

Dr. Martens plc Annual Report and Notice of Annual General Meeting 2021



NEXT STEP

SPIRIT
SAME

WE ARE DR. MARTENS...



Iconic brand & product



Loved by consumers



Global broad-based appeal

» Investment case page 10

...ON A TRIED AND TESTED JOURNEY...



DTC
ACCELERATION

» Strategy page 30



OPERATIONAL
EXCELLENCE



CONSUMER
CONNECTION



SUSTAINABLE
GLOBAL GROWTH

WITH A CLEAR AMBITION

2x+
REVENUE IN EVERY
GEOGRAPHY

30%
EBITDA'
MARGIN

60%+
DTC REVENUE
MIX (40% ECOMMERCE)

» Finance review page 34

Highlights

Financial highlights

Revenue £m

£773.0m

up 15%



EBITDA^{1,2} £m

£224.2m

up 22%



Adjusted PBT¹ £m

£151.4m

up 34%



PBT £m

£70.9m

down 30%



Operating highlights

- Strong growth across all regions. As we expected, revenue grew 17% in both EMEA and Americas, and 7% in APAC. In APAC we saw a slower growth in Japan, our largest country in the region due to higher physical retail mix which was significantly impacted by Covid-19. China grew by 46%.
- Direct to Consumer (DTC) mix 43%, down 2%pts driven by:
 - Ecommerce revenue up 73%, to 30% mix (up 10%pts).
 - Retail impacted by Covid-19 store closures and restrictions, with revenue down 40% and mix at 13%, down 12%pts.
- Gross margin grew 1.2%pts to 60.9%, predominantly due to faster delivery of supply chain efficiencies.
- EBITDA margin¹ grew by 1.6%pts to 29.0%, driven by gross margin performance.
- Continued investment in our brand and business, including increasing our headcount by over 250 people, and opening 18 new stores and a third-party distribution centre (DC) in New Jersey USA.
- Building on the extensive work to date, we have announced the launch of a set of ambitious sustainability targets, including net zero by 2030 and, without compromising quality, all footwear made from sustainable materials by 2040.

1. Alternative Performance Measures as defined in the Glossary on page 210.

2. Before exceptionals.

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At a glance

OUR PURPOSE

Our purpose is to empower rebellious self-expression. Our responsibility is to act as brand custodians always focusing on long-term value.

OUR DRIVERS

Democratic brand

Growing our consumer base by harnessing the brands' diverse and inclusive global appeal.

True to our heritage

Underpinning trends whilst remaining relevant to youth culture and modern day tribes.

Iconic product

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

A global approach

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

A CULTURAL ICON



60+

years of heritage

60+

countries operated in

135

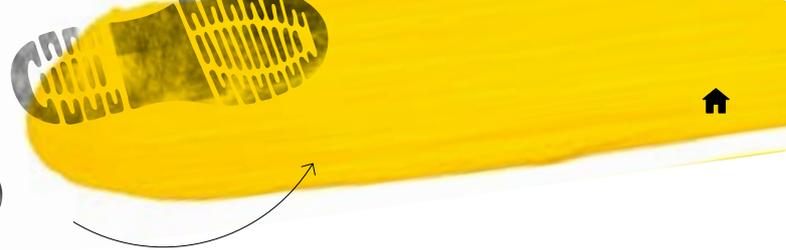
own stores worldwide

£773.0m

revenue

43%

revenue from DTC



WHAT WE DO

Dr. Martens is an iconic global brand and one of the most recognised footwear brands in the world, selling 12.7 million pairs of footwear annually in more than 60 countries with revenue of £773.0m in the year ended 31 March 2021. 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. The unique DNA of the 1460 is defined and preserved in the Originals product category, which sits at the core of the product strategy and informs the aesthetics for all other footwear categories. Dr. Martens started out as a humble work boot but was quickly adopted by youth culture as a symbol of their individual self-expression and rebellious spirit. Six decades on, consumers continue to adopt the brand to express their unique style and alternative spirit but do so through a modern lens. Today, consumers continue to be attracted by Dr. Martens’ unique DNA and uncompromising quality.



WHO WE ARE

Broad consumer base

We’re a brand open to everyone.

Bought for quality, heritage and self-expression

We stand for expression, not fashion.

Worn for everything

Our products are versatile.

Consumers stick with us

We have the highest net intent to repurchase vs peers.

1460 and Originals are the heartbeat

We use collaborations for brand “buzz” not volumes.

Enduring appeal across six decades

Our consumers adopt the brand to express their unique style and spirit.

Favourable structural social trends

We embody gender fluidity, female empowerment and casualisation.

Growth is everywhere

We have a global growth opportunity.



LOVED BY CONSUMERS

OUR "BRAND LOVE" FORMULA

1. +

Exceptional brand love and awareness

Consumers love and value Dr. Martens for its **heritage, quality** and **self-expression**.

2. +

"Democratic" appeal

Appeal across **genders, ages** and **walks of life**. **Accessible** for everyone, **everywhere**.

3. +

Sticky through life stages

Consumers come of age with the brand and **stay with it, loving the brand** just as much as when they **first bought**.

4.

Right for multiple occasions

Worn for **"almost everything"**. Worn **all the time**.

= CONSUMER APPEAL

BRAND LOVE



Our original 1468 boot

43% of revenue



79% continuity product life cycle contribution

OUR PRODUCTS

10 iconic styles



SANDALS

6% of revenue from Sandals

ORIGINALS

The core of the product strategy, informing the aesthetics of all other categories.



57% of revenue from Originals

FUSION

Amp up or toned down expressions of the core brand DNA.



30% of revenue from Fusion

KIDS

Mini-me takedowns for rebels of the future.



5% of revenue from Kids

CASUAL

Alternative expression through a casual contemporary lens.



5% of revenue from Casual

ACCESSORIES

Authentic extensions of the brand.



3% of revenue from Accessories



COLLABORATIONS

Curated projects to drive buzz.

1% of revenue from Collaborations



Our culture and heritage



OUR CULTURE

Dr. Martens' culture is rooted in our approach of "doing the right thing", which goes back to the origins of the brand as a family business and continues to guide our approach to decision making.

There is a highly engaged and distinctive culture at Dr. Martens, with a people-first approach and a genuine emphasis on engagement and team play. Most recently, in 2019 Dr. Martens was awarded the "Best Place to Work Award" by Drapers, the "Business Culture Achievement Award (Medium Business)" at the Business Culture Awards, and the "Employee Engagement and Experience Award" at the HR Distinction Awards.

See pages 64 and 65 to read more about our culture and about how our culture informs our strategy pages 30 and 31.

DOING THE RIGHT THING

OUR HERITAGE

In **1959**, British shoe manufacturer R. Griggs Group, owned by Bill Griggs, bought rights to manufacture the shoes in the UK. Griggs took the sole and created a new boot, which included an altered sole shape, a bulbous but simple upper, a distinctive yellow welt stitch, a grooved sole edge and a new undersole design. The boots were branded as "Airwair". Taking its name from the date of its inception, 1 April 1960, the iconic eight-hole 1460 Dr. Martens boot was born. The following year, the 1461 shoe arrived.



1940s

1950s

1960s

Dr. Martens' origins date to **1945**, when Dr. Klaus Maertens created a unique air-cushioned sole. Dr. Maertens made a prototype shoe and showed it to a friend and engineer, Dr. Herbert Funk. The two went into partnership and by 1947 they began formal production of their unique shoe. Within a decade they had a booming business.



Dr. Martens' first few years of existence were that of a £2 work boot, selling primarily to Britain's working classes. Then, Dr. Martens were picked up by early multi-cultural, "ska" loving youth, who proudly championed British working-class style. Shortly after, Pete Townshend from the rock band "The Who" became the first high profile entertainer to wear them as a symbol of his own working-class pride and rebellious attitude. In so doing, the course of the brand's history changed into a subcultural essential.



As custodians of the brand, preserving its quality, image and reputation is paramount.

In the **1970s** - the decade of glam, punk, "two-tone" popular music and early "goth" - British youth culture mushroomed into countless distinct groups. Through the decades since, the boot has been a symbol of self-expression at the very heart of British youth culture.

**1970s****1980s****1990s****2000s**

In **2020**, Dr. Martens celebrated its 60th anniversary: six decades that have witnessed the brand's adoption by a diverse range of groups, celebrities, musicians and free-thinking individuals - each adopting the boots and shoes to suit their own personal attitudes and identity.

A global brand around the world

GLOBALLY CONSISTENT

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

135

own stores worldwide

12.7m

pairs sold in FY21 worldwide



Americas region

34 own stores

20 third party stores

2 country-specific websites

£295.8m revenue

- Owned and operated
- Conversion markets
- Distributors



EMEA region

68

own stores

5

third party stores

7

country-specific websites

£335.6m

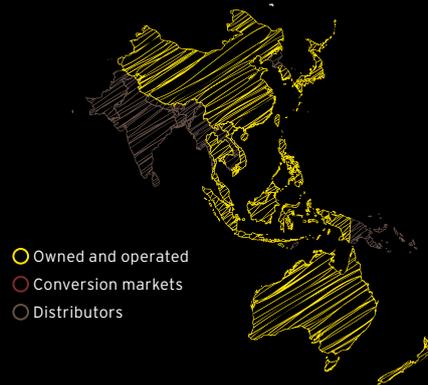
revenue



○ Owned and operated
○ Distributors



APAC region



○ Owned and operated
○ Conversion markets
○ Distributors

33

own stores

178

third party stores

4

country-specific websites

£141.6m

revenue

LOCALLY RELEVANT



OUR STRENGTHS

**1.**

Iconic brand and iconic product

Dr. Martens is a truly iconic British brand with over 60 years of heritage. Our timeless boots are cultural icons, offering enduring appeal, durability and cult status that surpass fashion and trends. The brand has become a global icon with millions of consumers worldwide and displayed in collections of cultural institutions such as the Victoria and Albert Museum and MOMA.

The brand's spirit of rebelliousness and resilience is embraced across all cultures, ages, genders and social classes, who adopt the Dr. Martens boots in their own individual style. The most iconic product, the 1460 boot, is immediately recognisable with Dr. Martens' distinctive features: trademark yellow welt stitch, grooved sole and black and yellow heel loop. The unique DNA of the 1460 is preserved in the 1461 shoe and in the rest of the Originals products, sits at the core of the product strategy and informs the aesthetics for all other footwear categories.

57%

of revenue from sales of Originals

[Read more on pages 4 and 5](#)

**2.**

Appeal to a broad global consumer base

Dr. Martens appeals to a broad consumer base while retaining a distinctive identity. While the marketing strategy is influenced by alternative consumers who have their own individual style with a proud sense of "self-expression" at the core, the brand resonates with and is worn by a much broader audience of wearers who want to express their individual style. This is reflected in the balanced demographic mix of consumers across all metrics, including gender, age, income level and geographic region.

60+

years of heritage

[Read more on pages 6 and 7](#)

**3.**

Direct-to-consumer-led model enabling Dr. Martens to control its own destiny

Dr. Martens' major focus has been growing the brand through direct-to-consumer channels which enable control of brand engagement with consumers and represent the best environment to showcase the brand.

Driving the direct-to-consumer ("DTC") acceleration is the Group's ecommerce channel, which offers consumers access to an extended product range as well as being a strong point of sale and enhancing profit margins. The ecommerce platform is complemented by its retail channel, comprising 135 directly operated retail stores at 31 March 2021, primarily located in key cities globally. These stores act as profitable brand beacons, allow us to create an exciting shopping experience and directly control the storytelling, merchandising and presentation of products.

43%

of revenue from direct-to-consumer channels

[Read more on pages 30 and 31](#)

“ We have a number of competitive strengths that differentiate us from our competitors and position us to succeed in a rapidly changing world. ”



4. Infrastructure built to scale

Dr. Martens has built an integrated and diversified global supply chain and significantly invested in our IT infrastructure, allowing us to scale sustainably across geographies and channels. Its footwear is mainly manufactured at third party factories in Asia, with the business continuing to produce its “Made in England” range at Dr. Martens’ original manufacturing site in Wollaston.

A programme of changes across the Global Supply Chain function in recent years has made it more modern, flexible and sophisticated to support the growth of the business. The business has also de-risked its supply chain by diversifying both the supplier and factory base outside of China, as well as establishing a detailed bottom-up supply chain cost efficiency programme. The business has been able to continually scale production capacity to meet volume growth.

14%

growth in pairs

[Read more on pages 22 and 23](#)



5. Track record of sustainable and profitable growth

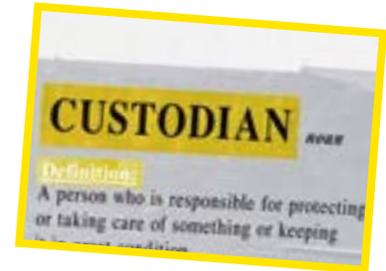
Our successful strategy has led to profits growing at a faster rate than sales in recent years. Increasing the proportion of revenue coming through our DTC channels is beneficial to margins, and enable us to directly control the consumer relationship.

Dr. Martens has shown broad-based growth across all channels and geographies. In the period from FY17 to FY21 ecommerce, wholesale and retail channel revenues grew at a CAGR of 49%, 5% and 20% respectively, while the Americas, EMEA and APAC regions grew revenue at a CAGR of 24%, 23% and 15% respectively. The business also has strong cash flow conversion, reflecting a capital-efficient growth model.

15%

revenue growth

[Read more on pages 30 and 31](#)



6. Experienced leadership team - custodians of the brand

Led by Kenny Wilson, the dedicated management team has extensive experience gained from working with other leading global brands. The team is highly focused on building organisational capabilities and providing a culture for success. Dr. Martens believes that its management philosophy PxWxR: Priorities x Who x Relationships is a critical enabler of success. The whole organisation is aligned behind the notion that we are custodians for the brand, and this drives long-term decision making and the overarching desire to do the right thing.

60+

combined years of experience of Executive Directors

[Read more on pages 86 and 87](#)



Chair's statement



Paul Mason
Chair

THE JOURNEY CONTINUES

“As custodians of the brand, preserving its quality, image and reputation is paramount to Dr. Martens.”

I am delighted to introduce our first Annual Report as a publicly listed company. This has been a truly eventful year, as we launched and completed our successful IPO, continued to make significant investment to support our growth, and managed through the unprecedented global backdrop of Covid-19. The strong results we have announced for the year are testament to the skill and experience of our leadership team and the hard work and dedication of all of our people. I would like to take this opportunity to thank each and every one of our team across the world for their commitment and passion.

Throughout Permira's ownership, we have continuously invested to strengthen the team, improve our operations and build the business to match the significant scale and potential of our brand. I am exceptionally proud of where we have come from, but more importantly where we can go in the future in growing the business and creating value for all our stakeholders. The potential of our brand to reach new consumers and deepen our relationship with existing consumers is significant, and our clear, consistent "DOCS" strategy is proven to deliver long-term, sustainable growth. You can read more about our strategy on pages 30 and 31.

The Covid-19 pandemic brought major challenges for communities and businesses across the globe, and, like many, we had to find new ways of working and connecting with our people, consumers and customers. The leadership team prioritised the wellbeing and safety of people throughout. From a trading perspective, we focused on ecommerce, cash generation and liquidity. I'm also proud that we continued to invest in our brand and make targeted investments in the business. You can read more details of how we successfully adapted and the steps we took to look after all our stakeholders on pages 24 to 29.

In the full year to 31 March 2021 we delivered 15% revenue growth and 22% EBITDA¹ growth, with good performance across all three regions. With our retail stores impacted by Covid-19, we prioritised our ecommerce business and achieved 73% ecommerce revenue growth. I'm also particularly pleased with the performance of our supply chain operations, which maintained good availability despite serious global disruption.



Governance

As custodians of the brand we are committed to strong corporate governance and making sure we do things the right way. This is clearly illustrated by the strength and diversity of the four Non-Executive Director appointments we made ahead of our IPO - Lynne Weedall, Robyn Perriss, Ije Nworie and Ian Rogers - who bring a wealth of complementary skills and experience to help guide Dr. Martens in this new chapter as a publicly listed company.

I am very pleased with how the Board is working together, constructively challenging each other and the business, and bringing their skillsets to further improve our business.

Read more about our corporate governance on pages 84 and 85 and our Board members on pages 86 to 89

Sustainability

Our key principles of product durability and timeless design are rooted in a sustainable, long-term approach. We have invested further resources in sustainability in recent years to accelerate our progress here. As part of this report, we are sharing, for the first time, stretching targets, including carbon net zero by 2030 and, without compromising quality, all footwear will be made from sustainable materials by 2040. We are working hard to ensure we have a clear path to achieve these and look forward to sharing more in the coming years. I hope you enjoy reading our Sustainability report, which starts on page 40.

