP	**1.1779**	-
Cash flow hedges: sell GBP buy US Dollar	**-**	1.3734
Cash flow hedges: sell EUR buy US Dollar	**-**	1.2152
Nominal amounts		
Cash flow hedges: sell GBP buy EUR	**€m**	€m
Less than a year	**107.8**	-
More than a year but less than two years	**-**	-
Cash flow hedges: sell EUR buy GBP	**£m**	£m
Less than a year	**39.2**	-
More than a year but less than two years	**8.2**	-
Cash flow hedges: sell GBP buy US Dollar	**$m**	$m
Less than a year	**-**	33.0
More than a year but less than two years	**-**	-
Cash flow hedges: sell EUR buy US Dollar	**$m**	$m
Less than a year	**-**	20.0
More than a year but less than two years	**-**	-

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21. 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 held at amortised cost in both years are approximately equal to their carrying values. Derivatives carried at fair value are considered to be at Level 2 and are disclosed separately below. The fair value hierarchy has been defined in note 20.

	31 March 2022		
	Receivables 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	**-**	**0.9**	**0.9**
Cash and cash equivalents	**228.0**	**-**	**228.0**
	309.5	**0.9**	**310.4**

	Liabilities at amortised cost £m	**Fair value through other comprehensive income £m**	**Total £m**
Liabilities as per Balance Sheet			
Bank debt (excluding unamortised fees)	**285.6**	**-**	**285.6**
Lease liabilities - Current	**19.8**	**-**	**19.8**
Lease liabilities - Non-current	**93.1**	**-**	**93.1**
Derivative financial instruments	**-**	**0.5**	**0.5**
Trade and other payables excluding non-financial liabilities	**65.6**	**-**	**65.6**
	464.1	**0.5**	**464.6**

	31 March 2021		
	Receivables 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	56.0	-	**56.0**
Derivative financial instruments	-	0.3	**0.3**
Cash and cash equivalents	113.6	-	**113.6**
	169.6	**0.3**	**169.9**

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	**Total £m**
Liabilities as per Balance Sheet			
Bank debt (excluding unamortised fees)	287.5	-	**287.5**
Lease liabilities - Current	18.2	-	**18.2**
Lease liabilities - Non-current	66.6	-	**66.6**
Trade and other payables excluding non-financial liabilities	64.5	-	**64.5**
	436.8	**-**	**436.8**

21. Financial instruments continued

Group financial risk factors

The Group's activities expose it to a wide variety of financial risks: liquidity risk, credit risk and market risk (including foreign exchange and interest rate risks). The Group's tolerance to the impact of financial risks on cash flows, financial performance and its financial position is low. The Group's treasury policies seek to manage residual financial risk to within this tolerance in a cost-effective manner taking advantage of natural offsets that exist or can be created through its operating activities. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central Finance and Treasury department under policies approved by the Board of Directors. Group Finance and Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board agrees written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is regularly performed in the operating entities of the Group and aggregated by Group Finance. 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 on any of its borrowing facilities. Surplus cash held by operating entities over and above balances required for working capital are transferred to treasury. Treasury invests surplus cash in interest bearing accounts, choosing instruments with sufficient liquidity to provide headroom as determined by the above-mentioned forecasts.

The table below sets out the contractual maturities (representing undiscounted contractual cash flows) of loans, borrowings and other financial liabilities:

	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	**1.9**	**5.9**	**22.4**	**-**	**30.2**
Total bank loans	**1.9**	**5.9**	**308.0**	**-**	**315.8**
Lease liability	**3.8**	**16.0**	**66.2**	**26.9**	**112.9**
Derivative financial instruments	**-**	**-**	**0.5**	**-**	**0.5**
Trade and other payables excluding non-financial liabilities	**65.6**	**-**	**-**	**-**	**65.6**
	71.3	**21.9**	**374.7**	**26.9**	**494.8**

	At 31 March 2021				
	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	-	-	287.5	-	**287.5**
Bank loans – Interest	2.0	6.0	30.7	-	**38.7**
Total bank loans	2.0	6.0	318.2	-	**326.2**
Lease liability	4.0	14.1	48.3	18.4	**84.8**
Trade and other payables excluding non-financial liabilities	64.5	-	-	-	**64.5**
	70.5	**20.1**	**366.5**	**18.4**	**475.5**

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 and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties with an investment grade rating are accepted. Treasury policies in place do not allow concentration of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated below investment grade.

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.

21. Financial instruments continued

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 and Japanese Yen. Non-UK exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign 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 certain investments in foreign operations whose net assets are exposed to non-UK currency translation risk; or when the results, cash flows and financial position of foreign subsidiaries are consolidated into, or paid up to, the parent company of the Group.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its floating rate borrowings 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 0%.

At 31 March 2022 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 (FY21: £0.6m).

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 23 and 24 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.

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 (all other exchange rates remaining unchanged) as follows:

10% appreciation Currency	**FY22 £m**	FY21 £m
US Dollar	**2.4**	1.5
Euro	**18.0**	12.6
Yen	**3.6**	3.1

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 (FY21: £0.9m) under the terms of the new loan agreement.

22. Deferred taxation

The analysis of deferred tax assets and liabilities is as follows:

	FY22 £m	FY21[1] £m
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**9.6**	7.4

The gross movement on the deferred income tax is as follows:

	FY22 £m	FY21[1] £m
Deferred tax asset movement	**2.2**	–

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. See note 2.14 for further details.

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;
- temporary differences are the differences between the carrying amount of an asset/liability and its tax base that eventually will reverse and mainly comprise amounts for unrealised profits in intra-group transactions and expenses;
- trade losses expected to be utilised in future periods; 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	Temporary differences[1] £m	Tax losses £m	Share-based payments £m	Total[1] £m
At 1 April 2020	**(0.2)**	**7.4**	**0.2**	**-**	**7.4**
Statement of Profit or Loss (charge)/credit	(0.4)	0.4	–	–	–
At 31 March 2021	**(0.6)**	**7.8**	**0.2**	**-**	**7.4**
Statement of Profit or Loss (charge)/credit	(1.4)	2.7	0.4	0.7	2.4
Foreign exchange	–	(0.2)	–	–	(0.2)
At 31 March 2022	**(2.0)**	**10.3**	**0.6**	**0.7**	**9.6**

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. See note 2.14 for further details.

Deferred taxation not provided in the financial statements:

	FY22 £m	FY21 £m
Tax losses	**9.3**	7.3

The deferred tax asset has been remeasured, and the 31 March 2022 year-end balance calculated using the rate at which the relevant asset is expected to reverse.

23. Share capital

On 29 January 2021, the Company carried out a reorganisation of its share capital to facilitate a listing to the premium segment of the Official List of the Financial Conduct Authority and to trade on the London Stock Exchange Main Market for listed securities. This is described as follows:

	FY22 No.	**FY22 £**	FY21 No.	FY21 £
Authorised, called up and fully paid				
Ordinary shares of £0.01 each	**1,000,222,700**	**10,002,227**	1,000,000,100	10,000,001

The movements in the ordinary share capital during the year ended 31 March 2022 were as follows:

	FY22 Shares No.	**FY22 Share capital £m**	FY21 Shares No.	FY21 Share capital £m
As at 1 April 2021	**1,000,000,100**	**10.0**	10,000,004	-
Issued on incorporation of Dr. Martens plc	**-**	**-**	1	-
Further shares issued	**222,600**	**-**	139	-
Share consolidation	**-**	**-**	(139)	-
Share for share exchange				
Doc Topco Limited	**-**	**-**	(10,000,004)	-
Dr. Martens plc	**-**	**-**	10,000,003	1,400.0
Share cancellation	**-**	**-**	(3)	-
Capital reduction	**-**	**-**	-	(1,390.0)
Sub-division of shares (1 for 100 split)	**-**	**-**	990,000,099	-
As at 31 March 2022	**1,000,222,700**	**10.0**	1,000,000,100	10.0

24. 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 110,900 on 8 October 2021 and 111,700 on 31 March 2022, and at 31 March 2022 held 16,925 shares (FY21: nil).
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 year.
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.
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.

25. EBT

The Group had an Employee Benefit Trust (EBT), Doc Topco Limited Employee Benefit Trust, for the purpose of facilitating the holding of shares in Doc Topco Limited (previously the Parent Company of the Group) for the benefit of employees of the Group. The assets of the employee share trust were held by a separate trust, of which the Directors consider that Doc Topco Limited had control for accounting purposes. Immediately prior to admission to the London Stock Exchange, shares were transferred to the Executive Directors, in their positions as employees for past services at £nil cost and therefore the distribution falls within the definition of equity-settled share-based payment under IFRS 2 Share-Based Payments and there are no vesting conditions attached to these shares and they vest immediately on distribution to the CFO/CEO. The fair value of the shares at the date of transfer was £3.70 per share resulting in a share-based payment charge of £10.8m. In addition, the EBT sold 10,570,300 shares at IPO date generating cash of £37.8m and, in conjunction with £4.2m of cash held by the EBT from previous shares sold, funded a £42.0m 'IPO bonus' to all employees of the Group.