Looking to the future

After six years at Dr. Martens, during which time the business has undergone a radical transformation and investment programme, I have never been more confident in our future prospects and growth potential.

We have a huge wealth of experience across our business, with Kenny and Jon ably supported by a passionate team across the world.

Our business has a clear strategy, and strong values which underpin everything we do. Listing the business on the London Stock Exchange was a major milestone for the Group, and we are pleased to welcome our new investors. We look forward to the year ahead with excitement, passion and confidence.

Paul Mason
Non-Executive Chairman
16 June 2021





CEO's statement



Kenny Wilson
Chief Executive Officer

A YEAR OF DELIVERY

“Our brand custodian mindset is delivering strong results.”

I am pleased to be reporting our first results as a publicly listed company. The pandemic presented challenges to our operations and ways of working, and our priority throughout was to keep our people and consumers safe. I am very proud of the resilience, dedication and agility of our teams across the globe. This hard work, together with the investments we continued to make in our brand, resulted in revenue up 15% and EBITDA¹ up 22%.

Our DOCS strategy is delivering strong results. We continue to prioritise selling directly to our consumers, and, with retail severely impacted by Covid-19 restrictions, we focused our efforts on a step-change in ecommerce, achieving revenue growth of 73%, representing 30% of total mix. The investments and improvements we made in our supply chain in recent years, along with our multi-country sourcing model and close supplier relationships, allowed us to quickly react to a rapidly changing environment, ensuring minimal disruption and maintaining good availability throughout.

Our product durability and timeless design are rooted in a sustainable, long-term approach, and our brand custodian philosophy continues to guide the decisions we take. This underpins the financial guidance we laid out at the time of the IPO which is unchanged. Whilst the global trading environment remains uncertain, the strength of our iconic global brand means we look to the future with confidence.

Performance summary

This has been an unprecedented year, with the global backdrop of Covid-19 requiring us to rapidly adapt our ways of working. Our successful IPO in January represented a major milestone in the Brand's history. The strong results achieved during the year are down to the hard work and dedication of all of our people across the globe, and we thank each and every one of our team for their commitment and passion.

The Group delivered revenue of £773.0m, up 15% on the prior year, at the top end of the guidance range set at the time of IPO, which is testament to the strength of the brand and its deep affection with consumers globally. This performance was significantly driven by ecommerce, where revenue was up 73% to represent 30% of mix. The strong ecommerce result was due to the improvements we have made in our online proposition over recent years, increased investment in digital marketing, together with the shift in consumer spending from retail to ecommerce. Over the medium term, we expect our focus on this channel, along with the structural shift in consumer shopping behaviour, to continue to increase the relative importance of ecommerce to our business.



Retail is an important and profitable channel for us, to showcase the brand and product, and support ecommerce. During the year our retail performance was significantly impacted by Covid-19. We saw store closures and restrictions through the year in EMEA and Japan, together with store closures in the USA in the first quarter. Despite Covid-19, we opened 18 new own stores globally, taking our total own-store estate to 135. FY21 retail revenue was £99.7m, down 40%.

Wholesale allows us to reach more consumers in more places globally, and our strategy here is to have fewer, deeper wholesale relationships with quality partners who understand and appreciate our brand. Over the medium term we expect wholesale revenues to grow in absolute terms but become a smaller part of our Group revenue in percentage terms. In FY21 wholesale revenues were £437.9m, up 18%, driven by strong performance from pure play retail customers globally, together with robust trading from USA customers.

At a regional level, revenues increased by 17% in both EMEA and Americas, and 7% in APAC. In EMEA we saw the strongest performance in Germany, following the highly successful conversion to a directly operated business in the prior year. In the Americas we saw good growth in both USA ecommerce and wholesale channels.

As anticipated, our APAC performance was significantly impacted by Covid-19 store closures in Japan, which is our largest market in the region and one that is also particularly weighted towards the retail segment. In China, where we continue to establish our brand and lay the foundations for the future, we had a good performance, with revenue up 46%.

FY21 EBITDA¹ was £224.2m, up 22%, with an EBITDA¹ margin of 29.0%, up 1.6%pts. This strong performance was mainly driven by improved gross margin due to the faster delivery of supply chain efficiencies, together with the deferral of c.£5m of discretionary spend into the first half of FY22 which was delayed due to Covid-19. These factors more than offset first time operating costs from becoming a listed business in the second half.

Group PBT before exceptional items was £151.4m, up 34%. We incurred £80.5m of exceptional costs related to our IPO, which included the cost of a bonus for all of £49.1m, including employer's NI of £7.1m. This resulted in Group PBT of £70.9m, down 30%. Profit after tax was £35.7m, down 52%, due to the exceptional costs. Adjusted diluted earnings per share were 11.6p, up 35%. If legacy funding costs of preference shares are also excluded, the normalised adjusted diluted earnings per share is 14.5p, compared to 11.8p on the same basis in FY20. Operating cash flow after capex was strong at £234.1m, with conversion of 104%, ahead of our expectations. As at 31 March 2021 we had cash of £113.6m and undrawn facilities of £195.4m.





CEO's statement continued

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.

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

D Direct-to-consumer acceleration: We aim to fuel growth through ecommerce, supported by stores as profitable brand beacons. By focusing on DTC we can control brand engagement with our consumers and ensure the best possible environment to showcase our products, both digitally and physically.

O Operational excellence: We are investing and improving our operational and IT infrastructure to enable growth and unlock value. Our supply chain and IT teams are the backbone of our business, and we strive to ensure our future capacity requirements are met to support our growth.

C Consumer connection: We are focused on creating deeper connections with more consumers, using insights to develop effective marketing strategies aimed at increasing engagement and broadening the Group's consumer base. Our sustainability strategy is a key element of our consumer connection, and we continue to accelerate our journey here.

S Sustainable global growth: This means growing our business in the right way. We focus predominantly on seven core markets: UK, France, Germany, Italy, USA, Japan and China, as these have the biggest headroom for growth over the medium term.

[Read more about our strategy and our progress against it on pages 30 and 31](#)

Executing against our strategy

Our focus on ecommerce was particularly pleasing with revenue growth of 73%, increasing mix by 10%pts to 30% of revenue. Due to the Covid-19 pandemic, retail declined to 13% of mix, a decrease of 12%pts. This resulted in an overall decline in DTC mix of 2%pts to 43%.

Over recent years we have significantly invested in our digital capability, enhanced our digital platforms and materially expanded our teams, both centrally and our local regional trading teams. The combination of our improved capabilities, together with the transition of

sales from retail, drove ecommerce revenue up 73% to 30% of revenue, with a strong performance across all our websites and geographies.

The increased content on our localised websites drove longer browsing and dwell time on site, and an improvement in conversion rates. Driven by our regional trading teams we prioritised marketing spend into digital, redeployed inventory to maintain good availability and reformatted our own DCs' pick capacity to improve speed and dispatch.

We opened 18 own stores during the year, including our first store in Rome, six new stores in USA, four in both Germany and France and three in APAC.

Our supply chain performance was strong, with the work to diversify and manage risk undertaken over the past few years meaning we could quickly react to a rapidly changing global backdrop, global port disruptions and container shortages, as well as Covid-19 impacts.

We have delivered our target supply chain efficiencies faster than anticipated, due to a combination of savings from higher volumes, our work on cross cost comparison and lower input costs on certain key components. These savings have been achieved with no change in quality, durability or manufacturing process.

Our distribution centres performed strongly, with good product availability, and we opened a new third party run DC in New Jersey in June to support the growth in our Americas business.

Communicating directly with our consumers remains a key priority. During the year we continued to invest in our social community, building our teams and content, driving engagement rates more than double our competitive set. We now have almost 5 million Facebook followers and 4 million Instagram followers across all our regional platforms, a double-digit increase year on year.

With the music industry unable to operate as before, we took the stage to our social media channels and live streamed over twenty gigs to our audience through Instagram across the year. We engaged our social media communities to respond to the #DMsChallenge by setting them weekly challenges to stay motivated through lockdown. This generated over 4,000 pieces of user-generated content. We designed an augmented reality (AR) lens to connect with our social media audiences and educate on our key icons. The lens activity reached 2.3 million people, with 16-24-year-olds driving the highest volume of engagement. Finally, in March 2021 we launched on TikTok, with our performance on the platform so far significantly ahead of our expectations.



“The DNA of our originals category drives the rest of our product offering; this ensures we do not deviate from our brand essence.”



Product and brand

Our product strategy is rooted in our Originals, anchored within the 'big three' of the 1460 boot, the 1461 shoe and the 2976 Chelsea boot. Our Originals category grew revenue broadly in line with Group revenue, to account for 57% of total revenue during the year. The DNA of our Originals category drives the rest of our product offering; this ensures we do not deviate from our brand essence.

We continue to see strong growth in our Fusion category, led by the Jadon and the Sinclair. Our Sandals collection is a relatively new part of our business and continues to perform strongly, with revenue growth of 54%, and we continue to expand and develop our offering here to drive an all-year round brand offer. Kids, where we operate a mini-me strategy from Originals, also saw good growth, albeit it was impacted by retail closures given higher propensity to buy through retail channels. We saw a decline in revenue from our Casual category, as expected, as we reposition our range here to further enhance our product positioning.

A key benefit of our product strategy and approach is that the majority of our product is continuity - this means that it continues season after season and isn't marked down. We therefore operate with a low markdown percentage, only using markdowns to clear seasonal stock.

Our collaborations serve to create newness and buzz for our consumers, and further strengthen our global relationships with artists, musicians and designers. Across calendar 2020 we celebrated the 60th anniversary of the 1460 boot, with "1460 remastered", a series of twelve design collaborations with friends of the brand, including Raf Simons, Yohji Yamamoto, Marc Jacobs and A-Cold-Wall. We also ran other collaborations with broad appeal through the year, celebrating our relationship with music through our Black Sabbath collaboration, art through Basquiat and Keith Haring and cultural brands such as Hello Kitty and X-Girl. In March 2021 we were proud to launch our first ever collaboration in sandals, with Japanese brand Suicoke.

Our brand is at the heart of everything we do and we continued to invest in our marketing functions, both at a Group and regional level. When the pandemic started to take effect we focused our spend towards digital performance marketing, adding in out-of-home spend as markets reopened. Our 'unpolished' campaign spotlighted our three icons, the 1460 boot, 1461 shoe and 2976 Chelsea boot, and three of our biggest Fusion stars, the 1460 Bex, Jadon and Sinclair.

Across our three regions we further invested in sales and marketing capability for our "Amp" wholesale level of distribution - this being our highest level of wholesale accounts that enable the brand to drive deeper connections with informed consumers.

Kenny Wilson
Chief Executive Officer
16 June 2021

RESILIENCE THROUGH COVID-19

Throughout the pandemic we focused on keeping our people and consumers safe and staying true to our long-term custodian mindset. Our people have been united by the brand's strong ethos, our inclusive and supportive culture, our spirit of resilience and our clear strategy.

The year was dominated by Covid-19 and, despite this, we grew revenue by 15% and EBITDA¹ by 22%. During the year all our core markets experienced some form of social restriction ranging from full closure of our own retail stores, wholesale retail stores and offices, to trading with social distancing and capacity restrictions.

Throughout we put the health and safety of our people and consumers first including providing PPE, hand sanitiser, temperature checks and lateral flow testing where applicable. We very quickly set up a Covid-19 Risk Management Committee to co-ordinate a global response across all spheres of operation and share best practice.



Keeping our communication and culture thriving

Ensuring our people were safe, informed and supported has been a key priority throughout. New videoconferencing technology was rolled out to the whole organisation. The leadership team increased the frequency and types of internal communication, including weekly global town hall meetings. With the majority of our people working remotely, we worked hard to look after their wellbeing. The Culture teams organised many initiatives for our people through which they could socialise virtually and keep the brand's culture alive.

We took learning virtual and delivered over 160 remote leadership, learning and development courses to more than 1,500 people globally.

[Read more on pages 24 to 29](#)

The Committee prioritised four areas in its response:

- People
- Cash
- Ecommerce
- Supply Chain

160+ courses delivered to **1,500+** people globally

TIMELINE

Throughout:

Stores in South Korea and Hong Kong remained open

March:

EMEA and USA stores closed

End March:

Japan stores closed

End March:

Closed our UK factory

May:

Creation of the Dr. Martens Foundation

May:

First ever virtual product launch - SS21



The benefit of being global

The first impact of Covid-19 was felt in February 2020 in our APAC region, and the business was able to draw on the learnings from this region to help focus resource for the rest of our global operations as the pandemic took hold. We saw lower sales early on in the majority of our Asian markets, although, aside from in Japan, stores remained open (albeit with restrictions) and we also saw the positive shift to ecommerce. This early view from APAC helped us focus and realign resource quickly to drive this channel in both EMEA and Americas.

Largely continuity product and close supplier relationships

We have a relatively simple business model and strong supplier relationships. Over three-quarters of our product mix is continuity product, meaning it is always available to sell, with the ability to hold excess inventory and sell at full price at a later date. Once the pandemic hit we engaged early with our larger factory suppliers and agreed we would not cancel any orders with our Tier 1 suppliers and in return temporarily extended payment terms. Payment terms reverted to normal in the second half.

[Read more on pages 24 to 29](#)

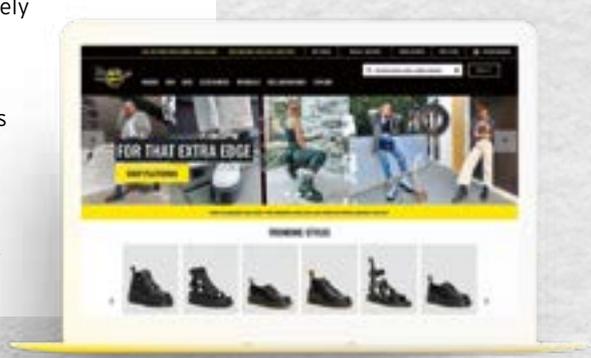
Prioritising ecommerce

Our own platform ecommerce revenues increased from 20% of Group revenues to 30%. Our localised approach in all core markets meant we were able to pick up a significant amount of business lost from stores being closed or trading at sub-optimal capacity, with inventory redeployed to ecommerce. Across wholesale, we saw strong growth from pure playetail customers together with the online sites of our traditional retail customers.

Ensuring that our distribution centres (DCs) were operational and maintained high service levels was crucial, particularly with the shift in demand from retail to ecommerce. Tight health and safety measures were put in place in the distribution centres to ensure that product could continue to be shipped in a timely manner to consumers, whilst ensuring the wellbeing of our employees. We maintained good availability of all products throughout. Our people were redeployed towards the online business, with some teams temporarily transferred to support ecommerce, customer services and social media.

Focusing on cash

At the start of the Covid-19 pandemic we quickly and prudently adopted a cash protection approach. We temporarily extended certain payment terms with key suppliers, whilst not cancelling any orders. With our wholesale customers we ensured proactive communication and cooperation to collect outstanding monies and realign orders taken and, in certain, limited circumstances we agreed extended payment terms. We also deferred certain capital expenditure related projects, cancelled non-digital discretionary spend, temporarily paused recruitment and secured an incremental £70m working capital facility.



May:
Opened distribution centre in New Jersey

June:
Began to invest in a targeted approach

July:
EMEA, USA and Japan stores reopened

July:
Repaid UK Government furlough

November:
Second virtual product launch - AW21

November:
Further UK and Japan store closures

January:
Successful London Stock Exchange listing

Market review

Trend 1.

GROWING GLOBAL FOOTWEAR MARKET



Dr. Martens operates in the global footwear market. Statista estimates that global retail sales of footwear in 2019 were £341bn, representing 12 billion pairs of footwear. Over the five-year period from 2014 to 2019 the industry has grown steadily and has remained resilient during economic downturns.

The footwear market is comprised of several sub-categories of shoes: sneakers, which according to Statista represented 16% of the global footwear market in 2019, athletic footwear (12% of the market), leather footwear (33% of the market) and textile and other footwear categories (39% of the market). Our analysis shows that Dr. Martens consumers also wear Nike, Adidas, Vans and Converse and there is much less ownership overlap with other leather footwear and, in particular, boot brands. As such, we believe that we are well positioned to compete for consumers' share of wallet on these categories too. Our unique product offering consisting of a leather upper, typical of leather footwear, and an air-cushioned PVC sole, typical of casual shoes such as sneakers, makes our products extremely versatile.

Global retail sales of footwear £bn



CAGR 2014-2019:

CAGR 2020E-2025E:

Source: Statista Consumer Market Outlook - Footwear (June 2020).

Trend 2.

CUSTOMERS INCREASINGLY SHOPPING ONLINE



Following the wider retail market, the global footwear market is increasingly migrating online, driven by increased investments of brands and retailers in their digital strategies to broaden their reach and increase consumer engagement. The growth is also reflective of increasing internet penetration and improvements in infrastructure across the world, leading to greater consumer adoption of ecommerce channels. The Covid-19 pandemic further accelerated the channel shift towards ecommerce in 2020 and beyond, with the temporary closures of retail stores accelerating ecommerce adoption. Consumers are expected to continue shifting to shopping online in the following years and to continue to use digital channels, including social media, to engage with brands.

Even before the positive disruptive effect of Covid-19, our ecommerce revenue grew by 77% CAGR between FY18 and FY20. In FY21, our ecommerce revenue grew by 73% to account for 30% of revenues. This is higher than for other key competitors.

We have achieved this growth by driving increased traffic and conversion, further increasing brand awareness and improving our operational execution in the channel, as well as by online expansion into new regions such as Italy, Spain, Portugal, Scandinavia and China over recent years.





Trend 3.

SOCIETAL TRENDS

We are well positioned with respect to long-term societal shifts which are impacting consumer behaviour. Expressions of identity of today's consumers across many aspects are more fluid than ever: Dr. Martens act as a blank canvas through which consumers can express themselves.

Gender is one aspect of identity that has been redefined over recent years: Dr. Martens' products are unisex and therefore extremely democratic and inclusive across gender identities. Casualisation trends, particularly the relaxation of "dress codes" for work and formal occasions is also conducive to Dr. Martens' continued growth. Dr. Martens products span both casual and formal occasions, suiting versatile lifestyles with consumers able to wear their Docs for multiple occasions on the same day without having to change footwear.

Consumers view Dr. Martens as a practical everyday brand, with 52% of consumers wearing Dr. Martens at least once a week, and with Dr. Martens having the highest share (36%) of consumers who "wear the brand for almost everything" when compared to its peers. The brand is popular across a wide range of occasions and events, for going out and for festivals and gigs, as well as for school and work.

We believe that consumers are increasingly engaged with brands, seeking brands that are authentic and reflect their values. One element of this is sustainability, with consumers increasingly seeking products that last. In consumer surveys, consumers listed the durability of Dr. Martens products as one of the principal reasons for purchase.

SIGNIFICANT HEADROOM FOR FUTURE GROWTH

We believe we have a significant opportunity to expand in the £341bn global footwear market. We worked with a third-party adviser to quantify the headroom for growth available to Dr. Martens based on the attributes of the Group's present consumer base in the UK, the USA, Germany, France, Italy, Japan and China - our seven most important markets. Based on consumer surveys, the Group has identified 154 million consumers across these markets who have similar attitudinal profiles to the 16 million consumers who have bought Dr. Martens products in these countries in the last 24 months. Assuming the current typical frequency of purchase and average spend per purchase in each market, the 170 million existing and potential consumers indicate potential headroom for over £6bn of annual sales.

The number of pairs sold per capita highlights how underpenetrated Dr. Martens is in many large markets. For example, in the US Dr. Martens sold twelve pairs of boots per 1,000 population, and in China less than one pair of boots per 1,000 population. This compares to 31 pairs per 1,000 population in the UK.

As Dr. Martens operates in markets over time, the markets tend to reach consumers with broader attitudinal profiles and so we anticipate that the opportunity in the seven markets assessed would increase even further over time as the attitudinal profiles of consumers broaden. We believe that this global opportunity can be achieved by executing our DOCS strategy to increase distribution and further brand awareness.

Read more about our strategy on pages 30 to 31

Business model

Our purpose

TO EMPOWER REBELLIOUS SELF-EXPRESSION

Strong foundations:

From design to our consumers:

Our people

We employ 2,550 people 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 is crucial for our long-term growth.

Suppliers

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

Financial

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

Read more in our investment case on pages 10 and 11



Design and IP

Our design team deeply understands our brand DNA and every product we create is rooted in the design handwriting of our Originals line. Our iconic 1460 boot, 1461 shoe and 2976 Chelsea boot are at the centre of our product strategy. To add buzz each season, our design team collaborates with a hand picked range of brands and designers to develop exceptional collaboration products. Our IP team ensures the core DNA is protected and respected. We have in-house footwear specialists who are expert in the construction of our products and work closely with our factories.

Brand and marketing

We create global brand campaigns and design assets which are then localised by our regional teams. We work to ensure that our products are presented in the best possible way and that their durability and timelessness is clearly conveyed. Our social teams create engaging content for use across our social channels to further improve engagement.

For more information on our Brand Love formula, refer to page 4.

#1

Net promoter score ("NPS") in core markets*

* UK, USA, France, Italy, Germany, China and Japan.

14 factories

with 39 welting lines



Brand at the heart of everything we do

Read more about our brand on pages 4 and 5

Delivering value:



Sales and distribution

Direct-to-consumer

Ecommerce

Our single most important store, we run our own .com websites, with 13 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 135 own stores globally and they provide the opportunity to showcase our brand and products in the best possible physical environment.

Business-to-business

Wholesale

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

10 distribution centres



Regional teams

EMEA

Headquartered in Camden, London, and with offices in Milan, Barcelona, Paris, and Dusseldorf. 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, wholesale relationship in Canada and distributor relationships in South America.

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.

Consumers

Empowering our consumers to express themselves

#1 NPS IN CORE MARKETS

Our people

Providing jobs and opportunities to our teams globally

88% EMPLOYEE ENGAGEMENT

Value back into the business

Continued investment back into the business to drive future growth

£18.6m CAPITAL INVESTMENT IN FY21

Investors

Growing earnings over the long term to support value creation

104% OPERATING CASH CONVERSION

Communities

Making a positive difference in our communities

£3m SET UP DR. MARTENS FOUNDATION

Read more on page 27



Stakeholder engagement

We must meet our stakeholders' needs to be successful as we build our brand for the future.

Section 172 statement

The Directors of Dr. Martens plc are bound by their duties under the Companies Act 2006 (the "Act"), including their fundamental duty to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. How the Directors discharge this core duty is a central theme of the Strategic report and the following pages set out how, in so doing, they have considered and will continue to consider each of our key stakeholder groups and have regard to each of the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006.

The information provided on these pages spans FY21 and therefore covers the majority of the year that was overseen by the pre-IPO Directors, as well as the Board of Dr. Martens plc with effect from February 2021.

In addition to the information provided here, more detail on how our stakeholders influence and shape our business and how we seek to act in their interests can be found throughout the Strategic, Sustainability and Governance reports:

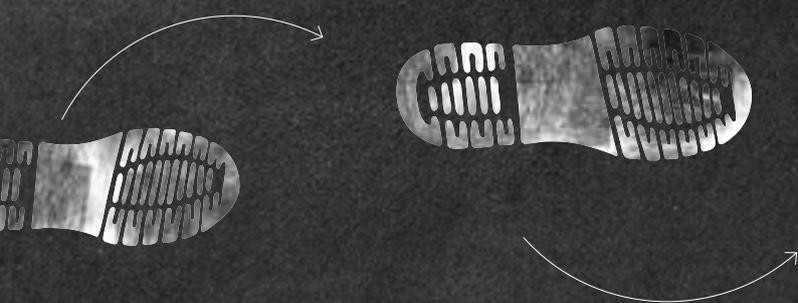
- Board discussions - see pages 92 and 93;
- Sustainability - see pages 40 to 73;
- Strategic report - see pages 1 to 82;
- Covid-19 response - see pages 18 and 19; and
- IngreLux relationship - see page 130.

On these pages we identify our key stakeholder groups and describe how their interests and concerns are considered by the Board, and influence the decision-making process and the specific outcomes resulting from engaging with each group, many of which help inform and shape our wider strategy. These are complemented by three case studies that focus on how we have engaged and responded on specific issues during the year.

Read more about our Board and corporate governance in our Governance report from page 84



TAKING STEPS TOGETHER...



1

...with investors

Having successfully transitioned from private equity to public ownership, engaging with our shareholders will be an important and ongoing process conducted through a range of channels including results presentations, meetings with the leadership team and our Annual General Meeting (AGM). We also continue to closely engage with our controlling shareholder, IngreLux S.à.r.l. (owned by funds advised by Permira). The formalities of our relationship with it, which assist the Board in ensuring the Company continues to act fairly between shareholders, are explained in the Directors' report on page 130.

Ahead of the IPO, considerable effort was made to ensure that all investor views were properly considered and represented, the most significant being the appointment of a Director of Investor Relations who joined the business soon after listing. Multiple investor meetings were carried out through the IPO process, and we intend to continue our open and engaged communication approach going forward.

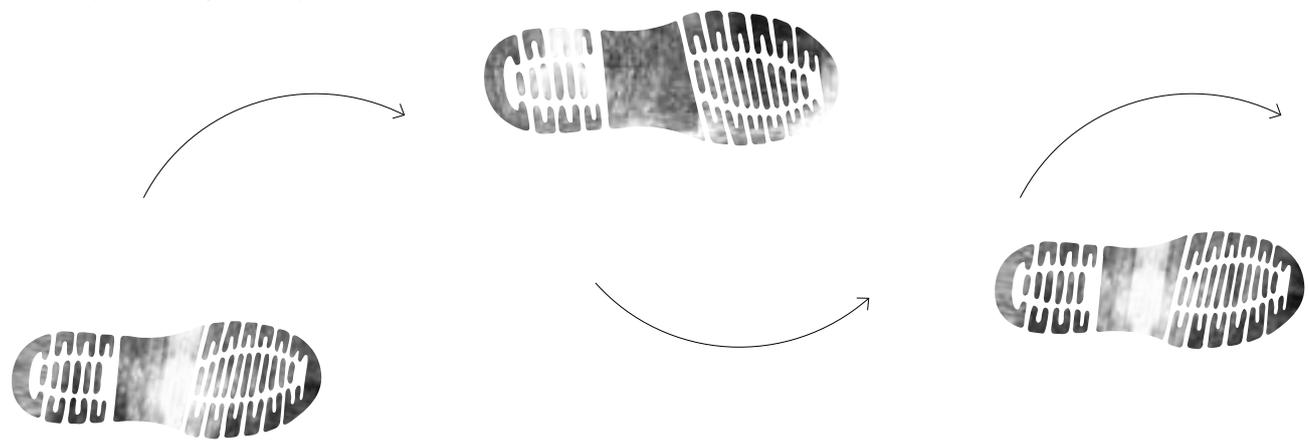
How we will engage

- 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.
- Regular in-depth feedback on investor views provided by our corporate brokers.



Outcomes

- Establishment of a dedicated Investor Relations function, with further investment planned in the team in the coming financial year.
- A thorough process was run to appoint our corporate brokers, Morgan Stanley, Investec and Goldman Sachs, whose job it is to advise the Executive Directors and the Board.
- IR CRM system embedded, to ensure meeting records are appropriately recorded.
- Formalised our relationship agreement with former owners and current majority shareholder, IngreLux S.à.r.l. including the appointment of Tara Alhadeff to the Board as a Non-Independent Non-Executive Director.



Stakeholder engagement continued



...with our people

The Board and leadership team use a range of touchpoints with our people to keep informed of their views and build a picture of how they engage with the brand, its culture, and the employee experience it provides. These include our annual Engagement and Inclusion Survey (a summary of the results of which can be found below), quarterly Board listening groups and Pulse Surveys. Feedback from these touchpoints is discussed by the Board and assists in ensuring that our culture continues to align with our strategy. The Chief HR Officer also joins the Board's regular discussions on the topics of people, reward, wellbeing and diversity. Post-IPO, the addition of four Independent Non-Executive Directors to the Board and the appointment of Robyn Perriss as our designated Workforce Representative Director will add an extra dimension to these discussions and strengthen our engagement with employees across the business.

For more information about our culture, see pages 64 and 65 of the Sustainability report.

How we engage

- Regular Engagement and Inclusion Survey, listening groups and pulse checks.
- Regular town halls and email briefings.
- Performance development through "My Record".
- Our employee code of conduct - the DOctrine.
- Diversity and inclusion initiatives.
- "Backstage", our online employee experience platform.

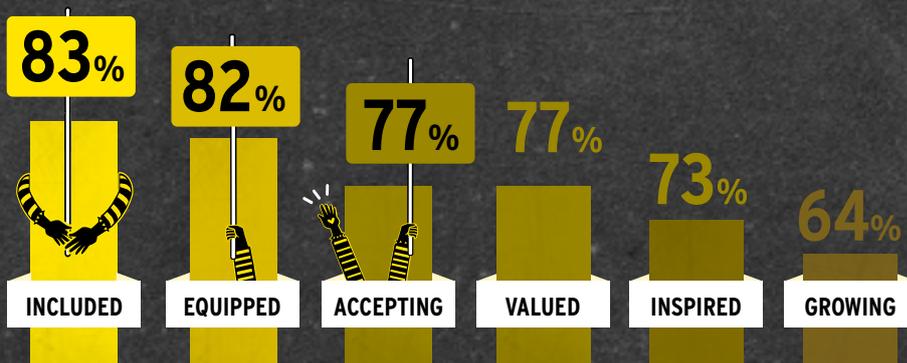
Outcomes

- Incorporated employee feedback into our review of the future configuration of our office spaces to ensure they are fit for a post-Covid-19 work environment.
- Worked with an engagement specialist to refine our Engagement and Inclusion Survey to make it shorter and more relevant to assist the Board in making better, more informed decisions that affect our people.
- Appointed Robyn Perriss as our Workforce Representative Director, with work to flesh out this role currently underway.
- A high degree of recognition and appreciation for the open, two-way communication channels between leadership and the wider business, with 91% of respondents to our Pulse Survey feeling well informed.



Engagement and Inclusion Survey 2021 results

The results of the Engagement and Inclusion Survey 2021 provided the Board and leadership team with detailed, essential insight into how the 88% of our people who responded feel about working for Dr. Martens. The results below reflect the percentages of those who responded positively in six key areas.





3

...with consumers

Building meaningful relationships with consumers is one of our DOCS strategic pillars and an important area of focus for the Board. It has used a range of methods to ensure consumer viewpoints are front of mind. For example, consumer insights from the Strategy team are regularly shared and discussed and have been used to constantly improve the consumer experience. In particular, we have focused on the digital world by implementing and upgrading our social listening tool which has enabled us to better capture consumer sentiment across channels and to support more thorough and timely responses to queries and comments.

How we engage

- Interviews with consumers facilitated through our partner agencies to get to know our customer segments and inform our marketing and overall brand strategies.
- Global focus groups and quarterly surveys aimed at improving our understanding of consumer perceptions of our brand and products.
- Hosted consumer panels as a way of engaging in two-way, live conversation with consumers to understand their relationships with our brand and products.
- Focused surveys aimed at understanding any issues and opportunity areas across the consumer experience.



Outcomes

- Driven by our “brand love” formula, developed a strong understanding of our highly diverse consumer base and the democratic appeal of the Dr. Martens brand across genders, age groups and income levels.
- Number one NPS-ranked footwear brand compared with our peer group across all of our seven key markets: the UK, the USA, Germany, France, Italy, Japan and China.
- Achieved double the engagement scores of our peer set following further investment in our social media community management teams.
- Exceptional levels of brand awareness and consumer loyalty in each of our core markets.



Engagement in action

THE DR. MARTENS FOUNDATION

The Board approved the establishment of the Dr. Martens Foundation for the purposes of giving back to the local communities in which we work and live. The Dr. Martens Foundation aims to bring a coordinated approach to supporting charitable giving and doing more for communities.

During the Covid-19 pandemic, the Dr. Martens Foundation has been raising funds and donating to local causes nominated by employees. Following the Black Lives Matter events in May 2020, the Company provided an initial donation of £100,000 to the Dr. Martens Foundation and

asked our people to vote on which charity they wanted to support. The money was split evenly between NAACP Legal Defense Fund, Show Racism the Red Card and Black Lives Matter.

We have now registered the Dr. Martens Foundation as an independent charity in the UK and our work to establish its long-term mission continues. Thanks to generous donations by shareholders totalling £3m, the Dr. Martens Foundation is well placed to become a force for good in the future.

Stakeholder engagement continued

4 ...with suppliers

Close relationships with our suppliers are of paramount importance to our ability to provide consumers with great quality products and this was amplified during the height of the pandemic. During this time the Directors and wider leadership team were open and transparent with the business about the risks associated with an inability to trade. We took steps to protect strategic partnerships, agreeing that no orders with our Tier 1 suppliers would be cancelled and temporarily extending payment terms. We also introduced the “Cash is King” initiative through which the finance and accounts payable teams were mobilised to create a Base Case Planning and Cash Collection task force.

Away from the pandemic specifically, the Company closely and regularly engages with its suppliers in a range of areas, including working conditions and ethical business through its Supplier Code of Conduct, whilst regular visits to manufacturing facilities enable us to review and directly engage with operations on the ground. The results of these reviews then inform and help shape the Company’s future sourcing decisions.