The Trust was dissolved on 1 July 2021.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	FY21 EBT No.	FY21 EBT WAEP
Outstanding at the beginning of the year	-	-
Granted	**2,929,700**	**£0.00**
Vested	**(2,929,700)**	**£0.00**
Forfeited	-	-
Outstanding at the end of the year	-	-
Weighted average contractual life remaining (years)	-	-

Fair value measurement

The following table lists the inputs to the model used for the plan for the year ended 31 March 2021:

	FY21 EBT
Date of grant[1]	**29/01/2021**
Share price (pence)	**425**
Fair value at grant date (pence)	**358**
Exercise price (pence)	**0**
Dividend yield (%)	**Nil**
Expected volatility (%)	**0.00%**
Risk-free interest rate (%)	**0.00%**
Expected life (years)	**0 years**
Model used	**n/a**

1. On 23 January 2021 the Trustees issued the Letter of Wishes to the Executive Directors.

26. Share-based payments

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 Scheme Plan (PSP) for the Executive Directors and Global Leadership Team (GLT) and the Restricted Scheme 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 Scheme Plan (PSP)

On 9 February 2021, conditional awards of share options were granted to the Executive Directors and the other senior managers. These awards are 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.

26. Share-based payments continued

Long Term Incentive Plan – Restricted Scheme Plan (RSP)

On 9 February 2021, service conditional awards of shares under the RSP were 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 150 to 161.

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.

Included in staff costs is £5.2m (FY21: £0.7m) in relation to expenses arising from equity-settled share-based payments. Within this amount is £0.8m (FY21: £nil) in relation to the free share award.

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's shares. There were no cancellations or modifications to the awards during the year.

Included in staff costs is £1.9m (FY21: £nil) 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:

	FY22		FY21	
	LTIP		LTIP	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**2,665,803**	**-**	-	-
Granted	**1,017,177**	**£0.00**	2,665,803	£0.00
Vested	**-**	**-**	-	-
Forfeited	**(495,081)**	**-**	-	-
Outstanding at the end of the year	**3,187,899**	**£0.00**	2,665,803	£0.00
Weighted average contractual life remaining (years)	**1.9**	**£0.00**	2.9	£0.00

	FY22	
	Free share award	
	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 2022:

	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**

	FY21	
	LTIP	
	PSP	RSP
Date of grant	09/02/2021	09/02/2021
Share price (pence)	513	513
Fair value at grant date (pence)	439	513
Exercise price (pence)	0	0
Dividend yield (%)	Nil	Nil
Expected volatility (%)	50.59%	0.00%
Risk-free interest rate (%)	0.03%	0.00%
Expected life (years)	3.3 years	1.5 - 3.0 years
Model used	Monte Carlo	n/a

	FY22
	Free share award
Date of grant	**08/10/2021**
Share price (pence)	**373**
Fair value at grant date (pence)	**373**
Exercise price (pence)	**0**
Dividend yield (%)	**Nil**
Expected volatility (%)	**0.00%**
Risk-free interest rate (%)	**0.00%**
Expected life (years)	**0.5 years**
Model used	**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.

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 £0.7m (FY21: £0.1m).

27. Financial commitments and contingencies

Total future minimum lease payments (not discounted) under non-cancellable lease rentals are payable as follows:

	FY22 £m	FY21 £m
Not later than one year	**24.9**	22.7
Later than one year and not later than five years	**73.2**	54.3
Later than five years	**29.2**	20.0
	127.3	97.0

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 £84.6m (FY21: £65.1m).

Contingent liabilities exist in the form of a duty deferment guarantee to HMRC for a maximum amount of £0.9m (FY21: £0.9m), rent guarantees to various landlords of £2.1m (FY21: £1.7m) and other guarantees of £0.2m (FY21: £nil). These contingent liabilities which aggregate to £3.2m (FY21: £2.6m) are guaranteed under the revolving credit facility.

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:

	Notes	FY22 £m	FY21 £m
At 1 April 2021		**84.8**	88.4
Additions and remeasurement		**47.8**	20.4
Interest	8	**3.5**	3.7
Payments		**(24.0)**	(23.8)
Foreign exchange		**0.8**	(3.9)
At 31 March 2022		**112.9**	84.8
Current	18	**19.8**	18.2
Non-current	18	**93.1**	66.6

The following amounts were recognised in the Statement of Profit or Loss:

	Notes	FY22 £m	FY21 £m
Depreciation expense of right-of-use assets		**22.5**	21.5
Interest expense on lease liabilities	8	**3.5**	3.7
Expenses relating to short-term leases (included in cost of sales)		**1.3**	0.8
Variable lease payments (included in cost of sales)		**2.0**	0.7
Total operating expenses recognised in profit		**3.3**	1.5
Total amount recognised in profit		**29.3**	26.7

29. Pensions

Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £6.0m for the year ended 31 March 2022 (FY21: £5.8m) and at 31 March 2022 £0.8m (FY21: £0.9m) remained payable to the pension fund.

Defined benefit scheme

Airwair International Limited (a subsidiary of the Group) operates 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.

29. Pensions continued

Defined benefit scheme continued

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 2019 which confirmed that the Plan had sufficient assets to meet the Statutory Funding Objective. The next valuation is due at 30 June 2022. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

During the year, no discretionary benefits were awarded. There were no Plan amendments, settlements or curtailments during the period.

The weighted average duration of the defined benefit obligation is approximately 17 years (FY21: 17 years). Around 50% of the undiscounted benefits are due to be paid beyond 18 years' time, with the last payments expected to be over 70 years from now.

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 the 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.

Although the Lloyds Banking Group Pensions Trustees Limited v. Lloyds Bank PLC (and others) court judgment on 26 October 2018 (and the subsequent court judgement 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 has been made in the disclosures for the impact of GMP equalisation. There were no other plan amendments, curtailments or settlements during the period.

Effect of the Plan on 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 2019, 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 as at 30 June 2022. 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:

	FY22 £m	FY21 £m
Fair value of assets – defined benefit section	**68.6**	67.8
Fair value of assets – defined contribution section	**20.4**	15.5
Fair value of plan assets	**89.0**	83.3
Present value of funded obligations – defined benefit section	**(55.3)**	(59.0)
Present value of funded obligations – defined contribution section	**(20.4)**	(15.5)
Present value of funded obligations – total	**(75.7)**	(74.5)
Surplus of funded plans	**13.3**	8.8
Impact of asset ceiling	**(13.3)**	(8.8)
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.

29. Pensions continued

A reconciliation of the net defined benefit asset over the year is given below:

	FY22 £m	FY21 £m
Net defined benefit asset at beginning of year	**-**	-
Total defined benefit charge in the Statement of Profit or Loss	**-**	-
Remeasurement losses in Other Comprehensive Income (OCI)	**-**	-
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 Other Comprehensive Income in respect of the defined benefit section of the Plan was £nil (FY21: £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.

The remeasurements in respect of the defined benefit section of the Plan, to be shown in Other Comprehensive Income, are shown below:

	FY22 £m	FY21 £m
(Gains)/losses on defined benefit assets in excess of interest	**(1.4)**	(5.1)
Losses/(gains) from changes to demographic assumptions	**-**	0.3
Losses/(gains) from changes of financial assumptions	**(2.9)**	9.0
Change in effect of asset ceiling	**4.3**	(4.2)
Total remeasurements to be shown in the OCI	**-**	-

The change in assets over the year was:

	FY22 £m	FY21 £m
At 1 April	**83.3**	73.2
Interest on defined benefit assets	**1.3**	1.4
Return on defined benefit section assets less interest	**1.4**	5.1
Benefits paid from the defined benefit section	**(1.9)**	(2.1)
Increase in defined contribution section assets	**4.9**	5.7
At 31 March	**89.0**	83.3
Split as:		
Fair value of assets – defined benefit section	**68.6**	67.8
Fair value of assets – defined contribution section	**20.4**	15.5
At 31 March	**89.0**	83.3

The information above includes assets for the defined benefit section and also the defined contribution section. At 31 March 2022 the assets for each scheme are as outlined above.