How we engage

- Bi-annual supplier conferences hosted by our Chief Operating Officer were increased in frequency in response to Covid-19 and are now held every six weeks.
- Communicating our Supplier Code of Conduct to all suppliers and requiring their compliance with it at all times.
- Regular assessment of manufacturing facilities through periodic inspections and improvement activities.
- Our Chief Operating Officer sponsors our “Produce Responsibly” sustainability pillar, through which we are working with our suppliers and partners to build a more sustainable, responsible supply chain.

Outcomes

- Established a more modern, flexible supply chain able to scale production and logistics capacity to meet our growth plans.
- Work with our Tier 1 and 2 suppliers to fully embed our sustainability principles across the supply chain underway.
- Maintained a robust supply chain and high levels of availability despite significant global disruption.
- Preserved our strong relationships with key suppliers through decisive action in the early stages of the Covid-19 pandemic.



Engagement in action COMBATting RACISM

In the immediate days after George Floyd was murdered in the USA, employees voiced their feelings about racism and injustice and the role they perceived Dr. Martens should play in addressing discrimination in our global community.

The leadership team, supported by the Board, was clear that a meaningful response from the business was important through our external actions, for example the donations made through the Dr. Martens Foundation, but importantly also through internal dialogue with our people.

Listening and sharing groups were set up, facilitated by Global Diversity Practice, for employees to share their thoughts and experiences directly with leaders and a new dedicated Head of Diversity, Equity and Inclusion (DE&I) was appointed to formalise a DE&I strategy for the business. Educational materials were made available for employees to understand racism and the impact it has in society and on business, and online training and seminars were provided and widely attended by employees and leadership. More information about this and our DE&I strategy can be found on pages 66 and 67 of the Sustainability report.



5

...with the community and environment

The impact the business has on the environments and communities in which we operate is a vital area of focus for the Board and one with which consumers and employees are increasingly engaged.

We have developed an overarching sustainability strategy which is overseen by our Sustainability Committee, chaired by Kenny Wilson, with the objective of addressing the areas in which the business has the most significant impact and can therefore potentially make the greatest difference, from carbon emissions and use of raw materials to providing a diverse and equitable workplace for our people and safeguarding human rights across our operations. Through this we have built a comprehensive programme of actions based on our five sustainability pillars: Design Responsibly, Produce Responsibly, Sell Responsibly, Treat People Responsibly and Do More for our Communities.

More information about this can be found on pages 48 to 69 of our Sustainability report.

How we engage

- Partnered with specialist consultancy Global Diversity Practice to support the facilitation of listening circles where we could understand some of the experiences of our employees in relation to DE&I and ran unconscious bias workshops.
- Oversaw our sustainability programme through our Sustainability Committee, which reports directly to the Board.
- Engaged an external consultant to undertake a series of surveys and interviews with key external stakeholders to understand our most material environmental and social impacts.
- As part of the recent IPO, shareholders donated over £3m to the Dr. Martens Foundation.

Outcomes

- Created a dedicated Diversity, Equity and Inclusion department to accelerate our DE&I agenda, and will launch our global strategy later this year.
- Donated £100,000 to anti-racism charities and not-for-profit organisations and continued to support causes committed to racial equality in 2021.
- Identified our priority sustainability-related impacts, based on the materiality analysis, and developed ambitious long-term commitments in each of these areas.
- Accelerated our sustainability agenda with support from the Sustainability Committee (see highlights from the year on page 43).
- Established the Dr. Martens Foundation as an independent UK registered charity.

Engagement in action

COVID-19 PANDEMIC

On 16 March 2020, during the earlier stages of the Covid-19 pandemic, the Board took the decision to close all of our UK, Continental Europe, USA stores to ensure the safety of our employees. This decision was supported by the wider leadership team and was taken before the general closure of retail became legally required. The closure of our stores in Japan followed in late March 2020.

Our “people first” approach led to the immediate end of retail revenue; however, the Board and leadership team collectively agreed that it was essential to prioritise the health, safety and wellbeing of staff, particularly in light of feedback from some describing their concerns and anxiety.

As a result of the focus on ecommerce, safe DC operations, wholesale partnership and other cash protection measures, the Board was unanimous that the Company could continue to pay employees in full, despite many being unable to work and stores generating no revenue.

Both throughout the height of the pandemic and going forwards, the primary focus of the business was and will remain the wellbeing and safety of our employees. More information about our response to the Covid-19 pandemic can be found on pages 18 and 19.



Our strategy

WHAT WE'RE WORKING TOWARDS TOGETHER

Dr. Martens is focused on delivering sustainable and profitable long-term growth.

This is where Dr. Martens is heading. This is what we're working towards together.

Strategic priorities

D

DIRECT-TO-CONSUMER ACCELERATION

- Fuel ecommerce growth
- Continue to use stores as profitable brand beacons

O

OPERATIONAL EXCELLENCE

- Enable growth and unlock value

C

CONSUMER CONNECTION

- Build meaningful relationships with consumers

S

SUSTAINABLE GLOBAL GROWTH

- Grow our business in the right way

BUILD ORGANISATIONAL CULTURE AND CAPABILITY

Culture first

Empowering rebellious self-expression. Cultivating an environment where we can all be our best.

Attract talent

Enhancing our employer brand and bringing the right people into our business.



What it means

Dr. Martens is focused on growing the brand through direct-to-consumer channels which enable control of the brand engagement with consumers and represent the best environment to showcase the brand.

How we performed in FY21

- Ecommerce increased to 30% of Group revenue
- Opened 18 new directly operated stores
- Increased marketing spend investment by 34%

Next steps for FY22

- Upgrade Japan ecommerce site, and continue to localise .com sites
- Plan to open 20 to 25 stores
- Work underway to explore next generation store format

Dr. Martens continues to professionalise and invest in its operational and technological infrastructure to unlock value and enable growth. The Group's supply chain has the scale to produce enough pairs to support the near-term trajectory and aims to build out capacity enough to support our growth.

- Supply chain successfully operated despite significant disruption caused by the pandemic
- Increased our investment in cyber security within IT
- Quickly rolled out systems to facilitate effective working from home

- Further increase our manufacturing capability to support growth (currently 14 factories across 39 wetting lines)
- Start implementation of D365 IT system across our APAC region

Dr. Martens is focused on creating deeper connections with more consumers, using insights to develop effective marketing strategies aimed at increasing engagement and broadening the Group's consumer base. A particular emphasis has been placed on improving understanding of consumer segments to help engage in a more meaningful, tailored two-way conversation.

- Number one NPS across our 7 priority markets
- Invested in our social media community management teams to increase two-way engagement with our consumers globally
- Celebrated the 60th birthday of the 1460 with a monthly series of Collaborations
- Launched our new sustainability targets, as detailed on pages 46 and 47

- Build upon our Tough as You brand initiative to further drive consumer engagement
- Celebrate the anniversary of the 1461 shoe
- Continue to drive growth in Sandals
- Detail our sustainability roadmaps to achieve our long-term target

Dr. Martens believes that it has a significant opportunity for growth within the £341bn global footwear market. The Group benefits from strong brand awareness in all our core markets. We are focused on applying our tried and tested strategy, with resource prioritised towards our core markets of the UK, France, Germany, Italy, the USA, Japan and China.

- Grew pairs by 14% to 12.7 million
- Successful performance in Germany and the Nordics, following conversion of these markets to a directly operated model

- Conversion of Italy market, with further store openings planned following the successful new store opened in Rome in FY21
- Conversion of Spain market, with the opening of a new office in Barcelona

Develop people
 Building opportunities and skills for our people to learn and grow.

Reward people
 Bringing structure and clarity to the way we compensate and value our people.

Enable excellence
 Driving operational excellence and compliance across teams, systems and processes.

Key performance indicators

MEASURING OUR PERFORMANCE

The Group monitors several key metrics to track the financial and non-financial performance of its business. These measures are derived from the Group’s internal financial and analytics systems.

Key to strategy

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

FINANCIAL

Revenue
£773.0m



Link to strategy

D O C S

Description

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

Performance

We saw good revenue growth in FY21, driven by volumes. Ecommerce and wholesale revenues both saw strong growth, with retail impacted by Covid-19 store closures and restrictions.

EBITDA margin^{1,2}

29.0%



Link to strategy

D O C S

Description

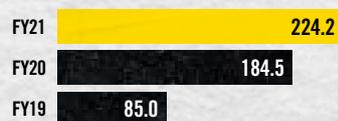
EBITDA¹ margin shows the key trading profit conversion from revenue and helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.

Performance

EBITDA¹ margin grew by 1.6%pts, driven by an improvement in gross margin due to supply chain efficiencies.

EBITDA^{1,2}

£224.2m



Link to strategy

D O C S

Description

EBITDA¹ is the Group’s key profit measure to show performance from operations.

Performance

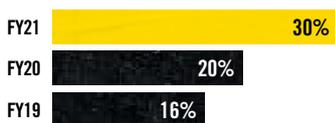
EBITDA¹ grew by 22%, driven by the increase in revenue combined with margin expansion.

1. Alternative Performance Measures as defined in the Glossary on pages 210 and 211.
2. Before exceptionals.

NON FINANCIAL

Ecommerce mix

30%



Link to strategy

D O C S

Description

Ecommerce mix shows the ecommerce revenue share of total revenue and helps evaluate progress towards strategic objectives.

Performance

The strong ecommerce growth was due to brand strength, improvements we have made in our online proposition over recent years, increased investment in digital marketing, together with the shift in consumer spending from retail to ecommerce.

Direct-to-consumer mix

43%



Link to strategy

D O C S

Description

DTC mix shows the combined ecommerce and retail revenue share of total revenue and helps evaluate progress towards strategic objectives.

Performance

We saw strong growth in ecommerce however this was more than offset by a decline in retail revenues, in both absolute and relative terms, due to Covid-19 store closures and restrictions.

Own stores

135



Link to strategy

D O C S

Description

Own stores shows the total stores the Group directly operates globally.

Performance

During FY21 we opened 18 new stores and closed five. We view stores as profitable brand beacons, supporting ecommerce and showcasing our brand and product.

Adjusted PBT¹

£151.4m



Link to strategy

D O C S

Description

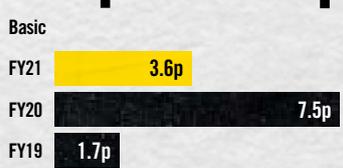
Adjusted PBT shows the Group's profit performance from operations before exceptional costs and after financing costs.

Performance

PBT, excluding exceptional charges, grew by 34% on the prior year. This was due to volume-led revenue growth, together with margin expansion.

Basic diluted EPS¹ Adjusted diluted EPS¹

3.6p 11.6p



Link to strategy

D O C S

Description

EPS is profit after tax per share in issue and indicates how much money a company makes for each share of its stock.

Performance

FY21 EPS declined by 52%, entirely due to exceptional charges relating to the IPO.

Operating cash flow^{1,2}

£234.1m

104% cash conversion



Link to strategy

D O C S

Description

Operating cash flow¹ shows the Group's cash from operations, after capital expenditure. Conversion expresses this cash flow as a percentage of EBITDA¹.

Performance

Operating cash flow¹ was ahead of our expectations, mainly due to timing of inventory purchases and resulting payments normalisation, together with stronger trade debtors collection.

1. Alternative Performance Measures as defined in the Glossary on pages 210 and 211.
2. Before exceptionals.



Finance review



Jon Mortimore
Chief Financial Officer

STRONG FINANCIAL PERFORMANCE

“We achieved revenue growth of 15% and EBITDA¹ growth of 22%.”

During the year, the financial position of the Group improved - revenue grew 15% to £773.0m (FY20: £672.2m) and EBITDA¹ grew 22% to £224.2m (FY20: £184.5m).

The year was overshadowed by Covid-19 and the Group proved itself to be very resilient to its negative impacts. This was primarily due to brand and product strength, the global nature of our operations, our multi-channel distribution model and, in particular, the focus on ecommerce - which grew by 73% to represent 30% revenue mix (FY20: 20% revenue mix).

The year also saw the Group move from private ownership to list on the premium segment of the London Stock Exchange on 29 January 2021. In addition, as part of this process, the Group repaid all legacy financing arrangements funded by a new loan of £300.0m and existing cash. The new debt is bullet repayment in nature with a 5-year term. The Group also secured a working capital facility of £200.0m with a 5-year term. At 31 March 2021 the Group had cash of £113.6m and undrawn available facilities of £195.4m.

Total revenues grew by 15% from £672.2m to £773.0m with very strong growth from ecommerce. The key driver of growth was volume with 14% more pairs of boots and shoes sold at 12.7m pairs (FY20: 11.1m pairs).

- Ecommerce revenue was particularly strong, as consumers shifted online due to store closures/social distancing restrictions and also our focus of resources on this channel early when Covid-19 first became apparent. As a result ecommerce experienced a step-change and grew by 73% to £235.4m (FY20: £136.4m) to represent 30% of revenue (up 10%pts from FY20 mix of 20%) with very strong growth driven by localised trading teams across all own websites in all geographies.
- Retail revenue, impacted by Covid-19 store closures and restrictions, declined by 40% to £99.7m (FY20: £165.2m) with revenue mix reducing to 13% (down 12%pts from FY20 mix of 25%). Despite this decline, we understand the importance of this channel in supporting ecommerce and brand awareness with profitable brand beacons and we opened 18 new own stores in the year (and closed 5) to end the year with 135 own stores.
- Wholesale revenue grew by 18% to £437.9m (FY20: £370.6m) and to a degree benefited from the trend to digital (with growth mainly pure play “etail” accounts as well as own websites from traditional accounts). In addition, the first full year of trading in Germany (following its conversion from third party distributor basis to directly operated basis) was particularly strong.



Results - at a glance

		FY21 £m	FY20 £m	% change Actual	% change CC ⁵
Revenue:	Ecommerce	235.4	136.4	73%	73%
	Retail	99.7	165.2	(40%)	(40%)
	DTC	335.1	301.6	11%	11%
	Wholesale ⁴	437.9	370.6	18%	20%
		773.0	672.2	15%	16%
Gross margin		470.5	401.5	17%	18%
EBITDA ^{1,2}		224.2	184.5	22%	22%
Operating profit before exceptionals		193.0	154.5	25%	
Operating profit		112.5	142.5	(21%)	
Key statistics:	Pairs sold (m)	12.7	11.1	14%	
	No. of stores ³	135	122	11%	
	DTC mix %	43%	45%	-2.0%pts	
	Gross margin %	60.9%	59.7%	+1.2%pts	
	EBITDA % ^{1,2}	29.0%	27.4%	+1.6%pts	

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

2 Before exceptional items of £80.5m (FY20: £12.0m).

3 Own stores on streets and malls operated under arm's length leasehold arrangements.

4 Wholesale revenue including distributor customers.

5 Constant currency applies the same exchange rate to the FY21 and FY20 non-GBP results, based on FY21 budgeted rates.

Gross margins improved by 1.2% pts to 60.9% (FY20: 59.7%) mainly due to faster delivery of supply chain efficiencies (in part volume efficiency, part cross cost comparison and part lower input costs on certain key components) which generated 1.1%pts of improved gross margin. The negative margin impact from the reduction in direct to consumer (DTC) mix and inflation was offset by targeted price increases in the year.

The supply chain target of 5% of revenues has now been achieved, a lot earlier than anticipated. Looking forward, we anticipate broadly offsetting raw material headwinds from SS22 and increasing freight and container costs with incremental future savings.

EBITDA¹ grew by 22% to £224.2m (FY20: £184.5m) and was mainly due to volume. EBITDA¹ margin improved by 1.6%pts to 29.0% (FY20: 27.4%) as follows:

	EBITDA ¹ margin %
FY20	27.4%
Gross margin	+1.2pts
PLC/LTIP costs	-0.4pts
Operational leverage	+0.8pts
FY21	29.0%

The improvement in gross margin has been previously described with margin dilution from PLC/LTIP costs representing new ongoing costs in relation to being a 'listed' company (described later) and were offset by lower discretionary spend due to Covid-19 of £5m and also by operational leverage from the cost base increasing at a slower rate than revenue growth. Whilst some Covid-19 related savings will reverse and normalise in FY22, our medium-term target of 30% EBITDA¹ margin remains unchanged.

Operating profit (before exceptionals) was £193.0m (FY20: £154.5m) and was up 25% with operating profit of £112.5m (FY20: £142.5m) down 21%, summarised below:

	FY21 £m	FY20 £m	% change
Revenue	773.0	672.2	15%
Gross margin	470.5	401.5	17%
Operating expenses	(246.3)	(217.0)	(14%)
EBITDA^{1,2}	224.2	184.5	22%
Depreciation and amortisation	(35.0)	(29.5)	(19%)
Foreign exchange gains/(losses)	3.8	(0.5)	N/A
Operating profit before exceptionals	193.0	154.5	25%
Exceptional items	(80.5)	(12.0)	N/A
Operating profit	112.5	142.5	(21%)
Gross margin %	60.9%	59.7%	+1.2%pts
EBITDA % ^{1,2}	29.0%	27.4%	+1.6%pts
Operating profit margin - before exceptionals	25.0%	23.0%	+2.0%pts
Operating profit margin	14.6%	21.2%	-6.6%pts

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

2 Before exceptional items.



Finance review continued

Pre-exceptional operating expenses increased by 14% to £246.3m (FY20: £217.0m) as follows:

	FY21 £m	FY20 £m	% change
Staff costs: Underlying	106.7	99.8	7%
PLC/LTIP	2.9	–	–
	109.6	99.8	10%
Other operating expenses	136.7	117.2	17%
	246.3	217.0	14%
% revenue: Staff	14.2%	14.9%	-0.7%pts
Other	17.7%	17.4%	+0.3%pts
Total	31.9%	32.3%	-0.4%pts

Included in staff costs was £2.9m in relation to PLC related costs, including the first LTIP grant of £0.7m made on 9 February (which is expected to annualise to a cost of £4.9m) and incremental headcount in relation to our new Independent NEDs and the strengthening of Group Finance and Legal/ Company Secretary functions which occurred across the second half. Other operating costs increased by 17% and was mainly due to increased marketing spend (up 34%), before this increase, other operating expenses increased by 9% and were mainly volume related in nature. The increase in marketing spend was in line with our plans at +0.5%pts of revenue and we expect to continue to increase our investment in this area, particularly in digital marketing.

Exceptional costs in the year were £80.5m (FY20: £12.0m) and 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 is further described in note 7 of the financial statements). The balance of £20.6m was advisory fees and charges including an element of unclaimable VAT. In the prior year exceptionals of £12.0m included consulting fees in relation to the Company's exploration and diligence associated with an exercise to review strategic options of £7.3m, charge in relation to the implementation of a new IT system (Microsoft Dynamics 365 in Americas region) of £2.2m and costs for legal obligations and litigation of £1.9m, with the balance mainly legal costs.

The Directors consider EBITDA¹ before exceptionals as the most appropriate indicator of the underlying performance of the Group.

Region analysis: (excluding exceptional items)

The results can be further analysed by region as follows:

		FY21 £m	FY20 £m	% change
Revenue:	EMEA	335.6	287.9	17%
	Americas	295.8	252.2	17%
	APAC	141.6	132.1	7%
		773.0	672.2	15%
EBITDA ^{1,2} :	EMEA	115.3	92.4	25%
	Americas	91.9	75.4	22%
	APAC	39.7	35.5	12%
	Support costs ³	(22.7)	(18.8)	(21%)
		224.2	184.5	22%
EBITDA ^{1,2} margin by region:	EMEA	34.4%	32.1%	+2.3%pts
	Americas	31.1%	29.9%	+1.2%pts
	APAC	28.0%	26.9%	+1.1%pts
	Total	29.0%	27.4%	+1.6%pts

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

2 Before 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

EMEA revenue grew by 17% to £335.6m (FY20: £287.9m). Ecommerce was particularly strong with retail negative (due to store closures and social distancing restrictions which continued throughout the year). During the year we opened 9 new stores with 4 in France (to 11 stores), 4 in Germany (to 10 stores) and also our first store in Italy (Rome) and closed 3 stores in UK by exercising lease break clauses. Germany had a particularly strong year (following a highly successful conversion to a directly controlled market in the prior year) and grew revenue by 56% to become our second largest market in the region after the UK. The region has two main DCs, in the UK and the Netherlands, and, as a result, Brexit has not had a material impact on our operations or results. EBITDA¹ was up 25% to £115.3m (FY20: £92.4m).

Americas

The Americas region grew revenue by 17% to £295.8m (FY20: £252.2m). Our own stores were closed during April to early July and broadly traded throughout the remainder of the financial year at 25% to 50% capacity. In addition, a number of traditional wholesale accounts were open all year (with capacity restrictions) and, as a result, the impact of Covid-19 restrictions was not as negative an impact as in EMEA or APAC. Ecommerce was very strong, and we also went live with a new Hispanic website. We had good wholesale growth, but retail was negative. During the year we opened 6 new stores with 2 in Texas (in Dallas and Houston), 3 in and around LA (including Abbot Kinney Boulevard) and 1 store in Chicago. One store was closed at the end of its lease term. EBITDA¹ was up 22% to £91.9m (FY20: £75.4m).



APAC

Total revenue across the region was up 7% to £141.6m (FY20: £132.1m) with the region particularly impacted by strict social distancing restrictions. China had steady growth from both ecommerce and distributor revenues growing by 46% and during the year we opened a net 35 mono branded franchise stores to trade from 85 stores at year end. Japan, which is currently our largest market in the region, experienced marginal revenue growth with exceptionally strong ecommerce growth offset by negative retail revenue and negative wholesale revenue due to strict social distancing/store closure rules (particularly in and around Tokyo). South Korea and Hong Kong were broadly flat with very good ecommerce offset by weak retail and negative trading across most SE Asia distributor markets.

EBITDA¹ was up by 12% to £39.7m (FY20: £35.5m) with growth in part impacted by continuing infrastructure build to support our long-term ambitions in China (during the year we expanded our Shanghai-based team from 7 to 25 people) and also further investment in Japan to underpin future DTC growth.

Support costs

Support costs were up 21% to £22.7m (FY20: £18.8m) which was mainly due to PLC/LTIP costs incurred across the second half of £2.9m; excluding these costs, support costs were up 5%.

Retail development

During the year, we opened 18 (FY20: 16) new own retail stores (via arm's length leasehold arrangements) as follows:

	31 March 2020	Opened	Closed	31 March 2021
EMEA: UK	37	-	(3)	34
Germany	6	4	-	10
France	7	4	-	11
Italy	-	1	-	1
Other	12	-	-	12
	62	9	(3)	68
Americas	29	6	(1)	34
APAC: Japan	21	1	-	22
South Korea	4	1	-	5
Hong Kong	6	1	(1)	6
	31	3	(1)	33
Total	122	18	(5)	135

The Group also trades from 49 (FY20: 52) concession counters in department stores in South Korea and a further 203 mono branded franchise stores around the world with 85 in China (FY20: 50), 32 in Japan (FY20: 33), 11 across Australia and New Zealand (FY20: 5), 50 across other South East Asia countries and the balance mainly South America.

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 warehouses and its offices. At 31 March 2021, the average lease term remaining across all property related leases to end of term was 4.3 years (FY20: 4.7 years), and only 2.9 years (FY20: 3.3 years) to tenant only break. The annual rent commitment was £22.7m (FY20: £21.5m) and undiscounted total lease commitment was £97.0m (FY20: £100.5m), reducing to £65.1m (FY20: £70.0m) to lease break.

At 31 March 2021 under IFRS 16 accounting rules the Group has ROU assets of £77.4m (FY20: £82.0m) and lease liabilities of £84.8m (FY20: £88.4m). As described in the Viability and Going Concern statements, we reviewed all stores for impairment and concluded three stores had future cash flows lower than the ROU asset, and accordingly expensed a £1.1m impairment charge to the Consolidated Statement of Profit and Loss.

Earnings

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

	FY21 £m	FY20 £m
Operating profit	112.5	142.5
Net interest cost on bank debt	(6.5)	(5.3)
	106.0	137.2
Non-cash interest on preference shares	(28.5)	(31.5)
Unamortised loan costs	(2.9)	(0.8)
Interest on lease liabilities (non-cash)	(3.7)	(3.9)
Profit before tax	70.9	101.0
Tax	(35.2)	(26.2)
Earnings	35.7	74.8

The Group made operating profit of £106.0m after interest costs on bank debt (FY20: £137.2m). On 29 January the Group refinanced its operations with new bank debt of £300.0m and a working capital facility of £200.0m. The term debt is for 5 years with bullet repayment on 2 February 2026 and average interest cost of 2.75% depending on the net leverage of the Group at each reporting period and the EURIBOR rate. Included within net interest on bank debt (above) of £6.5m is interest costs post refinancing of £1.2m with the balance being interest costs on previous funding arrangements. The unamortised loan issue costs of £2.9m include £0.2m in relation to the new financing arrangements (annualised cost of £1.2m) with the balance relating to the write-off of all issue costs on prior financing arrangements.

The Group made a profit before tax of £70.9m (FY20: £101.0m) with profit after tax of £35.7m (FY20: £74.8m).



Finance review continued

Earnings continued

The tax charge was £35.2m (FY20: £26.2m) with an effective tax rate of 49.6% which is higher than the UK corporate tax rate of 19.0% and mainly due to non-deductibility of certain expenses and exceptional items and also geographical mix of profits at different tax rates as follows:

	%
UK effective tax rate	19.0%
Non-UK tax mix	1.4pts
IFRS 2 accounting	1.9pts
Interest on preference shares	4.3pts
Certain exceptionals/Other	23.0pts
Reported tax rate	49.6%

On 3 March 2021, the 2021 UK budget announced an increase to the corporation tax rate from 19.0% to 25.0% effective from April 2023. This was substantively enacted on the 24 May 2021. The increase in rate would have been approximately £0.2m. 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 FY21 we paid £137m, either directly or indirectly, to various governments.

Earnings per share was 3.6p (FY20: 7.5p) and adjusted earnings per share (excluding exceptional items of £80.5m) was 11.6p (FY20: EPS 8.6p; exceptional items £12.0m). For future comparability purposes, we have also calculated a normalised adjusted EPS figure of 14.5p (FY20: 11.8p), which excludes exceptional items (as described in adjusted EPS) together with legacy financing costs of preference shares, which were fully repaid at IPO (FY21: £28.5m; FY20: £31.5m). The total number of shares is detailed in note 23 to the financial statements. The following table summarises these EPS figures:

	FY21 pence	FY20 pence	% change
Earnings per share Basic	3.6	7.5	(52%)
Diluted	3.6	7.5	(52%)
Exceptionals per share	8.0	1.1	
Add back exceptionals per share			
Adjusted earnings per share Basic	11.6	8.6	35%
Diluted	11.6	8.6	35%
Legacy financing per share	2.9	3.2	
Add back legacy financing per share			
Normalised adjusted earnings per share Basic	14.5	11.8	23%
Diluted	14.5	11.8	23%

The Group has not declared nor paid a dividend in the year.

Operating cash flow before exceptionals is summarised below:

	FY21 £m	FY20 £m
EBITDA ^{1,2}	224.2	184.5
Change in net working capital ³	28.5	(20.6)
Capital expenditure	(18.6)	(21.9)
Operating cash flow	234.1	142.0
Operating cash conversion	104%	77%

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

2 Before exceptional items.

3 Working capital per the Consolidated Statement of Cash Flows, less exceptionals of £6.1m offset by £0.7m of IFRS2 accounting.

Operating cash flow was particularly strong in the year at 104% mainly due to timing of inventory purchases and resulting payments normalisation, together with stronger trade debtors collection at 42 days (FY20: 61 days).

Capex was £18.6m (FY20: £21.9m) and represented 2.4% of revenue (FY20: 3.3%) and was lower than prior year mainly due to a pause on certain larger IT-related projects as a result of Covid-19 cash protection plans (including implementation of Microsoft Dynamics D365 into APAC, which has now been re-started). Spend of £18.6m included £7.7m on new stores (FY20: £6.8m) and IT and ecommerce spend of £7.9m (FY20: £9.2m).

Net cash flow after interest and exceptionals

Net cash flow after interest costs and exceptionals is summarised below:

	FY21 £m
Operating cash flow	234.1
Net interest paid ¹	(7.4)
Payment of lease liabilities	(23.8)
Taxation	(33.1)
Free cash flow before exceptional items	169.8
Proceeds from new bank borrowings	300.0
Exceptional items ²	(27.0)
Preference shares redeemed	(341.4)
Net bank borrowings and facility repayments	(92.7)
Net cash flow	8.7
Opening cash	117.2
Net foreign exchange	(12.3)
Closing cash	113.6

1 Finance expense per the Consolidated Statement of Cash Flows of £12.8m, less exceptional costs of £5.4m of fees paid in relation to the new financing arrangements of £300.0m.

2 All exceptionals paid were in relation to the IPO and refinancing event. Included within this amount is cash received from the EBT (from sale of shares at the IPO date) of £42.0m which was used to part fund an all employee "IPO bonus".

Funding

The Group is funded by cash, bank debt and equity, with the refinancing event that took place in the year previously described. Further details on the capital structure and debt are given in note 18 of the Financial Statements.

The new financing arrangements, as is normal, have a gearing covenant test, with the first test being on 30 September 2021 and subsequent tests every 6 months. The gearing test is calculated with a full 12 months of EBITDA¹ (before exceptionals) with net debt being inclusive of IFRS 16 lease liabilities. At 31 March 2021 the Group had gearing of 1.15 times, calculated below:

	£m
EBITDA ¹	224.2 (A)
Bank debt ²	(287.5)
Cash	113.6
Net bank debt	(173.9)
Lease liabilities	(84.8)
Net financing	(258.7) (B)
Gearing ratio (times, B/A)	1.15x

² Excluding unamortised fees of £5.9m.

The Group borrowed €337.5m on 29 January 2021 (equivalent to £300.0m at that date) with the value now at £287.5m due to exchange rate movements. The borrowings were in Euros to reflect the excess Euros the Group generates from trading in continental Europe to fund interest costs (with US dollar generated broadly funding US Dollar purchase of inventory and GBP generated broadly funding GBP-related costs).

Pensions

Airwair International Limited (a subsidiary of the Group), operates 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 of (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 of the financial statements. The surplus under the scheme is not recognised as an asset benefiting the Group on the balance sheet on the basis that the Group is unlikely to derive any economic benefits from that surplus.

The Group also operates a defined contribution scheme for its employees and during the year the Group contributions to this scheme were £5.8m (FY20: £4.8m). At 31 March 2021 this scheme had assets of £15.5m (31 March 2020: £9.8m).

Balance sheet

The balance sheet is summarised below:

	31 March 2021 £m	31 March 2020 £m
Freeholds	6.1	6.0
Right-of-use assets	77.4	82.0
Other fixed assets	46.6	43.2
Working capital	25.5	69.6
Deferred tax	7.2	7.4
Operating net assets	162.8	208.2
Goodwill	240.7	240.7
Cash	113.6	117.2
Bank debt ¹	(281.6)	(94.3)
Lease liabilities	(84.8)	(88.4)
Preference shares	-	(312.9)
Net assets	150.7	70.5

¹ Bank debt net of £5.9m unamortised debt issue costs.

The working capital balance of £25.5m (FY20: £69.6m) predominantly reflects inventory of £101.5m (FY20: £90.0m), trade and other receivables of £59.4m (FY20: £68.2m), trade and other payables of £133.0m (FY20: £88.9m) and other items (derivatives, tax and provisions). The reduction in working capital was mainly increased creditors, resulting from a normalisation of inventory purchases compared to the prior year.

Equity of £150.7m at 31 March 2021 can be analysed as follows:

	£m
Share capital	10.0
Hedging reserve	(0.1)
Merger reserve	(1,400.0)
Non-UK translation reserve	2.7
Retained earnings	1,538.1
	150.7

Included in retained earnings is Dr. Martens plc (the Company) distributable reserves of £1,385.0m.

Jon Mortimore
Chief Financial Officer
16 June 2021



SUSTAINABILITY

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“Creating a fairer and more sustainable world is a challenge. But if there's one thing Dr. Martens is good at, it's being brave and standing up for what we believe in. We want to leave things better than we found them. That's why I'm excited to share our first Sustainability report; I hope you find it informative.”

- Kenny Wilson, CEO





Sustainability continued

OUR APPROACH

At Dr. Martens, we have made timeless, durable products for over six decades. During this time, we have stood by our belief in doing what is right for people and the planet. At the beginning of 2019, we started work on our strategy to design, produce, sell and treat people more responsibly, and do more for our communities. As we continue on our sustainability journey, our focus remains on further anticipating our impacts and acting to mitigate them, endeavouring to leave things better than we found them.

We take our responsibility very seriously, and this year have undertaken a materiality analysis with an independent third party to review and understand our priorities when addressing environmental and social impacts, risks and opportunities. These findings refined our priority areas and determined where we should focus to make the biggest difference. For each of these priority areas we developed an ambitious target. We are now developing the detailed roadmaps, metrics and KPIs that will enable us to achieve these targets.

Rapid action is needed to respond to the climate crisis. That's why one of the targets we set this year is to be net zero by 2030. When determining our approach to carbon and the climate, we considered a number of frameworks including the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We will report against the TCFD framework in our FY22 Annual Report.