The change in the funded obligations over the year was:

	FY22 £m	FY21 £m
At 1 April	**74.5**	60.5
Past service cost	**-**	-
Interest cost on defined benefit obligation	**1.1**	1.1
Changes to demographic assumptions	**-**	0.3
Changes to financial assumptions	**(2.9)**	9.0
Benefits paid from the defined benefit section	**(1.9)**	(2.1)
Increase in defined contribution section assets	**4.9**	5.7
At 31 March	**75.7**	74.5
Split as:		
Present value of funded obligations – defined benefit section	**55.3**	59.0
Present value of funded obligations – defined contribution section	**20.4**	15.5
At 31 March	**75.7**	74.5

29. Pensions continued

The change in the effect of the asset ceiling over the year is as follows:

	FY22 £m	FY21 £m
At 1 April	**8.8**	12.7
Net interest charge on asset ceiling	**0.2**	0.3
Changes in the effect of the asset ceiling excluding interest	**4.3**	(4.2)
At 31 March	**13.3**	8.8

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.

	FY22 £m	FY21 £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	**0.5**	1.1
Foreign	**15.9**	19.4
	16.4	20.5
Fixed interest bonds		
Unspecified	**17.9**	7.2
	17.9	7.2
Index linked gilts		
Domestic	**28.6**	34.6
	28.6	34.6
Alternatives		
Unspecified	**6.3**	5.8
	6.3	5.8
Property		
Unspecified	**1.0**	-
	1.0	-
Insured annuities		
Domestic	**1.3**	1.5
	1.3	1.5
Cash and other		
Domestic	**3.0**	2.6
Foreign	**0.1**	-
Unspecified	**(5.9)**	(4.6)
	(2.8)	(2.0)
Defined contribution section assets		
Unspecified	**20.3**	15.5
	20.3	15.5
Fair value of plan assets	**89.0**	83.3

29. Pensions continued

A full actuarial valuation was carried out at 30 June 2019. The results of that valuation were updated to 31 March 2022 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:

		FY22	FY21
Discount rate		**2.6%**	2.0%
Inflation assumption (RPI)		**3.6%**	3.3%
Inflation assumption (CPI)		**2.9%**	2.5%
LPI pension increases subject to 5% cap		**3.5%**	3.2%
Revaluation in deferment		**2.9%**	2.5%
Post retirement mortality assumption		**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**	100% (males) and 102% (females) of S3PA tables, with allowance for future improvements in line with CMI_2019, 1.00% long-term rate
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
Proportion married at retirement or earlier death		**70%**	70%
Assumed life expectancies on retirement at age 65 are:			
Retiring today:	Male	**21.8**	21.8
	Female	**24.0**	24.0
Retiring in 20 years' time:	Male	**22.8**	22.8
	Female	**25.2**	25.1

The key sensitivities of the defined benefit obligation to the actuarial assumptions are shown below:

	FY22 £m	FY21 £m
Discount rate		
Plus 0.5%	**(4.2)**	(4.7)
Minus 0.5%	**4.7**	5.3
Rate of inflation		
Plus 0.5%	**4.1**	4.3
Minus 0.5%	**(3.7)**	(4.6)
Life expectancy		
Plus 1.0 year	**2.6**	2.8
Minus 1.0 year	**(2.6)**	(2.7)

The sensitivity illustrations set out above are approximate. They show the likely effect of an assumption being adjusted whilst 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.

	FY22 £'000	FY21 £'000
Alter Domus[1]		
Amount incurred	**29**	6
Amount payable by/(owed) at year end	**-**	(6)
Genesys[1]		
Amount incurred	**41**	-
Amount payable by/(owed) at year end	**(1)**	-
Klarna[1]		
Amount incurred	**188**	-
Amount payable by/(owed) at year end	**47**	-
TeamViewer[1]		
Amount incurred	**6**	6
Amount payable by/(owed) at year end	**-**	-

1. Alter Domus, Genesys, Klarna and TeamViewer are related to the Group as they are under the common control of Permira V Fund, which is itself controlled by Permira Holdings Limited, a major shareholder which has significant influence over the Group.

Key management personnel compensation

The compensation of key management (including Executive Directors) for the year was as follows:

	FY22 £m	FY21 £m
Salaries and benefits	**8.7**	26.6
Exceptionals: IFRS 2 (non-cash)	**-**	10.8
Pensions	**0.2**	0.2

This includes the Directors of all Group companies.

PARENT COMPANY

CONTENTS

Parent Company Balance Sheet
As at 31 March 2022

	Notes	Total FY22 £m	Total FY21 £m
Non-current assets			
Investments	6	**1,413.4**	1,413.4
Current assets			
Trade and other receivables	7	**34.0**	10.2
Cash and cash equivalents	8	**-**	9.5
		34.0	19.7
Total assets		**1,447.4**	1,433.1
Current liabilities			
Trade and other payables	9	**(30.9)**	(26.6)
Total liabilities		**(30.9)**	(26.6)
Net assets		**1,416.5**	1,406.5
Equity attributable to the owners of the parent			
Share capital	10	**10.0**	10.0
Capital reserve – own shares	11	**-**	-
Capital redemption reserve	11	**-**	-
Retained earnings	11	**1,406.5**	1,396.5
Total equity		**1,416.5**	1,406.5

As permitted by section 408 of the Companies Act 2006, the Company's Statement of Profit and Loss has not been included in these financial statements.

The Company incurred a profit for the year to 31 March 2022 of £17.0m (FY21: loss of £5.0m). The Directors consider £1,389.8m (FY21: £1,385.0m) of retained earnings is distributable and £16.7m (FY21: £11.5m) is non-distributable.

The notes on pages 227 to 232 are an integral part of these financial statements.

The financial statements on pages 225 to 232 were approved and authorised by the Board of Directors and signed on its behalf by:

KENNY WILSON
CHIEF EXECUTIVE OFFICER
31 May 2022

JON MORTIMORE
CHIEF FINANCIAL OFFICER
31 May 2022

Parent Company Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Share capital £m	Capital reserve - own shares £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
At date of incorporation on 19 October 2020		–	–	–	–	**-**
Comprehensive expense						
Loss for the period		–	–	–	(5.0)	**(5.0)**
Total comprehensive expense for the period		–	–	–	(5.0)	**(5.0)**
Shares issued	10	–	–	–	–	**-**
Share for share exchange	10	1,400.0	–	–	–	**1,400.0**
Capital reduction	10	(1,390.0)	–	–	1,390.0	**-**
Share-based payments		–	–	–	11.5	**11.5**
At 31 March 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**

The notes on pages 227 to 232 are an integral part of these financial statements.

1. General information

Dr. Martens plc (the 'Company') is a public company incorporated in England and Wales under the Companies Act 2006. 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 Company has presented a comparative period from incorporation on 19 October 2020 to 31 March 2021 and the policies were consistently applied to the period 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 have been prepared on a going concern basis under the historical cost convention and 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) and in conformity with the requirements of the Companies Act 2006.

Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation, paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments, paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures, paragraph 33.7.

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 2023 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's funding arrangements at 31 March 2022 with cash of £228.0m, term loan of £285.6m as well as available undrawn facilities of £189.5m. A bullet debt repayment of the term loan of £285.6m not due until February 2026.

The year saw a slow recovery from Covid-19 as demand rebounded in our core markets as they emerged from lockdowns and restrictions and as we begin to learn to live with Covid-19. Despite a wide variety of localised restrictions negatively impacting trading on a country by country basis, a recovery trajectory has been clear. The principal impact of Covid in the year was on supply and specifically on manufacturing (as experienced with three factories being closed for circa three months in south Vietnam during summer 2021) and significantly extended lead times from factory to our DCs, particularly lead times to USA nearly doubling to 90-95 days. More recently we have seen a slow improvement in lead times and, coupled with a high vaccination rate across our factories, we anticipate it unlikely we will experience a repeat of FY22 country-wide lockdown. Continued recovery is reliant upon economies normalising, following vaccination success in our core markets and learning to live with Covid-19.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the financial year to March 2022, including the impact of Covid-19 on profitability, cash flow and covenant compliance.

The Directors remain vigilant and continue to monitor the effects of Covid-19 and supply chain challenges in all our core markets (across ecommerce, retail and wholesale channels) and economic and political instability and will react appropriately to further developments and associated risks. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts from pre Covid-19 trading.

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 104 and 105 with no planned cost or working capital mitigation (including the payment of dividends).

The base case assumes the Group continues to trade with no restrictions in core markets and trade continues to build in line with the DOCS growth strategy.

Given the backdrop of continued global economic uncertainty the current geopolitical landscape and increasing inflation, the risks for modelling purposes in the severe but plausible downside scenario included a large website down during our peak period, factory closures for 3 months in one key production geographic and unexpected increases in costs and inflation arising from global events. These risks will impact on the 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 mitigation actions (including the dividend payments). The impact was represented by revenue growth being 33pts lower than the base case across all channels and geographies.

2. Accounting policies continued

Going concern continued

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 pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, reducing purchases in line with reduced sales, and delay/cancellation of IT related capex and reduced future dividend payments. In addition, if inflation expectations are high, we expect to increase prices to offset higher input costs. A more extreme downside scenario is not considered plausible.

To date we have had minimal experience of bad debts or lower margin. Whilst we have experienced manufacturing constraints through summer 2021 (with 3 factories in south Vietnam closed for 3 months) and extended lead times for logistics from Asia to USA, our plans assume the extended lead times are broadly maintained until H2 (when they slowly improve) with factories more likely to not experience country-wide, long-term lockdowns, but due to high vaccination status, more likely periods of sub optimal operations/closures for a few days with positive tests isolated but broadly continued operations.

In addition, a reverse stress test has been modelled to determine what could break covenant compliance estimates and liquidity before any 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 FY23. Under the covenant breach test it is concluded that the business could weather extreme growth reductions against the base case without mitigation, -38pts of revenue growth in FY23 before covenants are breached. Similarly, the business would have to experience -65pts revenue growth reduction in FY23 before zero cash headroom is reached, which would be below our pre-Covid-19 numbers (FY20). Under both tests modelled, there were no mitigating actions (including dividend payments) modelled and the resulting revenues calculated and likelihood of occurring have been considered. The Directors have assessed the likelihood of occurrence to be remote.

The Directors will continue to monitor the effects of Covid-19 and inflation on our Group and the economies of the countries the Group operates and plan to maintain maximum flexibility to react on a market by market basis, taking into consideration the various national and local government regulations and policies as events unfold.

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.

Taxation

The tax expense would represent the sum of the tax currently payable and deferred tax movement recognised in the period. There is no tax currently payable based on results for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company'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.

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.

Investments

Investments are stated at cost (also deemed the fair value) less any provision for impairment.

Trade and other receivables

Trade receivables are classified under IFRS 9 and measured at amortised cost using the effective interest rate method. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Group are its trade receivables, which are referred to as 'customer and other 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables include related party obligations incurred in connection with the reorganisation of the share capital of the Company and amounts due to subsidiary undertakings.

2. Accounting policies continued

Share-based payments

The Company provides benefits to certain employees (including Executive Directors) in the form of share-based payment transactions, whereby employees render services as consideration in exchange for equity instruments (equity-settled transactions). Further details of the share-based payments accounting policy can be found in note 2.25 of the Consolidated Financial Statements.

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.

Capital reserve – own shares

Dr. Martens plc shares held by the Company's two SIP Trusts are classified in shareholders' equity as 'Capital reserve – own shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

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. Details of Directors' remuneration can be found in note 7 to the Consolidated Financial Statements and in the Remuneration report on pages 150 to 161.

4. Auditor's remuneration

The Company has incurred audit fees of £15,750 (FY21: £15,000) for the year.

5. Dividends

	FY22 £m	FY21 £m
Equity dividends on ordinary shares declared and paid during the year:		
Interim dividend for FY22: 1.22p (FY21: nil)	**12.2**	–
Total dividends declared and paid during the year	**12.2**	–
Proposed for approval by shareholders at the AGM		
(not recognised as a liability at 31 March 2022 or 31 March 2021)		
Final dividend for FY22: 4.28p (FY21: nil)	**42.8**	–
Total interim and final dividend relating to FY22	**55.0**	–
Dividend as a % of earnings	**30.4%**	–
Dividend per share		
Total dividend per share relating to FY22 (pence)	**5.50**	–

6. Investments

	FY22 £m	FY21 £m
At 1 April 2021	**1,413.4**	–
Acquisitions	**-**	1,413.4
At 31 March 2022	**1,413.4**	1,413.4

A list of the Company's investments in subsidiary undertakings can be found in note 12.

7. Trade and other receivables

	FY22 £m	FY21 £m
Social security and other taxes	**0.1**	0.7
Prepayments and accrued income	**0.5**	0.4
Amounts owed by subsidiary undertakings	**33.4**	9.1
	34.0	10.2

8. Cash and cash equivalents

	FY22 £m	FY21 £m
Cash and cash equivalents	**-**	9.5

9. Trade and other payables

	FY22 £m	FY21 £m
Trade creditors	**0.5**	-
Amounts due to subsidiary undertakings	**27.8**	18.1
Accruals and deferred income	**2.4**	8.5
Taxation	**0.2**	-
	30.9	26.6

10. Share capital

	FY22 No.	FY22 £m	FY21 No.	FY21 £m
Authorised, called up and fully paid				
Ordinary shares of £0.01 each	**1,000,222,700**	**10.0**	1,000,000,100	10.0
	1,000,222,700	**10.0**	1,000,000,100	10.0

The movements in the ordinary share capital during the period ended 31 March 2022 were as follows:

	FY22 Ordinary shares No.	FY22 Share capital £m	FY21 Ordinary shares No.	FY21 Share capital £m
As at 1 April 2021	**1,000,000,100**	**10.0**	1	-
Further shares issued	**222,600**	**-**	139	-
Share consolidation	**-**	**-**	(139)	-
Issued on share for share exchange	**-**	**-**	10,000,003	1,400.0
Share cancellation	**-**	**-**	(3)	-
Capital reduction	**-**	**-**	-	(1,390.0)
Sub-division of shares	**-**	**-**	990,000,099	-
As at 31 March 2022	**1,000,222,700**	**10.0**	1,000,000,100	10.0

For details of share transactions during the year, refer to note 23 of the Group Consolidated Financial Statements.

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 110,900 on 8 October 2021 and 111,700 on 31 March 2022, and at 31 March 2022 held 16,925 shares (FY21: nil).
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 year.
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 notes 25 and 26 of the Group 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 Group consolidated financial statements.

Name	Country of registration	Class of share capital held	Nature of investment		Nature of business
			Direct	Indirect	
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 shares	100%	–	Management company
DM Germany GmbH[13]	Germany	Ordinary	–	100%	Footwear retail and distribution
DM 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 (Zhuhai) Company Limited[*4]	China	Ordinary	–	100%	Manufacturing support
Dr. Martens Airwair Belgium N.V[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 S.A.S[9]	France	Ordinary	–	100%	Footwear retail and distribution
Dr Martens Airwair Group Limited[1]	England and Wales	Ordinary shares	–	100%	Management company
Dr. Martens Airwair Hong Kong Limited[5]	Hong Kong	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Airwair Japan KK[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 Italy SRL[15]	Italy	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Netherlands B.V.[10]	Netherlands	Ordinary	–	100%	Footwear retail and distribution
GFM Trademarks GmbH[11]	Germany	DM1 Ordinary shares	–	50%	Trademark registration
Shanghai Airwair Trading Ltd[*16]	China	Ordinary	–	100%	Footwear retail and distribution
Dr. Martens Sports & Leisure Limited[1]	England and Wales	£1 Ordinary shares	–	100%	Dormant
Dr Martens Airwair Singapore PTE Limited[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
Dr Martens 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. Cobbs Lane, Wollaston, Northamptonshire, England, NN29 7SW.
2. 28 Jamestown Road, Camden, London, England, NW1 7BY.
3. 10 Northwest, 10th Avenue, Portland, Oregon, USA, 97209.
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. 36 Rue Des Petits Champs, 75002, Paris, France.
10. Postbus 23393, 110DW Amsterdam Zuidoost.
11. An Der Arch 3, 82402, Bayern, Germany.
12. 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1.
13. 5. Etage, Plane Mühle 2 40221 Düsseldorf.
14. Blekingegatan 48, 11662 Stockholm, Sweden.
15. Via Morimondo 26–20143 Milano.
16. Room 907, Gateway Office Tower 1, No 1, Hongqiao Road, Xuhui 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.

NOTICE OF ANNUAL GENERAL MEETING 2022

To be held at 28 Jamestown Road, Camden, NW1 7BY on Thursday 14 July 2022 at 9.30am (BST)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your shares in Dr. Martens plc, please forward this document and accompanying documents (except any personalised form of proxy, if applicable) to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

EMILY REICHWALD
GENERAL COUNSEL AND COMPANY SECRETARY

DEAR SHAREHOLDER,

I have the pleasure of writing to you with details of Dr. Martens plc's Annual General Meeting ('AGM'), which will be held on Thursday 14 July 2022 at 28 Jamestown Road, Camden, London, NW1 7BY. The meeting will commence at 9.30am (BST).

The formal Notice of Meeting (the 'Notice') follows this letter on pages 235 and 236 and sets out details of each of the resolutions to be proposed for shareholder approval, together with detailed explanatory notes relating to each individual resolution, which can be found on pages 237 to 239. Additional useful notes for shareholders wishing to issue proxy voting instructions electronically or by post can be found on pages 240 to 241.