The UN Sustainable Development Goals (SDGs) set out 17 global goals. We support the aim of all of the SDGs, and have identified eleven goals where we can have the biggest impact, based on our business activities, such as Climate Action.

See our sustainability strategy on pages 48 and 49

Sustainability is a core factor in decision making throughout Dr. Martens, and its importance is also acknowledged by our external stakeholders - from our consumers to our investors. Accelerating our sustainability journey is therefore an integral part of our DOCS strategy.

See our DOCS strategy on pages 30 and 31

We hope you enjoy reading our first Sustainability report and seeing the strides we have made on our journey, as well as our ambitions for the future.

“As we continue on our sustainability journey, our focus remains on further anticipating our impacts and acting to mitigate them, endeavouring to leave things better than we found them.”



SUSTAINABILITY HIGHLIGHTS FROM FY21

ENVIRONMENT

Developed and committed to our sustainability targets, including net zero by 2030



INCLUSIVITY

Created a dedicated department for diversity, equity and inclusion to accelerate our DE&I agenda



COMMUNITY

Supported causes identified by our employees around the world with Company donations and employee fundraising



PRODUCT SUSTAINABILITY

Sourced more than 98% of leather from Leather Working Group medal rated tanneries

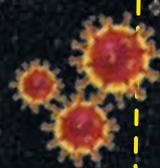
Started incorporating 50% post-consumer recycled plastic in our Airwair heel loops



LIVELIHOODS FIRST

Continued to be a responsible partner: we didn't cancel any orders with our Tier 1 suppliers despite the pandemic

Paid all our employees in full through the pandemic and made no redundancies relating to Covid-19



MANUFACTURING PROCESS

Achieved ISO 14001 certification in our Made in England factory



Undertook a gap and materiality analysis to comprehensively understand our most significant impacts and priority action areas



Launched the Dr. Martens Foundation



More than 90% of our Tier 1 finished product suppliers were independently audited physically and all surpassed our required CSR audit criteria



Sustainability continued

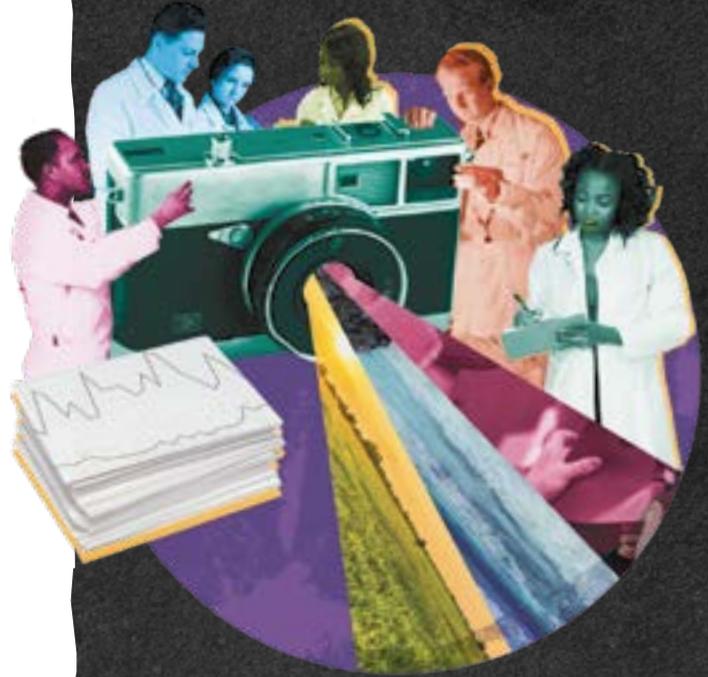
MAPPING WHAT MATTERS MOST

In 2020 we worked with an external consultant to identify the environmental and social issues that are most significant for Dr. Martens. The purpose of this analysis was to ascertain the priority areas based on the environmental and social impacts of our business, so we can focus on the issues where we can make the biggest difference as a company. The analysis also assisted us in developing a meaningful framework for future reporting.

The assessment included a detailed review of industry best practices, peer benchmarking and long-term trend analysis. Internal (employees and management) and external stakeholders were also engaged through a series of interviews and surveys to determine the materiality of key risks and opportunities to Dr. Martens. External stakeholders included industry associations like the British Retail Consortium (BRC) and Footwear Distributors & Retailers of America (FDRA); customers; key Tier 1 and 2 suppliers; and non-profit organisations such as Business for Social Responsibility (BSR) and Fashion Revolution.

The findings were reviewed by the Sustainability Steering Committee, chaired by the CEO, and used to understand the gaps in our current performance against the priority areas. 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.

“The purpose of this analysis was to ascertain the priority areas based on the environmental and social impacts of our business, so we can focus on the issues where we can make the biggest difference as a company. From this, we have identified twelve priority areas.”



Our priority areas

The materiality analysis helped us determine twelve priority areas. Eight of these were identified as the most material to us:

- Environmental impacts from supply chain manufacturing processes
- Modern slavery, human rights and labour rights in the supply chain
- Chemicals management and product compliance
- Innovation in design and sustainable materials
- Responsible treatment of suppliers
- Waste management
- Circular economy (resource efficiency, durability, repair, end of life)
- Land, biodiversity and ecosystems impacts of raw material production

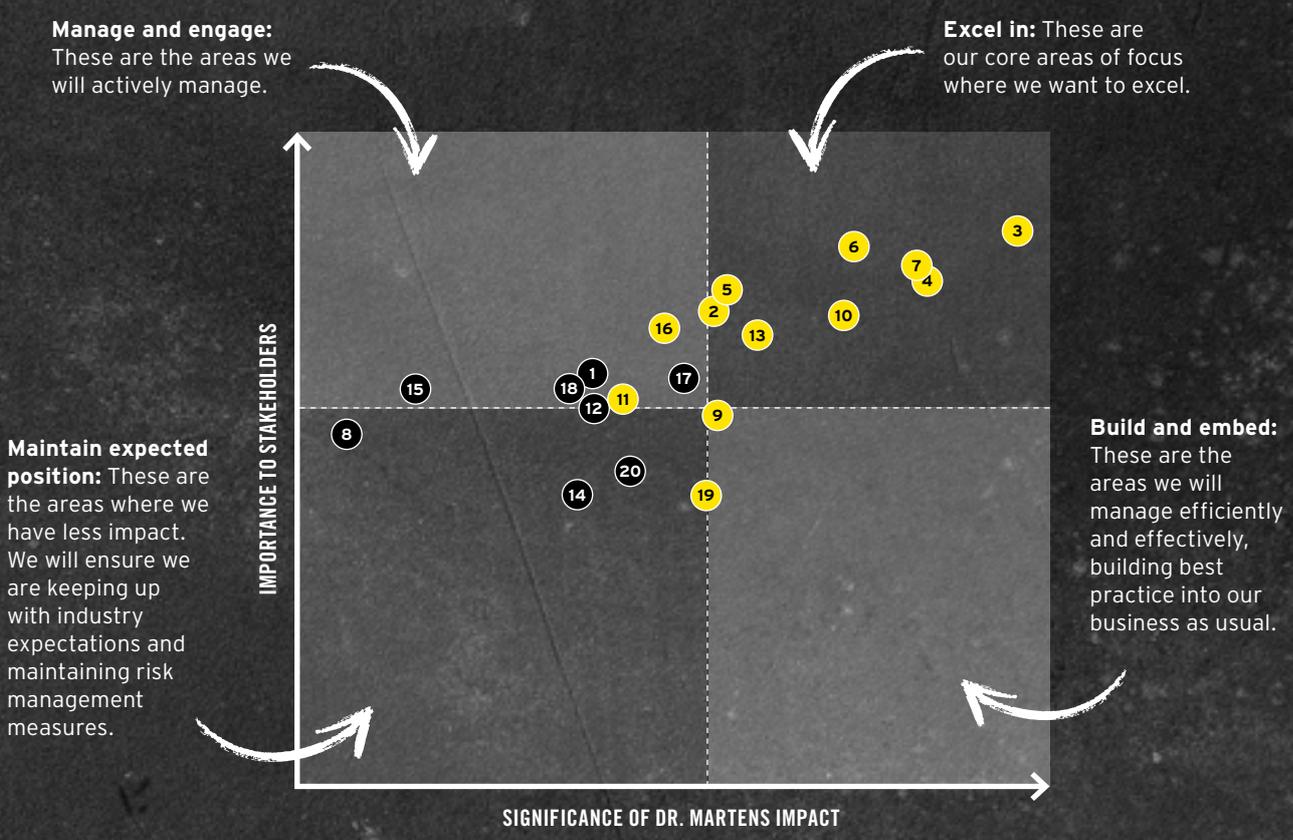
We have also identified four additional areas to prioritise as they are particularly important to our brand:

- Energy and climate
- Packaging materials and design
- Volunteering, charitable support and local communities
- Diversity, equity and inclusion

Our sustainability commitments have been developed to ensure we have a clear, ambitious target for each of these priority areas.

See our high-level commitments on pages 46 and 47

Materiality analysis summary



Our impact areas fall into four categories, with our priority areas identified in yellow:

Product and supply chain

Environmental and social impact throughout the supply chain and the impact of products

- ① Animal welfare
- 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)
- ⑧ Local procurement
- ⑨ Packaging materials and design
- ⑩ Responsible treatment of suppliers, especially in relation to Covid-19 disruption

Environmental sustainability

Environmental impacts of direct operations, including logistics, owned factories and stores

- ⑪ Energy and climate (net zero and climate risk)
- ⑫ Air and water management and impacts
- ⑬ Waste management (reduction and recycling)
- ⑭ Store concept: resource efficiency and sustainable materials

People and employment

Impacts related to our employees

- ⑮ Job creation, human capital and employee development
- ⑯ Diversity, equity and inclusion
- ⑰ Pay, employee wellbeing and benefits
- ⑱ Occupational health and safety

Community engagement

Impacts from direct operations and supply chain partners on local communities

- ⑲ Volunteering, charitable support and local communities
- ⑳ Economic and social development in supply chain communities

Whilst we have identified twelve priority areas, we are ensuring that we are keeping up with industry expectations for the remaining eight areas, through active management.



OUR HIGH LEVEL COMMITMENTS: LEAVING THINGS BETTER THAN WE FOUND THEM

As we continue our journey, we are committed to standing by our belief in doing what is right for people and the planet - in leaving things better than we found them. Over the past year we have developed ambitious sustainability commitments that give a clear direction for what we need to achieve. Over the coming year, we will build detailed sustainability roadmaps, metrics and KPIs to achieve these targets.

We are also working on a set of DE&I targets, as well as an overarching community target.



MINIMISE WASTE AND ENSURE ZERO WASTE GOES TO LANDFILL ACROSS THE VALUE CHAIN*.

* OUR OPERATIONS, TIER 1 AND KEY TIER 2 SUPPLIERS.

100% OF PACKAGING WILL BE MADE FROM RECYCLED OR OTHER SUSTAINABLY SOURCED MATERIAL.



* FROM OUR PRODUCTS

2028

2030



POSITIVELY CONTRIBUTE TO THE NATURAL ENVIRONMENTS WE OPERATE IN, BY SOURCING 100% OF THE NATURAL MATERIALS WE USE IN OUR PRODUCTS FROM REGENERATIVE AGRICULTURE.



100% OF PRODUCTS SOLD HAVE SUSTAINABLE END-OF-LIFE OPTION.



ALL FOOTWEAR MADE FROM SUSTAINABLE MATERIALS.

2040

OUR SUSTAINABILITY STRATEGY

On the previous page, we introduced you to our future aspirations. We are on a journey to reach these ambitious goals, and accelerating this throughout the business is an integral part of our DOCS strategy. Whilst we develop our plans, we continue with our current sustainability strategy which spans five pillars: design responsibly, produce responsibly, sell responsibly, treat people responsibly, and do more for our communities.

In the coming pages we will share more about each of these pillars.

Dr. Martens has been a proud signatory of the British Retail Consortium's initiative, *Better Retail, Better World*, since 2018. To tackle the biggest issues, industry collaboration is key. *Better Retail, Better World* is bringing the retail industry together to meet some of the biggest global challenges of the coming decades as highlighted by the United Nations, including climate change, modern slavery and decent work, sustainable economic growth, inequalities and responsible consumption and production. The UN Sustainable Development Goals (SDGs) are at the heart of the initiative and provide a framework for clear and transparent goals for brands to work towards. Our sustainability targets and our reporting are aligned with a number of the SDGs, as illustrated. These are our priority SDGs, where we have the greatest opportunity to contribute and to build upon the work we have been doing for several years.

1

DESIGN RESPONSIBLY

REUSE PRODUCT WASTE

- Explore opportunities to reuse our product waste in the design and development of new materials

SUSTAINABILITY BY DESIGN

- Adopt mindset of sustainability by design from product inception

DURABILITY

- Support our consumers to prolong life of their Docs

SDGs



Read more on pages 50 and 51

2

PRODUCE RESPONSIBLY

SUSTAINABLE MATERIALS

- Increase use of sustainable materials in our products

WASTE REDUCTION

- Tackle waste in our supply chain starting from biggest impact areas:
 - Reduce leather and packaging waste
 - Send zero waste to landfill

TRACEABLE LEATHER

- Our leather will be 100% traceable

MIE CENTRE OF EXCELLENCE

- Our UK factory will be a centre of excellence for environmental management

SDGs



Read more on pages 52 to 61

3

SELL RESPONSIBLY

STORE DESIGN AND PROCUREMENT

- Incorporate sustainable materials and practices into our retail design and marketing processes

CONSUMER-FACING RETAIL

- Review and refine VM and POS guidelines to incorporate sustainable materials and practices

NON-CONSUMER-FACING RETAIL

- Embed sustainability into the operation and supply chain of our retail stores

IN-STORE EMPLOYEE EDUCATION

- Deliver sustainability learning and development programmes to our in-store employees

SDGs



Read more on pages 62 and 63

4

TREAT PEOPLE RESPONSIBLY

IMPROVE LIVELIHOODS

- Improve the livelihoods of communities in our manufacturing countries

HUMAN RIGHTS

- Embed policies and practices to safeguard human rights across our operations

SDGs



Read more on pages 64 to 67

5

DO MORE FOR OUR COMMUNITIES

MEANINGFUL IMPACT

- Increase our volunteering activities

CHARITABLE PARTNERSHIPS

- Donate more to our charity partners

SDGs



Read more on pages 68 and 69



Sustainability continued

DESIGN RESPONSIBLY

Product creation starts with design. It is our first opportunity to make sure we are considering sustainability.

Our design responsibly strategic pillar focuses on making incremental meaningful change across the whole Dr. Martens line by understanding the role of good design in product sustainability. Alongside improvements to our main range, we are using seasonal launches to experiment with introducing emerging sustainable practices, technologies and materials.



Designing responsibly focuses on four key areas:

- 1.** Timeless design and product creation
- 2.** Durability and wearability
- 3.** Material selection
- 4.** Circularity

Timeless design and product creation



Timeless products continue to be worn even as seasonal trends change. They don't go out of fashion, become obsolete or get disposed of prematurely. They stay in use, which is a key part of sustainable design.

The unique aesthetic form of the 1460 was developed through its functional components and product build for industrial manufacture. Dr. Martens gave its utilitarian parts a specific creative twist, like the yellow welt stitch, grooved sole edge and Airwair logo heel loop. These famous features form the Dr. Martens design DNA.

All new product designs are evolutions of the time-tested icons. Through the lens of our design DNA elements, we can create new, yet timeless, seasonal freshness.

Sustainability needs to be considered at the very start of product development. Decisions at this stage make an impact on how sustainable the end product becomes. That is why we are adopting a mindset of sustainability by design, right from product inception. One of the ways we have started to do this is through increasing the use of 3D modelling and 3D printing. These technologies have been implemented in the design and development process to allow more design and construction exploration before samples are produced by suppliers, reducing the number of footwear samples required. We are continually improving our product creation practices to make our process and end product more sustainable.

3D modelling



We are developing a "Design Handbook" to ensure our unique sustainability attributes, such as our durability and timeless design, are understood and applied by all generations of the product creation team. Going forward, we are committed to ensuring all relevant teams have annual training on sustainable design thinking and principles by 2022, and by 2028 all products will align to our defined sustainable design criteria.

Research by WRAP (Waste & Resources Action Programme) has shown that increasing the lifespan of clothing by only nine months could reduce its annual carbon, water and waste footprint by 20-30%.



50% post-consumer recycled polyester uppers



Durability and wearability

Timeless design is nothing without durability. One of the most effective ways to reduce the environmental footprint of a product is to prolong its life. Durable boots and shoes last longer and need replacing less often. For us this means producing footwear that is comfortable, protective and able to fit a range of different foot shapes, and lasts a long time.