Meeting attendance

Whilst government restrictions relating to Covid-19 have, as at the date of this Notice, fallen away, the pandemic remains ongoing. The health and wellbeing of all our shareholders and employees is of paramount importance and we therefore ask that shareholders considering attending the meeting take sensible precautions before doing so and that you do not attend if you are displaying any of the symptoms of COVID-19.

We will continue to monitor public health guidance in relation to the COVID-19 pandemic. Should it become appropriate to amend arrangements for the AGM, we will notify shareholders through our corporate website, drmartensplc.com.

We would appreciate it if shareholders planning to attend the meeting notify us in advance by email to: company.secretariat@drmartens.com by 12 July 2022. This will enable us to make the necessary arrangements to comfortably accommodate shareholders at our Camden office, which is currently undergoing significant construction work that will be unlikely to have concluded by the date of the AGM.

How to vote

Your votes are important to us. You can cast your votes in advance of the meeting in the following ways:

- online by logging on to our Registrar Equiniti's website, sharevote.co.uk;
- via the electronic proxy appointment service offered by Euroclear UK & Ireland Limited for members of CREST; or
- by completing and returning a paper proxy form, available from Equiniti on request (contact details can be found on the inside back cover).

Details of how to submit your proxy vote by post, online or through CREST are set out on pages 240 and 241.

We recommend that shareholders intending to vote by proxy nominate the Chair of the meeting as their proxy. Doing so will ensure that your shares are voted at the meeting, on your behalf and in accordance with your voting instructions.

All of the resolutions at the AGM will be taken on a poll vote. The results of the AGM will be notified to the London Stock Exchange and posted on our website, drmartensplc.com, as soon as possible after the AGM, along with details of the business conducted at the AGM.

Re-election of Directors

All Directors will once again stand for re-election at the AGM, in line with the provisions of the UK Corporate Governance Code. Full biographies of each Director standing for re-election can be found on pages 114 to 117 of the Annual Report and at drmartensplc.com. The Board continues to consider that each Director is fully effective and committed to his or her role and is pleased to recommend their re-election at the AGM.

Final dividend

As we most recently reiterated in our Half Year Results, the Board has adopted a progressive dividend policy that reflects the long-term earnings and cash flow potential of the Group, taking into account the Group's financial performance, market conditions and need for financial flexibility. Its 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.

In line with this policy, the Board is recommending, under resolution 3, a final dividend for the year ended 31 March 2022 of 4.28 pence per share, which, subject to approval by shareholders, will become due and payable on 19 July 2022 to shareholders named on the Register of Members at the close of business on 10 June 2022.

How to ask questions

We encourage shareholders who wish to do so to submit any questions for the Board that relate to the resolutions being proposed at the AGM by email to company.secretariat@drmartens.com by 12 July 2022. This will enable the Board to answer as many shareholder questions as possible. We will publish a list of answers to any questions received that relate to the business of the AGM on drmartensplc.com shortly after the meeting.

Recommendation

The Board believes that all the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. The Directors therefore unanimously recommend that shareholders vote in favour of all resolutions, as they intend to do in respect of their own shareholdings.

Yours faithfully,

EMILY REICHWALD
GENERAL COUNSEL
AND COMPANY SECRETARY

DR. MARTENS PLC
Company number: 12960219

Notice of Meeting 14 July 2022
Notice is hereby given that the Annual General Meeting of Dr. Martens plc (the 'Company') will be held at 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY on Thursday 14 July 2022 at 9.30am (the 'AGM') for the purposes set out below.

You will be asked to consider and, if thought fit, pass the following resolutions. Resolutions 1 to 15 (inclusive) will be proposed as ordinary resolutions, and Resolutions 16 to 19 (inclusive) will be proposed as special resolutions.

1. Reports and Accounts
To receive the Strategic Report, Directors' Report, and the audited accounts for the financial year ended 31 March 2022, together with the report of the auditor.

2. Directors' Remuneration report
To receive and to approve the Directors' Remuneration report for the year ended 31 March 2022, as set out on pages 147 to 161 of the Annual Report, on an advisory basis.

3. Final dividend
To declare a final dividend of 4.28p per share for the year ended 31 March 2022, as recommended by the Directors.

4-11. Re-election of Directors
To re-elect the following Directors who are seeking annual re-election in accordance with the UK Corporate Governance Code:

4. Paul Mason

5. Kenny Wilson

6. Jon Mortimore

7. Ian Rogers

8. Ije Nwokorie

9. Lynne Weedall

10. Robyn Perriss

11. Tara Alhadeff

➔ To view our full Board biographies, see **P114-117** of the Annual Report or visit **drmartensplc.com**

12. Appointment of auditors
To resolve that PricewaterhouseCoopers LLP be, and is hereby, appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

13. Auditor's remuneration
To resolve that the Audit and Risk Committee be authorised to determine the remuneration of the auditor on behalf of the Board.

14. Political donations
To resolve that, in accordance with sections 366 and 367 of the Companies Act 2006, the Company and any company which, at any time during the period for which this resolution has effect, is or becomes a subsidiary of the Company, be and are hereby authorised to:

(A) make political donations to political parties and/or independent election candidates, not exceeding £100,000 in total;

(B) make political donations to political organisations, other than political parties, not exceeding £100,000 in total; and

(C) incur political expenditure not exceeding £100,000 in total,

provided that the aggregate amount of any such donations and expenditure under paragraphs (A), (B) and (C) shall not exceed £100,000, during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's AGM to be held in 2023 or until 1 October 2023, whichever is sooner.

For the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in sections 363 to 365 of the Companies Act 2006.

15. Directors' authority to allot shares
To resolve that the Directors be and are hereby authorised generally and unconditionally pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) Up to an aggregate nominal amount of £3,334,075.67 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and

(B) Comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £6,668,151.33 (such amount to be reduced by any allotments made under paragraph (A) above) in connection with an offer by way of a rights issue:

(i) To ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) To holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The authorities conferred on the Directors to allot securities under paragraphs (A) and (B) will expire at the conclusion of the AGM of the Company to be held in 2023 or on 1 October 2023, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

16. General disapplication of pre-emption rights

To resolve as a special resolution that, subject to the passing of Resolution 15, the Directors be empowered to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution (set out in this Notice of Meeting), and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be limited:

(A) To the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of Resolution 15, by way of a rights issue only):

- (i) To ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) To holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) In the case of the authority granted under paragraph (A) of Resolution 15 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to an aggregate nominal amount of £500,111.35.

and shall expire at the conclusion of the AGM of the Company to be held in 2023 or on 1 October 2023, whichever is sooner (unless previously renewed, revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not ended.

17. Additional disapplication of pre-emption rights for acquisitions and other capital investments

To resolve as a special resolution that, subject to the passing of Resolution 15, the Directors be empowered in addition to any authority granted under Resolution 16 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by Resolution 15 (set out in this Notice of Meeting) and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be:

(A) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £500,111.35; and

(B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

and shall expire at the conclusion of the AGM of the Company to be held in 2023 or on 1 October 2023, whichever is sooner (unless previously renewed, revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not ended.

18. Company's authority to purchase its own shares

To resolve as a special resolution that the Company is authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of £0.01 each ('ordinary shares'), such power to be limited:

(A) To a maximum number of 100,022,270 ordinary shares; and

(B) By the condition that the minimum price which may be paid for an ordinary share is £0.01 and the maximum price which may be paid for an ordinary share is the higher of:

- (i) an amount equal to 105% of the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
- (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out,

in each case, exclusive of expenses, such power to apply until the end of the AGM of the Company to be held in 2023 or until 1 October 2023, whichever is sooner, but in each case so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

19. Calling of General Meetings on 14 days' notice

To resolve as a special resolution that a general meeting other than an Annual General Meeting may be called on no fewer than 14 clear days' notice.

By order of the Board

EMILY REICHWALD
GENERAL COUNSEL
AND COMPANY SECRETARY
London, 31 May 2022

Registered office 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY

Registered in England and Wales
No. 12960219

EXPLANATORY NOTES TO THE RESOLUTIONS

1. Receive the reports and accounts

The Board asks that shareholders receive the Strategic Report, Directors' Report, and the audited accounts for the financial year ended 31 March 2022, together with the report of the auditor.

2. Approval of the Directors' Remuneration report

The Directors' Remuneration report sets out the pay and benefits received by each of the Directors for the year ended 31 March 2022. This vote is advisory in nature and the Directors' entitlement to remuneration is not conditional on it.

3. Approval of the final dividend

The proposal recommended by the Directors in this resolution is 4.28 pence for each ordinary share. If approved by shareholders, this final dividend for the financial year ended 31 March 2022 will become due and payable on 19 July 2022 to shareholders named on the Register of Members as at the close of business on 10 June 2022.