Dr. Martens boots are known for their durability and we continue to strive to build this into our products through intelligent design and high quality component specification, backed up with rigorous standards and testing. The Goodyear welted construction with unique heat sealed sole exemplifies durability. We will continue to innovate and evolve our constructions and componentry in new and existing products whilst ensuring durability is never compromised. For example, we wanted our laces to incorporate recycled content so we undertook testing to understand what level of recycled content we could incorporate before this began to impact on their durability.

Our footwear is also incredibly versatile. Being worn more frequently rather than languishing in a cupboard is a great sustainability attribute. One pair of boots can look and feel great in the office, in the workshop, in the pub or at a festival.

Foot conformity, cushioning and fit are a focus for our continual design improvements. We will continue to strike the balance between "breaking in" durable long-lasting leathers and achieving "straight out of the box" comfort.

Testing

To ensure our footwear is durable we test new materials and components, as well as assembled footwear, against a set of performance standards. Testing is carried out by internationally accredited certified laboratories around the world.

Material selection

We are introducing more sustainable materials that remain durable and maintain our classic aesthetic whilst reducing the overall environmental impact.

For example, our 50/50 Recycled Poly Tract collection includes 50% post-consumer recycled polyester in the uppers, an alternative to standard virgin polyester. Post-consumer recycled polyester is also being introduced across the line in our Airwair heel loops, laces and upper fabrics.

As part of our focus on research and development for materials with lower environmental impact, we are trying and testing different materials for our components. For example we are currently testing cushioning components made from sugarcane bio-plastic and a vegan-friendly alternative upper material made from mushrooms. We are also reviewing emerging bio-based and recycled materials as they become available. This work will enable us to achieve our targets to develop a sustainable vegan upper material by 2028, and ensure all our footwear is made from sustainable materials by 2040 without compromising quality.

This year we decided to eliminate single-use plastic lace bags, saving over 500kg of plastic.

Circularity

We are at the beginning of our circularity journey; however, some of our unique attributes have positive sustainability qualities, like our durability and timeless design. While we continue to research and build a credible end-of-life strategy to ensure all our products have a sustainable end-of-life option by 2040, we are exploring opportunities to promote ways to maximise the useable life of our footwear through care, customisation, repair and resale.

Love them for longer

With a little bit of care, they'll last even longer. Last year we shared lessons from the Dr. Martens Boot Doctor, helping our consumers get as much life out of their shoes as they can. It's not only great for our consumers, but great for our planet too. Learn how to maximise the life of, and care for, your Docs: www.drmartens.com/uk/en_gb/guides/how-to-care

Repair

We supply our soles to cobblers in the UK so our boots can be repaired with the authentic Dr. Martens air-cushioned sole. We are also looking at potential partnerships across the world that will extend the life of our products.

"The current system is no longer working for businesses, people or the environment... A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems."

Ellen MacArthur Foundation



SOCIAL AND ENVIRONMENTAL MANAGEMENT WITHIN THE SUPPLY CHAIN

Global supply chain

Dr. Martens' culture is rooted in doing the right thing which goes back to the origins of the brand as a family business and continues to guide our approach to decision making. Our management and employees are custodians of the Dr. Martens brand. We want to take care of, protect and improve it for the next generation. As such, we are committed to upholding fair working conditions and increasing the scope of our CSR programme throughout our supply chain.

Our global supply chain consists of material suppliers, supplier factories and distribution centres. We operate two distribution centres in the UK and US, and work with third party logistics warehouses in other key markets. As well as manufacturing our Made in England (MIE) range of products in the UK, we source most of our footwear and accessories from supplier factories that are not owned by us. We source from trusted partners in nine countries across Europe, Asia and the USA, which we call Tier 1 suppliers. For transparency, these are published on our website. Tier 1 suppliers are contractually required to declare all the sites where our products and components will be manufactured to reduce the likelihood of homeworking or subcontracting, or make it more visible. Visibility and traceability of our supply chain is important to us, which is why we nominate our key Tier 2 material and component suppliers, such as leather, granulates, outsoles, laces and heel loops.

Tier 1 suppliers produce our assembled footwear.
Tier 2 suppliers provide components, such as laces, to these Tier 1 suppliers.





Our suppliers

Our footwear is mainly manufactured at 13 supplier factories in Asia, with 43% manufactured in Vietnam, 25% in China, 15% in Laos, 10% in Thailand and 6% in Bangladesh, while the remaining 1% is produced at a Dr. Martens operated manufacturing site in the UK producing our Made in England products. Our Tier 1 footwear factory list is shared on our corporate website. Our accessories, which account for 3% of revenue, are manufactured at 13 sites in seven countries, including the UK (43%), China, Portugal, Taiwan, Vietnam, Thailand and the USA.

We believe it is important to develop long-term partnerships with our suppliers and have worked with many of them for more than a decade. Our regular (at least biannual) supplier conferences promote an environment of trust and transparency, whilst building a deeper understanding of the issues faced by our suppliers. This trust is a two-way partnership, and as a result of our partnership principles we have not cancelled any orders with our Tier 1 suppliers (either in full or in part) during the Covid-19 crisis. Even at a point when we were unsure of demand for our products due to Covid-19, we continued to pay our supplier factories in full, which reflects our belief in the importance of our supplier relationships and working together through challenging times.

Our suppliers must adhere to our CSR policies and procedures. These policies set out our standards for the fair treatment of workers and conditions that suppliers need to provide to workers making our products. These policies are embedded in our Master Supplier Agreements which are signed by our key suppliers and third party distribution centres and include:

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

Our Supplier Code of Conduct sets out our expectations for the suppliers we work with across a number of principles. It is based on the Ethical Trade Initiative Base Code and conventions of the International Labour Organization (ILO), such as no child labour or forced labour.

An established supplier CSR monitoring programme is in place to monitor our suppliers' compliance with labour and environmental laws, regulations, industry standards and our Supplier Code of Conduct. The programme has been operating for many years and has been regularly refined and improved. It is run by our global supply chain compliance team comprised of experienced CSR professionals based in our Hong Kong, China and UK offices, and audits are undertaken by an independent third party. This programme is the foundation of our relationship with our suppliers, in order to maintain fair and safe working conditions.

CSR monitoring programme

We have a robust factory approval and ongoing monitoring process. It includes independent third party CSR audits, which must be completed before we engage with new Tier 1 suppliers. Through an ongoing monitoring programme we frequently (at least once a year) monitor active Tier 1 suppliers in our supply chain to ensure their workers are treated fairly and their safety is protected. We partner with an independent third party company, Intertek, to deliver our social compliance monitoring programme. The Workplace Conditions Assessment (WCA) is an on-site verification programme intended as an overall risk assessment for social compliance issues across a range of topics including modern slavery, child labour, wages and hours, health and safety, environment, and management systems. Questions in each category are assigned a rating of minor, moderate, major or zero tolerance (ZT) depending on the severity. These standardised severity ratings support the recommended corrective action timeframes and help to improve scoring on the performance index as ZT and major ratings have the most impact on the score. Severity ratings are reviewed regularly, to encourage continuous improvement, and as important issues evolve in the industry. The WCA ratings are assigned by Intertek based on its vast experience in social compliance auditing, as well as through comparison across other social compliance industry programmes.

Case study: working with suppliers to improve

During an audit, the third party auditor identified that the overtime wage had been miscalculated for 44 workers (out of 3,450 workers) in one of our supplier factories in Vietnam.

Within two months, through continuous communication with the factory by our CSR manager in the region, the factory corrected this finding by paying the adequate overtime amount to those 44 workers and incorporated the necessary steps in order to avoid this happening again. The payment has been verified through the follow-up visit by the third party auditor.

Going forward we continue to support the factory to improve these findings in a systematic and sustainable way.

We are committed to all Tier 1 suppliers continuing to be audited and achieving high CSR standards in externally conducted audits.*

* Audit results above 75% scoring, in line with Intertek Workplace Conditions Assessment scoring methodology.



Sustainability continued

SOCIAL AND ENVIRONMENTAL MANAGEMENT WITHIN THE SUPPLY CHAIN CONTINUED

CSR monitoring programme continued

We take a collaborative approach with our suppliers and, when issues are found, a corrective action plan is agreed to remedy non-conformances in a timely manner. We then carry out further follow-up checks to verify that the corrective actions have been taken. Should a supplier fail to remediate issues identified by an audit during the agreed timeframe, or immediately if a ZT is found, it goes through the appropriate escalation process and the supplier partnership is reviewed and may be terminated.

During the Covid-19 pandemic, although it was challenging to continue our factory monitoring programme, our in-country quality and sourcing teams continued our engagement with the manufacturing sites to understand how the pandemic impacted our suppliers. We are proud that, despite the pandemic, during FY21 more than 90% of our Tier 1 finished product suppliers were physically audited and all surpassed our required CSR audit criteria. When travelling to the countries was not possible, we used virtual audits to continue to engage with the factories. Going forward, we are committed to all Tier 1 suppliers continuing to be audited and achieving high CSR standards in externally conducted CSR audits (i.e. with results above 75% scoring, in line with Intertek Workplace Conditions Assessment scoring methodology).

We are committed to respecting human rights and we do not accept modern slavery in any form. Find out more about what we are doing in our Modern Slavery Statement.
www.drmartensplc.com/application/files/2916/1720/1491/ModernSlaveryAct.pdf

Environmental management in our supply chain

Our Environmental Standards set out our expectations for our suppliers' environmental management. In 2019, we partnered with an environmental consultant to conduct environmental audits at our key footwear suppliers against these standards. These audits helped us identify key environmental risks which we have since been working to progress. One of the environmental risks in our sourcing countries is waste management in countries which have weaker waste infrastructure or where waste disposal practices are less transparent. We require our Tier 1 suppliers to have a formal waste management plan in place, aiming to minimise waste at source and where this isn't possible reusing or recycling it - avoiding landfill if at all possible. We have also started monitoring our key suppliers' energy, water, waste and chemicals use on a quarterly basis in order to identify potential improvement areas. The audits and further monitoring also concluded that the water use in our footwear suppliers is mostly for domestic purposes, like handwashing. As part of our CSR audits we are also monitoring the compliance of the wastewater discharge from our Tier 1 factories. By 2025 we've committed to rolling out environmental certification standards to all Tier 1 suppliers.

Leather is a key material for our footwear. We nominate and specify from tanneries for all our upper footwear leathers and leather goods, meaning we stipulate which tanneries our leather comes from to ensure they have the highest standards, and we are working to nominate and specify from tanneries for all the leather we use (including linings). In our AW20 and SS21 production, more than 98% of our leather came from medal rated Leather Working Group (LWG) certified tanneries. This means that the tanneries comply with the LWG medal standards for water, chemical and waste management. All tanneries that are involved with wet processing of hides or leather for our uppers have their own direct or indirect effluent treatment facilities. On-site effluent treatment facilities are audited by LWG against its wastewater protocol. This ensures that water is treated before being released and does not pose a risk to local waterways or habitats. Going forward, we plan to collect and analyse environmental data from the tanneries in order to better monitor the environmental impact of the production of leather. More information about environmental management of our materials can be found on pages 58 and 59.





RSL and chemicals management

Restricted substances are chemicals and substances which have been banned or restricted for various reasons such as health and safety and environmental concerns. The purpose of a restricted substances list (RSL) is to reduce the use of hazardous substances in the product and supply chain. Testing methods are used to verify if a chemical is present and, if so, ensure it is below the restricted level.

Our General Material Requirement Policy (GMRP) is part of our RSL programme and is key to ensuring that our products comply with all relevant product safety legislation and requirements. The GMRP is shared with and signed by our Tier 1 and key Tier 2 suppliers each year. It is reviewed and updated annually and is aligned with the legal testing requirements in all our operational regions (UK, EU, US, China, Japan and Korea) including REACH legislation and California Proposition 65, which is considered the most stringent chemicals legislation worldwide. We are committed to continuing to be compliant with the tightest chemical regulations identified worldwide through a best practice chemical management system.

We use third party testing labs to test products against the highest applicable requirements for the markets they are sold into. All of the testing labs we work with are pre-approved by us to ensure we only work with trusted testing partners. Every new material and component type in our products goes through a rigorous testing programme each season to ensure it is compliant. Random products are selected from the production line by our Quality and Compliance team. As well as a comprehensive testing programme for our components and raw materials, we also carry out seasonal "rip down" (finished product) testing, where products are shredded and the individual components tested. If a product or material should not meet each of the test criteria, an investigation is launched immediately to remediate the failure.

Packaging and logistics

The majority of the packaging we use is to protect and transport the product in our supply chain. To achieve our target of minimising our packaging use through reduction and reuse by 2025, we reviewed our supply chain packaging against sustainability criteria to understand where we need to focus our efforts. This highlighted a number of quick improvements we can make, such as sourcing more packaging with a sustainable certification (such as FSC), discontinuing items that are not recyclable (such as the single-use plastic bags for spare laces), and increasing the recycled content in our packaging. This exercise also gave us learnings of where we are implementing best practice in some regions, for example reusing boxes in Hong Kong and China, that can be implemented elsewhere in our supply chain.

It has also informed a programme of longer-term work, such as right-sizing in logistics to reduce our carbon emissions, and considering circularity in our packaging practices which will help us achieve our commitment that 100% of packaging will be made from recycled or other sustainably sourced material by 2028.



We are proud that our standard shoebox is fully recyclable, made from 95% recycled paper and printed with soy ink.



“We are committed to continuing to be compliant with the tightest chemical regulations identified worldwide through a best practice chemical management system.**”**



Sustainability continued



MADE IN ENGLAND

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".

Around 70 people work at our MIE manufacturing facilities, which produce our vintage, Made in England and Collaborations ranges. Some of the methods and techniques used to make our 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.

Our operations:

Being a responsible brand starts with our owned and operated facilities:

- All of our UK offices, MIE manufacturing facilities and UK distribution centre are zero waste to landfill. We are also working to achieve this in our key footwear suppliers.
- Our UK distribution centre was designed with sustainability in mind and achieved a BREEAM rating of Very Good. It has solar panels fitted, is supplied by 100% renewable electricity and has energy efficient air conditioning. It is also fitted with energy efficient lighting, as is our US distribution centre.





Achieving ISO 14001

In 2019, we set ourselves the goal to understand and improve our environmental impact in our Made in England manufacturing facilities. This ambition led us to start our journey to implement an effective environmental management system and to achieve ISO 14001 certification at our Made in England manufacturing facilities. In April 2021 we attained the ISO 14001 certification.

ISO 14001 is the internationally recognised standard which enables organisations to monitor their environmental impacts in a systematic way and demonstrates a commitment to environmental protection above and beyond legal requirements.

We wanted to lead by example by gaining accreditation at our own manufacturing facilities first, and then roll out environmental certification standards (ISO 14001 or equivalent) to all our Tier 1 suppliers by 2025.

During this process, we not only achieved the certification but also understood our biggest environmental impact areas and set objectives to make reductions, especially on waste and energy. We started to communicate with our internal and external stakeholders through a common goal of achieving these reductions. We believe our suppliers and customers are key to achieving our goals, and some of them have been on the same journey already. We also improved our internal systems to give further assurance that the legal requirements are fully met at all times, and data and actions are captured consistently. Further to this, we engaged the internal teams that run the day-to-day factory operations. They are passionate about doing the right thing and making the changes needed, as identified in the management plan agreed through the ISO 14001 process. Our focus now is to continue to improve the environmental performance of our MIE manufacturing facilities, such as reducing our waste and energy use, and to continue to train and upskill our factory staff. We will also start with our commitment of rolling out environmental certification schemes with our Tier 1 suppliers.

Key milestones:

- April to July 2020:** Defined project scope, chose our accreditation company and appointed consultancy support
- August 2020:** Project kick-off with the team and set our objectives, including energy and waste reduction goals
- January 2021:** Passed the Stage 1 audit
- February 2021:** Continued to improve internal processes including the launch of our environmental aspects register and legal register. Carried out internal auditor training
- March 2021:** Increased communication about the projects internally and externally, including discussions with our wholesale customers and suppliers to MIE
- March 2021:** Passed the Stage 2 audit
- April 2021:** ISO 14001 certification awarded to our MIE manufacturing facilities



Dr. Martens apprenticeship scheme

Started in 2012, the Dr. Martens apprenticeship scheme runs over a twelve-month period. Apprentices learn about footwear production from start to finish, as well as the unique Dr. Martens manufacturing process. All apprentices are guaranteed a role with us upon graduation and the scheme is currently supported by Northampton College.

40

apprentices hired since launch

90%

stay on at Dr. Martens after graduating

At launch, the scheme was the only genuine footwear apprenticeship in the UK and has seen nine classes of students graduate since then. It's supported by the British Footwear Association and Dr. Martens was one of a small number of manufacturers that helped create the new footwear apprenticeship standard in 2015. It has also given us an opportunity to challenge pre-existing stereotypes in the footwear manufacturing industry and live our values of diversity and inclusion (read more on page 67).