4-11. Re-election of Directors

In accordance with the UK Corporate Governance Code 2018 (the 'Code') and the Company's Articles of Association, all Directors are standing for re-election at the AGM this year and will be submitting themselves for re-election at each subsequent AGM.

Resolutions 7 to 10 (inclusive) relate to the re-election of Ian Rogers, Ije Nwokorie, Lynne Weedall and Robyn Perriss who are the Directors that the Board has determined are Independent Non-Executive Directors for the purposes of the Code (the 'Independent Non-Executive Directors'). As set out on page 133 of the Annual Report, Paul Mason and Tara Alhadeff are not considered by the Board to be independent for the purposes of the Code. Paul Mason has held various roles within the Group and Tara Alhadeff was appointed as a Non-Executive Director of the Company by its largest (and, for the purposes of the Listing Rules, controlling) shareholder, IngreLux S.àr.l., pursuant to the terms of its relationship agreement with the Company.

In compliance with the Listing Rules relating to controlling shareholders, the re-election of our Independent Non-Executive Directors must be approved by a majority of both:

a. the shareholders of the Company; and

b. the independent shareholders of the Company (that is shareholders other than IngreLux S.àr.l. and its concert parties).

For the purposes of the Listing Rules, IngreLux S.àr.l. is a controlling shareholder of the Company. A controlling shareholder means any person who exercises, or controls on their own, or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

Resolutions 7 to 10 (inclusive) are proposed as ordinary resolutions and can be voted on by all shareholders of the Company. However, in addition to this, the votes cast by independent shareholders will be counted separately in order to assess whether the second tier of the test is satisfied.

In accordance with the Listing Rules, if any of resolutions 7 to 10 are not approved by a majority of both shareholders of the Company and independent shareholders of the Company, the failed resolution may be put to shareholders of the Company, at a general meeting, which must be held between 90 and 120 days from the date of the original vote. In such circumstances, any Independent Non-Executive Director(s) whose appointment has not been approved by both shareholders of the Company and independent shareholders of the Company will be treated as having been re-elected from the date of the original vote until either the date when they are re-elected, being the date of the subsequent general meeting, or the date of any announcement by the Board that the Independent Non-Executive Director(s) does not intend to stand for re-election. If a subsequent general meeting does not take place, the appointment will be treated as ceasing 120 days from the date of the original vote. If a subsequent general meeting does take place and the further resolution is approved, the Independent Non-Executive Director(s) will be treated as having been re-elected until the following AGM of the Company. However, if at a subsequent general meeting the further resolution fails, the Independent Non-Executive Director(s) appointment will cease on that date.

The Listing Rules require companies with a controlling shareholder to make the following additional disclosures about each Independent Non-Executive Director's relationships, independence, effectiveness and appointments:

Relationships and transactions:
The Company has received confirmation from each of the Independent Non-Executive Directors that there are no existing or previous relationships, transactions or arrangements between any of the Independent Non-Executive Directors and the Company, its directors, any controlling shareholder or any associate of a controlling shareholder.

Effectiveness:
The Board believes that each of the Independent Non-Executive Directors continues to demonstrate commitment to his or her role and is an effective member of the Board.

Independence:
Each year the Board performance evaluations will consider the independence of each member of the Board. The Board believes that each Independent Non-Executive Director remains independent in character and judgement, and that there are no relationships or circumstances that are likely to affect, or appear to affect, his or her judgement.

Selection:
As disclosed in the report of the Nomination Committee on pages 136 and 137 of the Annual Report, the Nomination Committee aims to ensure that the Board remains balanced, knowledgeable and diverse in order to meet the needs of the Company. The Nomination Committee will draw candidates from its internal and external network, taking into account, where appropriate, recommendations from shareholders and external recruitment consultants.

The Directors believe that the Board as a whole comprises an appropriate balance of knowledge, skills and experience and that each of the Directors standing for re-election continues to show the necessary commitment to be an effective member of the Board. Biographical details of all Directors are available on pages 114 to 117 of the Annual Report and on our website, drmartensplc.com. These include details of each Director's skills, competencies and experience and illustrates why the Board is satisfied that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

12 & 13. Appointment and remuneration of auditor

During the year a thorough and comprehensive tender process for the selection of the external auditor was conducted, details of which can be found on pages 144 and 145 of the Annual Report. On the recommendation of the Audit and Risk Committee, the Board proposes in resolution 12 that PricewaterhouseCoopers LLP be appointed as auditor of the Company.

Resolution 13 proposes that the Audit and Risk Committee be authorised to determine the level of the auditor's remuneration.

14. Authority to make political donations

The Companies Act 2006 prohibits companies from making any political donations to political organisations or independent candidates, or incurring political expenditure, unless authorised by shareholders in advance.

The Company does not make, and does not intend to make, any such donations or incur such expenditure within the normal meanings of those expressions. However, the definitions of political donations, political organisations and political expenditure in the Companies Act 2006 Act are broad and, as a result, can capture activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform.

Accordingly, and in line with common practice, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations or in political expenditure being incurred.

The Board is therefore seeking authority to make political donations and to incur political expenditure not exceeding £100,000 in total. The proposed authority will expire at the next AGM of the Company to be held in 2023 or on 1 October 2023, whichever is sooner.

15. Powers to allot shares

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £3,334,075.67 (representing 333,407,567 ordinary shares of £0.01). This amount represents approximately one-third (33.33%) of the Company's issued share capital as at 31 May 2022, the latest practicable date before the publication of this Notice.

In line with guidance issued by the Investment Association (IA), paragraph (B) of this resolution would give the Directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £6,668,151.33 (representing 666,815,133 ordinary shares of £0.01), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds (66.66%) of the issued ordinary share capital of the Company as at 31 May 2022, the latest practicable date before the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the conclusion of the Company's AGM in 2023 or on 1 October 2023, whichever is sooner. The Directors have no present intention to exercise either of the authorities sought under this resolution except, under paragraph (A), to satisfy options under the Company's employee share schemes; however, the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources.

As at the date of this Notice, no shares are held by the Company in treasury.

16 & 17. Authority to disapply pre-emption rights

Resolutions 16 and 17 are proposed as special resolutions. Under section 561 of the Companies Act 2006, if the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), these shares must first be offered to existing shareholders pro rata to their holdings. However, there may be occasions when the Directors require the flexibility to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders, which cannot be done unless shareholders have first waived their pre-emption rights. The purpose of resolutions 16 and 17 is to enable shareholders to waive their pre-emption rights.

Resolution 16 empowers the Directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their existing holdings. If approved, the resolution will authorise Directors to issue shares in connection with pre-emptive offers, or otherwise to issue shares for cash up to an aggregate nominal amount of £500,111.35 (representing 50,011,135 ordinary shares of £0.01 each) which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 31 May 2022, being the latest practicable date before the publication of this Notice.

The purpose of resolution 17 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by resolution 15, or sell treasury shares for cash, without first being required to offer such securities to existing shareholders, up to a further nominal amount of £500,111.35 (representing 50,011,135 ordinary shares of £0.01), representing approximately 5% of the issued ordinary share capital of the Company as at 31 May 2022, being the latest practicable date before the publication of this Notice. The authority granted by this resolution, if passed, will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in resolution 17 is used, the Company will publish details of its use in its next Annual Report.

The authority granted by resolution 17 would be in addition to the general authority to disapply pre-emption rights under resolution 16. The maximum aggregate nominal value of equity securities which could be allotted if both authorities were used would be £1,000,222.70, which represents approximately 10% of the issued ordinary share capital of the Company as at 31 May 2022, being the latest practicable date before the publication of this Notice.

The Directors intend to adhere to the provisions in the Pre-emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in resolution 16 in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

(i) With prior consultation with shareholders; or

(ii) In connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Directors have no current intention to allot shares except in connection with employee share schemes. These authorities will expire at the conclusion of the Company's AGM in 2023 or on 1 October 2023, whichever is sooner.

18. Authority for the Company to purchase its own shares

Resolution 18 seeks authority for the Directors to purchase up to 100,022,270 ordinary shares which, at 31 May 2022 (being the latest practicable date before the publication of this Notice), represented 10% of the Company's issued share capital. Whilst the Directors have no present intention to exercise the authority granted by this resolution, it would provide them with the flexibility to do so in the future should they be satisfied that prevailing market conditions meant that any such purchase would be in the best long-term interests of shareholders.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Company currently holds no shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is £0.01. The maximum price, exclusive of expenses, that may be paid for an ordinary share is the higher of:

(i) An amount equal to 105% of the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and

(ii) The higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

As at the latest practicable date prior to publication of this Notice, there were no outstanding warrants or options to subscribe for ordinary shares.

19. Notice of General Meeting

In accordance with the Companies Act 2006, the notice period for general meetings (other than an AGM) is 21 clear days' notice unless the Company:

(i) Has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and

(ii) Offers the facility for all shareholders to vote by electronic means.

This shorter notice period would not be used as a matter of routine, but only in circumstances where time-sensitive matters merit the flexibility afforded by the shorter notice period and it is thought to be in the interests of shareholders as a whole.

Resolution 19 seeks such approval and, should it be approved, will be valid until the end of the next AGM.

IMPORTANT NOTES

1. Biographies of the Directors seeking election are given in the Annual Report on pages 114 to 117, including membership of the principal Committees. The terms of the current Directors' service contracts are such that all Executive Director appointments may be terminated by both the Company and the individual giving nine months' notice; Independent Non-Executive Directors have agreements for service which can be terminated on three months' notice by either party; the Chairman has an agreement for service which requires six months' notice by either party; Tara Alhadeff's appointment is governed by the terms of the Company's relationship agreement with its largest (and, for the purposes of the Listing Rules, controlling) shareholder, IngreLux S.àr.l, pursuant to which IngreLux S.àr.l is entitled to appoint one Non-Executive Director to the Board (and, on provision of written notice to the Company, to remove from office any such person so appointed and appoint another person in that person's place) for so long as it (together with its associates) continues 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. Tara's agreement for service can be terminated by her on three months' notice.
2. Registered shareholders: Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM. Members may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional proxy forms (to appoint more than one proxy), please contact our Registrar on 0371 384 2030 (+44 (0)121 415 7047 if calling from overseas) or, alternatively, you may photocopy the proxy form enclosed with your paper copy of the Annual Report, if you received one. Please indicate the number of shares in relation to which each proxy is authorised to act in the box below the proxy holder's name. Please also indicate if the instruction is one of multiple instructions being given, and if a proxy is being appointed for less than your full entitlement, please enter the number of shares in relation to which each such proxy is entitled to act in the box below the relevant proxy holder's name. The proxy form accompanying this Notice assumes you wish to vote on all your shares in the same way. To vote only part of your holding or to vote some shares one way and some another, please contact the shareholder helpline. All proxy forms must be signed and should be returned together.
3. If you would like to submit your vote electronically in advance of the AGM, please visit www.sharevote.co.uk, where there are full instructions, and submit your vote by no later than 9am on 12 July 2022. You are advised to read the terms and conditions of use. If you return paper and electronic instructions, those received last by the Registrar before 9am on Tuesday 12 July 2022 will take precedence. Electronic communication facilities are available to all shareholders and those that use them will not be disadvantaged.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. To be valid, any proxy form or other instrument appointing a proxy must be received by post (during normal business hours only) or by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 9am on Tuesday 12 July 2022.
6. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 13 of this section) will not prevent a shareholder attending the AGM and voting in person or electronically if he/she/they wishes to do so.
7. Indirect shareholders: Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 6 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. To be entitled to attend, speak and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be entered on the Register of Members of the Company by 6.30pm on Tuesday 12 July 2022 (or, in the event of any adjournment, 6.30pm on the date which is two working days prior to the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.
10. The following documents are available for inspection during normal business hours at the Company's registered office: 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY and at the AGM from 15 minutes before the AGM until it ends:
    - (i) Copies of the Executive Directors' service contracts.
    - (ii) Copies of the Non-Executive Directors' letters of appointment.
    - (iii) Copies of the Directors' Deeds of Indemnity.
    - (iv) A copy of the Articles of Association of the Company.
11. Shareholders are advised that, unless otherwise specified, the telephone numbers, website and email addresses set out in this Notice or proxy forms are not to be used for the purpose of serving information or documents on the Company, including the service of documents or information relating to proceedings at the Company's AGM.

12. As at 31 May 2022 (the latest practicable date before the publication of this Notice) the Company's issued share capital consists of 1,000,222,700 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 31 May 2022 are 1,000,222,700.

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST manual (available via euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by 9am on Tuesday 12 July 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her/their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

16. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

17. Any corporation that is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

18. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (i) The audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or

    (ii) Any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

19. Any member attending the meeting has the right to ask questions. The Company must have cause to answer any such question relating to the business being dealt with at the meeting but no such answer need be given if:

    (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    (ii) the answer has already been given on a website in the form of an answer to a question; or

    (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

20. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at drmartensplc.com.

21. Please see the letter dated 31 May 2022 from the General Counsel and Company Secretary on page 234 and pages 237 to 239 for further explanatory notes.

ADDITIONAL INFORMATION

CONTENTS

Five-year financial summary (unaudited)

For the year ended 31 March 2022

	FY22 £m	FY21[1] £m	FY20 £m	FY19 £m	FY18 £m	CAGR %
Revenue:						
Ecommerce	**262.4**	235.4	136.4	72.7	43.6	57%
Retail	**185.6**	99.7	165.2	126.7	97.1	18%
DTC	**448.0**	335.1	301.6	199.4	140.7	34%
Wholesale[5]	**460.3**	437.9	370.6	255.0	207.9	22%
	908.3	773.0	672.2	454.4	348.6	27%
Gross margin	**578.8**	470.5	401.5	260.5	186.0	33%
EBITDA[2]	**263.0**	222.9	184.5	85.0	50.0	51%
Profit before tax and exceptional items	**214.3**	150.2	113.0	34.1	2.5	204%
Profit before tax[3]	**214.3**	69.7	101.0	28.9	0.7	318%
Tax expense	**(33.1)**	(35.0)	(26.2)	(11.7)	(6.4)	51%
Profit/(loss) after tax	**181.2**	34.7	74.8	17.2	(5.7)	na
Earnings per share						
Basic	**18.1p**	3.5p	7.5p			
Diluted	**18.1p**	3.5p	7.5p			
Adjusted earnings per share						
Basic	**18.1p**	11.5p	8.6p			
Diluted	**18.1p**	11.5p	8.6p			
Underlying earnings per share						
Basic	**17.4p**	14.4p	11.8p			
Diluted	**17.4p**	14.4p	11.8p			
Key statistics:						
Pairs sold (m)	**14.1**	12.7	11.1	8.3	6.9	
No. of stores[4]	**158**	135	122	109	94	
DTC mix %	**49%**	43%	45%	44%	40%	
Gross margin %	**63.7%**	60.9%	59.7%	57.3%	53.4%	
EBITDA %	**29.0%**	28.8%	27.4%	18.7%	14.3%	

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. See note 2.14 for further details.
2. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation 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.

Five-year financial summary (unaudited)

For the year ended 31 March 2022 continued

	FY22 £m	FY21[1] £m	FY20 £m	FY19 £m	FY18 £m	CAGR %
Revenue by region:						
EMEA	**398.5**	335.6	287.9	195.1	149.6	28%
Americas	**382.7**	295.8	252.2	161.1	117.4	34%
APAC	**127.1**	141.6	132.1	98.2	81.6	12%
	908.3	773.0	672.2	454.4	348.6	27%
Revenue mix:						
EMEA %	**44%**	44%	43%	43%	43%	
Americas %	**42%**	38%	37%	35%	34%	
APAC %	**14%**	18%	20%	22%	23%	
EBITDA by region:						
EMEA	**143.8**	115.3	92.4	39.5	22.7	59%
Americas	**120.0**	91.9	75.4	33.0	18.5	60%
APAC	**32.6**	39.7	35.5	23.7	19.3	14%
Support costs	**(33.4)**	(24.0)	(18.8)	(11.2)	(10.5)	-34%
	263.0	222.9	184.5	85.0	50.0	51%
EBITDA % by region:						
EMEA %	**36.1%**	34.4%	32.1%	20.2%	15.2%	
Americas %	**31.4%**	31.1%	29.9%	20.5%	15.8%	
APAC %	**25.6%**	28.0%	26.9%	24.1%	23.6%	
	29.0%	28.8%	27.4%	18.7%	14.3%	

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. See note 2.14 for further details.

First half/second half analysis
For the year ended 31 March 2022

	H1			H2			FY		
	Unaudited FY22 £m	Audited FY21[1] £m	Variance %	**Unaudited FY22 £m**	Unaudited FY21[1] £m	Variance %	**Audited FY22 £m**	Audited FY21[1] £m	Variance %
Revenue:									
Ecommerce	**82.6**	75.3	10%	**179.8**	160.1	12%	**262.4**	235.4	11%
Retail	**65.9**	34.3	92%	**119.7**	65.4	83%	**185.6**	99.7	86%
DTC	**148.5**	109.6	35%	**299.5**	225.5	33%	**448.0**	335.1	34%
Wholesale[6]	**221.4**	208.6	6%	**238.9**	229.3	4%	**460.3**	437.9	5%
	369.9	318.2	16%	**538.4**	454.8	18%	**908.3**	773.0	18%
Gross margin	**226.6**	186.3	22%	**352.2**	284.2	24%	**578.8**	470.5	23%
EBITDA[2]	**88.8**	86.3	3%	**174.2**	136.6	28%	**263.0**	222.9	18%
Profit before tax and exceptional items	**61.3**	44.9	37%	**153.0**	105.3	46%	**214.3**	150.2	43%
Profit before tax[4]	**61.3**	41.9	46%	**153.0**	27.8	450%	**214.3**	69.7	207%
Tax expense	**(12.7)**	(12.4)	-2%	**(20.4)**	(22.6)	10%	**(33.1)**	(35.0)	5%
Profit after tax	**48.6**	29.5	65%	**132.6**	5.2	na	**181.2**	34.7	422%
Earnings per share									
Basic	**4.8p**	3.0p	60%	**13.3p**	0.5p	na	**18.1p**	3.5p	na
Diluted	**4.8p**	3.0p	60%	**13.3p**	0.5p	na	**18.1p**	3.5p	na
Adjusted EPS									
Basic	**4.8p**	3.3p	45%	**13.3p**	8.2p	62%	**18.1p**	11.5p	57%
Diluted	**4.8p**	3.3p	45%	**13.3p**	8.2p	62%	**18.1p**	11.5p	57%
Underlying EPS									
Basic	**4.8p**	5.0p	-4%	**12.6p**	9.4p	34%	**17.4p**	14.4p	21%
Diluted	**4.8p**	5.0p	-4%	**12.6p**	9.4p	34%	**17.4p**	14.4p	21%
Key statistics:									
Pairs sold (m)	**6.3**	5.6	13%	**7.8**	7.1	10%	**14.1**	12.7	10%
No. of stores[5]	**147**	130	13%	**158**	135	17%	**158**	135	17%
DTC mix %	**40%**	34%	+6pts	**56%**	50%	+6pts	**49%**	43%	+6pts
Gross margin %	**61.3%**	58.5%	+2.8pts	**65.4%**	62.5%	+2.9pts	**63.7%**	60.9%	+2.8pts
EBITDA %	**24.0%**	27.1%	-3.1pts	**32.4%**	30.0%	+2.4pts	**29.0%**	28.8%	+0.2pts
Revenue by region:									
EMEA	**167.6**	159.6	5%	**230.9**	176.0	31%	**398.5**	335.6	19%
Americas	**147.5**	102.6	44%	**235.2**	193.2	22%	**382.7**	295.8	29%
APAC	**54.8**	56.0	-2%	**72.3**	85.6	-16%	**127.1**	141.6	-10%
	369.9	318.2	16%	**538.4**	454.8	18%	**908.3**	773.0	18%

First half/second half analysis
For the year ended 31 March 2022 continued

	H1			H2			FY		
	Unaudited FY22 £m	Audited FY21[1] £m	Variance %	**Unaudited FY22 £m**	Unaudited FY21[1] £m	Variance %	**Audited FY22 £m**	Audited FY21[1] £m	Variance %
Revenue mix:									
EMEA %	**45%**	50%	-5pts	**43%**	39%	+4pts	**44%**	44%	-
Americas %	**40%**	32%	+8pts	**44%**	42%	+2pts	**42%**	38%	+4pts
APAC %	**15%**	18%	-3pts	**13%**	19%	-6pts	**14%**	18%	-4pts
EBITDA by region:									
EMEA	**55.2**	53.8	3%	**88.6**	61.5	44%	**143.8**	115.3	25%
Americas	**40.0**	28.9	38%	**80.0**	63.0	27%	**120.0**	91.9	31%
APAC	**10.7**	13.5	-21%	**21.9**	26.2	-16%	**32.6**	39.7	-18%
Support costs	**(17.1)**	(9.9)	-73%	**(16.3)**	(14.1)	-16%	**(33.4)**	(24.0)	-39%
	88.8	86.3	3%	**174.2**	136.6	28%	**263.0**	222.9	18%
EBITDA % by region:									
EMEA %	**32.9%**	33.7%	-0.8pts	**38.4%**	34.9%	+3.5pts	**36.1%**	34.4%	+1.7pts
Americas %	**27.1%**	28.2%	-1.1pts	**34.0%**	32.6%	+1.4pts	**31.4%**	31.1%	-0.3pts
APAC %	**19.5%**	24.1%	-4.6pts	**30.3%**	30.6%	-0.3pts	**25.6%**	28.0%	-2.4pts

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. See note 2.14 for further details.
2. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation and exceptional items.
3. Before exceptional items.
4. Post exceptional items.
5. Own stores on streets and malls operated under arm's length leasehold arrangements.
6. Wholesale revenue including distributor customers.

Alternative Performance Measures (APMs) and other non-statutory measures

The Group tracks a number of 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.

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: Americas 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 foreign exchange volatility.	Yes	Yes
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.	Yes	Yes
Gross margin %	Gross margin divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	Yes	Yes
EBITDA	Profit/(loss) for the year before income tax expense, financing expense, foreign 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
EBITDA %	EBITDA divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.	Yes	Yes

Alternative Performance Measures (APMs) and other non-statutory measures continued

Metric	Definition	Rationale	APM	KPI
EBITDA (post exceptional items)	EBITDA less change in net working capital and capital expenditure.	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
Adjusted profit before tax	Statutory profit before tax adjusted to exclude exceptional items.	Adjusted profit before tax is used as a measure to represent the results for the business excluding exceptional items.	Yes	Yes
Operating cash flow	EBITDA less change in net working capital 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, lease liabilities and net cash foreign exchange.	Free cash flow is used as a net cash flow measure for the Group before changes in the debt/capital structure.	Yes	Yes
Consolidated non-GAAP Statement of Cash Flows	Movement in cash flows from EBITDA.	To aid the understanding of the reader of the accounts of how the Group's cash and cash equivalents changed during the period, including cash inflows and outflows in the period.	Yes	No
Underlying operating cash flow	Operating cash flow representing adjustments for optional, abnormal payment term changes in relation to specific events.	Presenting consistent, comparable operating cash flow results.	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	Yes
Adjusted EPS	EPS calculated as earnings before taking into account exceptional items.	This metric enables the profitability of the Group and its ability to return funds to shareholders to be evaluated consistently year on year, and against other businesses.	Yes	Yes
Underlying EPS (previously Normalised Adjusted EPS)	EPS 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 2022, 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 to 2,000	80	17.47%	55,230	0.01%
2,001 to 5,000	45	9.83%	145,546	0.01%
5,001 to 10,000	23	5.02%	178,533	0.02%
10,001 to 100,000	112	24.45%	4,532,459	0.45%
100,001 to 1,000,000	112	24.45%	38,886,405	3.89%
1,000,001 to Highest	86	18.78%	956,424,527	95.62%
Totals	**458**	**100.00%**	**1,000,222,700**	**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 page 250.

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 2022
Ex-dividend date for final dividend	9 June 2022
Record date for final dividend	10 June 2022
Annual General Meeting	14 July 2022
Payment date for final dividend	19 July 2022
Announcement of FY23 half year results	24 November 2022

Shareholder security

Shareholders should be very wary of any unsolicited calls or correspondence they receive concerning investment matters. These are typically from purported 'brokers' who can be persistent and persuasive and often have professional websites and telephone numbers to support their activities. These operations are commonly known as boiler rooms. Shareholders should always check that any firm contacting them about potential investment opportunities is authorised by the FCA. **Remember, if it sounds too good to be true, it probably is.**

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 28 Jamestown Road, Camden, London, NW1 7BY at 9.30am on Thursday 14 July 2022. Shareholders are asked to send any questions they may have for the Board, relating to the business of the meeting, in advance by email to company.secretariat@drmartens.com. Any such questions 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 2022 AGM, on drmartensplc.com shortly after the meeting.

More information can be found in the Notice of Meeting, starting from page 233 of this document.

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 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 drmartensplc.com/privacy-policy.

Company information

Registered office
28 Jamestown Road
Camden
London
NW1 7BY

Investor Relations
investor.relations@drmartens.com

Registrar
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Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0371 384 2030 (from the UK)
Tel: +44 121 4157047 (from overseas)

Auditor for FY22
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Notes

Notes

Dr. Martens plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Evolution Offset, manufactured from 100% recycled post-consumer waste, FSC® and ISO 14001 certified material.

This document was printed by Principal Colour, accredited to the ISO 14001 Environmental Management System with 99% of dry waste diverted from landfill, minimising the impact of printing on the environment.

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