Frankie Lister

Product Manager, Portland, USA (class of 2012)

"I'd always been interested in footwear but had no experience, so the apprenticeship scheme was a great way to learn about manufacturing, Dr. Martens' business and the industry as a whole, all while earning a qualification. I come from a working-class, single-parent family, so the apprenticeship meant I could be financially independent as I learnt. For the last three years I've lived in the USA and work as the Product Manager for the Americas region. Nine years on, it has led to the most amazing opportunities and experiences!"



Tanya Granaghan

Training and Apprenticeship Supervisor, Cobbs Lane, UK (class of 2018)

"I started in 2018 after graduating in textile design. I got to learn the ins and outs of shoe making and manufacturing an iconic product. After the apprenticeship I got a job as a Lasting Operative. I'm now the Training and Apprenticeship Supervisor where I get to share my skills and knowledge with new starters and help our Company grow. It's really inspiring seeing the apprentices progress and find their place in the factory."





Sustainability continued

OUR MATERIALS

We believe that to make durable, long-lasting products we need to choose durable materials. We have two key materials that make up the majority of our footwear: leather and PVC. These each have unique challenges and opportunities, which we are addressing through incremental improvements as well as long-term research and development. This will allow us to achieve our target that all our footwear is made from sustainable materials by 2040 without compromising quality.

LEATHER

Dr. Martens has a long tradition of making leather shoes. We used leather for the first pair we made, and it remains our most used upper material. The durability, quality, availability and scale of leather means it is currently the preferred upper material for our footwear. We are making continual improvements to ensure the leather sourced from Tier 2 suppliers is produced as responsibly as possible, which you can read more about below. We are also committed to our footwear being made from fully sustainable materials by 2040, without compromising quality. That is why, along with looking at sourcing leather more sustainably, for example through regenerative practices, we are also researching alternative materials that meet our sustainability, durability and quality standards.

Leather is highly durable and a by-product of the food industry. Its supply chain and manufacturing processes need careful and active management to ensure it is responsibly sourced. For this we have a dedicated leather expert within our supply chain who ensures we are demanding the highest standards.

The Leather Working Group

We are an active member of the Leather Working Group (LWG) which aims to improve the leather manufacturing industry by creating alignment on environmental priorities, bringing visibility to best practices and providing suggested guidelines for continual improvement. LWG rated tanneries are the highest standard of leather tanneries across the world. The LWG collaborates with other industry bodies to ensure cross-industry alignment, for example the World Wide Fund for Nature (WWF), the National Wildlife Federation (NWF), Solidaridad, Zero Discharge of Hazardous Chemicals (ZDHC) and the Textile Exchange.



LWG tanneries are audited on their environmental performance and certified as "Gold", "Silver", "Bronze" or "Audited". In our AW20 and SS21 production, more than 98% of our upper leather came from Gold, Silver or Bronze medal rated LWG certified tanneries with 48% being from Gold medal tanneries. We are actively working with tanneries and the LWG to ensure all of our leather comes from LWG certified tanneries, and are on track to achieve this for all our upper

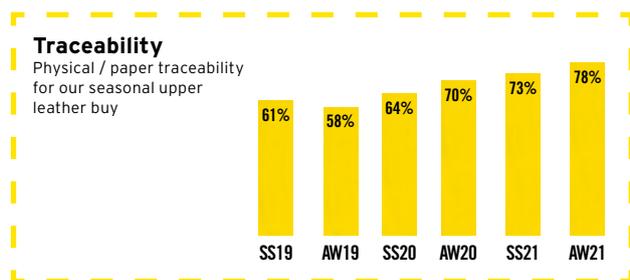


leather over the coming year. The medal rated tanneries comply with the LWG medal standards for water, chemical and waste management. They also have their own direct or indirect effluent treatment facilities to ensure any water that is discharged is safe and does not pose a risk to local waterways or habitats.

We are proud to work with tanneries committed to improving their processes and minimising their impacts. Going forward, we are planning to collect and analyse the environmental data from the tanneries in order to even better monitor the environmental impact of the production of leather.

We are also a member of the Animal Welfare Group, a sub-group of the LWG. By working together with other brands, suppliers and NGOs, we can make better informed decisions and ensure we source as responsibly as possible.

Leather traceability



Traceability is important because it promotes good animal welfare practices and addresses negative environmental impacts, such as deforestation, earlier in the supply chain.

We are keen to lead the way in the leather industry, and have set ourselves the target to achieve 100% leather traceability by 2024. We are making consistent progress towards this, and based on the LWG traceability scoring have calculated that we have achieved 78% traceability for our AW21 production. Achieving this is only the first step in the journey, which will enable us to safeguard our leather supply chain from the risk of deforestation and other negative environmental impacts, as well as ensuring we will satisfy future legislation. This is also one of the ways we will achieve our target of zero deforestation across our value chain by 2025.

Case study

Many tanneries that we work with incorporate renewable energy, water recycling and preferable environmental processes within their standard practices.

One example of this is ISA TanTec, our biggest supplier of leather. It is a LWG Gold rated tannery group with a number of environmental initiatives including:

- engineered wetlands, which allow natural, emission-free purification of wastewater;
- rainwater collection and a water reuse system;
- solar and wind energy; and
- turning leather waste and trimmings into leatherboard (used for items like shoe soles and furniture) and small leather goods.



Animal derived materials

We have a policy which sets out our full standards regarding animal derived materials. This includes the materials we do not use, like fur, and recognises the five freedoms as a guiding standard for animal welfare. It also specifies that our shoe care products must not be tested on animals.

Going further

- We have committed to positively contributing to the natural environments we operate in by sourcing 100% of the natural materials we use in our products without compromising quality, including leather, from regenerative agriculture by 2040.
- We recognise the impact shoe production leather offcuts have on factory waste and are investigating ways to reduce and redirect leather waste from landfill.
- We are undertaking further research and development to ensure all our footwear is made from sustainable materials by 2040 without compromising quality, and meets our sustainable design criteria by 2028.

The pre-consumer waste PVC can be recycled back into the moulding process.

PVC

Today, the majority of our outsoles are made from an alloy of PVC, a durable and commonly used material. Granulates are melted and moulded into shape to create our famous Dr. Martens air-cushioned sole.

The soles of all our Originals and workwear products are oil and fat resistant. Our soles are also designed and tested to offer abrasion and slip resistance, while the air pockets provide comfort and shock absorption.

Durability

We know that making durable products is key to sustainability. To attach the sole, a PVC welt is first stitched to the upper of the boot. The welt and sole are welded together at a temperature in excess of 650°C using a hot blade and pressurised rollers that force the components together. Once cooled, the two components form one piece of PVC and the sole has been attached without the use of adhesives.

The use of PVC as one of our materials ensures our products will stand the test of time.

In Asia, our manufacturing PVC waste is reground and put back into the production of outsoles. At our MIE facilities in the UK, we don't have the required grinding facilities to do this, so to stop it being disposed of we partnered with a local wellies and jelly sandals manufacturer, which recycles our PVC manufacturing waste into new footwear.

Chemicals are used in the production of our components, including outsoles. As with every chemical process, if handled incorrectly it can be harmful to human health and our environment. To mitigate this we have a robust testing regime, ensure every product complies with our General Material Requirement Policy which includes the Restricted Substance List (RSL), and are committed to continuing to be compliant with the tightest chemical regulations identified worldwide.

Suppliers manufacturing our PVC soles are reviewed as part of our CSR monitoring programme to ensure the adequate health and safety measures are taken in the factories for the workers in the outsole production and assembly.

Going further

We will continue to research and develop more sustainable materials for the future, such as biosynthetic and biodegradable alternatives to PVC, and are currently working with a global chemicals manufacturer to achieve this whilst maintaining the DNA of the Dr. Martens brand.

As PVC is largely derived from fossil fuels, this research and development should allow us to achieve our target to remove fossil-based chemicals from our products by 2030, as well as our target of all our footwear being made from sustainable materials by 2040 without compromising quality.



CLIMATE AND CARBON



Rapid action is needed to respond to the climate crisis. It is a global challenge that already affects us all, and will increasingly do so.

- Scope 1 emissions:** Direct emissions from owned or controlled sources, e.g. fuel for transport.
- Scope 2 emissions:** Indirect emissions from the generation of purchased energy, e.g. electricity.
- Scope 3 emissions:** All other indirect emissions that occur in the value chain, e.g. distribution.

In order to help us improve the impacts of our direct business, we have had our global Scope 1 and Scope 2 GHG emissions independently measured, as well as limited emissions under Scope 3 (see the Streamlined Energy and Carbon Reporting (SECR) statement for details). This is the first year we have measured beyond our UK operations and so do not have a global year-on-year comparison; however, our Scope 1 and 2 UK consumption has fallen significantly which reflects the periods of closure for our retail stores and offices that have been impacted by the Covid-19 pandemic.

We have control over our direct impacts and our proactive approach to the reduction of our carbon emissions has allowed us to take the first steps in our journey to become net zero. For example:

- We have solar panels on our UK distribution centre, providing renewable electricity.
- In the UK over 97% of the electricity we use comes from a green tariff. This includes our stores, offices, distribution centre and factories.
- We are reviewing the implementation of the energy saving and renewable energy initiatives that were identified in our Phase 2 ESOS assessment conducted in 2019 in the UK. Informed by the ESOS, we now have a wide coverage of LED lighting in our retail stores and have started to engage our team in using heating, ventilation and air conditioning (HVAC) systems effectively.
- We are committed to sourcing certified renewable energy across all our owned and operated facilities by 2025.



We know we have a part to play that looks beyond our direct impact. As a footwear company, most of our climate impacts lie within our global supply chain. That's why in addition to our efforts to reduce our direct emissions, we are committed to working with our suppliers to achieve our commitment of being net zero by 2030.

We have achieved some initial milestones towards managing our carbon footprint; however, we still have a long way to go. We are committed to expanding our work on measuring our global carbon footprint, and over the coming year will be including Scope 3 emissions in the value chain. We are also looking to engage our supply chain to build on our existing lifecycle analysis work, and will start planning further emissions reduction initiatives across our global operation.

We have considered a number of frameworks when determining our approach to carbon management and the climate, including the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We will report against the TCFD framework in our FY22 Annual Report and are also submitting a disclosure to the Carbon Disclosure Project for the first time in 2021 as part of expanding our activity in this area.

“As a footwear company, most of our climate impacts lie within our global supply chain. That's why in addition to our efforts to reduce our direct emissions, we are committed to working with our suppliers to achieve our commitment of being net zero by 2030.”

Streamlined Energy and Carbon Reporting statement

Emissions data in respect of the FY21 reporting period is as follows:

GHG protocol scope	Sub-category	FY20 tCO ₂ e	FY21 tCO ₂ e
Scope 1 (UK)	Gas and transport fuel	184.33	172.27
Scope 1 (global)	Gas and transport fuel	Not reported	295.50
Scope 1 (global)	Fugitive emissions	Not reported	238.03
Scope 1		184.33	705.81
Scope 2 (UK)	Electricity	707.76	387.13
Scope 2 (global)	Electricity		1,164.83
Scope 2		707.76	1,551.97
Scope 1 and 2 emissions		892.09	2,257.78
Scope 3	Grey fleet	5.41	5.34
Scope 3		5.41	5.34
Total emissions		897.50	2,263.12
UK energy use		3,724,597.56 kWh	2,185,269.00 kWh
Global energy use			4,475,654.39 kWh

Notes

- Our methodology has been based on the principles of the Greenhouse Gas Protocol, based on Financial Control. We have reported on all the measured emissions sources required under The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations. The period of our report is 01/04/2020-31/03/2021.
- This includes all emissions under Scope 1 and 2 of the GHG Protocol and limited emissions under Scope 3 (fuel used in personal/hire cars for business purposes). We are committed to expand our work on measuring our global carbon footprint, including Scope 3 emissions in the value chain.
- 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 2020-21.
- The report format shown above allows for partial comparison with previous reporting. The report for our first year of SECR reporting (FY20) used the format required for private, unquoted companies. As we are now a quoted company, we have used a different format for this year of SECR reporting which includes reporting on global emissions and energy use.
- Due to the change in our reporting requirements, a more appropriate performance metric has been selected. In FY20, our intensity metric was total gross internal floor area equating to an intensity of 36.4083kg CO₂e/m² based on UK only emissions and floor area. For FY21 and onwards, our performance indicator will be £ turnover covering global emissions and turnover. For FY21, our turnover was £773m, with 2,263.51tCO₂e emissions; therefore, the intensity was 2.93 tonnes/turnover. Comparison of the new year-on-year intensity metric will begin from FY22.

Statement of exclusions

- No known exclusions.



SELLING RESPONSIBLY

“Selling responsibly is about inspiring a new sustainable approach in our design methodology and material specification not only in our existing stores today but for our stores of the future.”

By leveraging the brand’s values there is direct licence to be fearless in our ambition, creative in our approach, rebellious in our actions and resilient in our commitment to the cause. Together we are redefining an engaging and sustainable retail future at Dr. Martens.

Steven Brimacombe, Global Head of Store Design



The role of our stores is more than simply transactional; they are beacons for our brand vision and values. We are therefore working on the sustainability credentials of our stores.

We are committed to incorporating sustainable materials and practices into our retail design vision and marketing processes, as well as embedding sustainability into the operation and supply chain of our retail stores.



Sustainability audits

Selling responsibly is one of our core sustainability strategic pillars. Within this, there are four key areas we are addressing:

Store design and procurement

- Everything from the floors to our paint finishes. It all has an environmental impact. We carefully consider the longevity of the materials we use in our new stores, from using recycled timber flooring through to the LED lighting systems.

Consumer-facing retail

- Whether it be our window displays, bags or visual merchandising. We consider the materials used, the longevity of the props that support our campaigns, and where items are sourced from to reduce the carbon footprint where we can.

Non-consumer-facing retail

- To achieve our goal of net zero by 2030 we are considering everything from the light fittings we use to the type of heating in store. In the UK, over 97% of the electricity we use comes from a green tariff. That includes our UK stores, offices, distribution centre and factories.

In-store employee education

- Making sure our colleagues know what they can do to run our stores as sustainably as possible and ensuring they can help our consumers get the most life out of their shoes.

Earlier this year we undertook a global sustainability audit across all our own stores. These audits consider factors across these four areas to understand our biggest impacts. This will help us determine how we sell more responsibly now and further into the future.

Retail reimaged

Consumer behaviours and retail trends are constantly in flux, and we are exploring how flexible design can accommodate this shifting landscape. The most disruptive, wasteful and expensive factor in retail operations is change, and if we can in-build the ability to flex space and products, we can eliminate that cost, upheaval and environmental impact.

Responsible refurbishment

We are also considering how to refurbish our stores as sustainably as possible, for example by retaining, repurposing and reinventing our existing furniture.

We are testing the replacement of LED bulbs to smart switch systems that, for instance, automatically turn down the lights when the sun comes up.

We are also in the process of adopting recycled Richlite, a Greenguard and FSC certified durable material, in place of traditional MDF.

Paris shop-in-shop

Spaces we don't have full control over give us a different challenge all together. A 42 m² shop-in-shop in Paris' Citadium shopping centre provided an opportunity to focus on the key areas and materials we could impact. By drawing on our brand's connection to music and culture, we used sustainable materials to develop a modern, functional aesthetic. These materials, including Richlite external furniture and Phelonic FSC certified plywood, were combined with LED lighting to echo the Tough as You campaign values of resilience and self-expression.

Hang up your boots

Even the most loved boots will one day come to rest. By 2040 we are committed that all our products will have a sustainable end-of-life option. We are currently developing a strategy to make sure that our footwear doesn't touch landfill and is disposed of (or brought back to life) responsibly. We are also committed to offering options and guidance for our consumers to maximise useable life by 2025.



In FY21, Planet Docs grew to 135 own stores by opening an incredible

**18 stores in
7 markets across
3 continents**





OUR CULTURE

Our Brand on the Record

“Our Brand on the Record” provides a framework of what we stand for, how we behave and what we believe in.

Shared as a vinyl record with employees on their first day, it lays out the Fundamentals and the Stuff that Sets Us Apart, including integrity and passion, which are manifested in the ways our people experience their life at work.



“Dr. Martens' culture is rooted in an ethos of “doing the right thing” that goes back to the origins of the brand as a family business. We are committed to cultivating an environment for our people to feel included, empowered and equipped to be their best.”

Talent

We are where we are today because of our people. Talent is one of our key assets, and to ensure we can deliver our strategy we have made some changes to enable us to continue to attract top calibre individuals. We have hired a Global Head of Talent Acquisition to help us build consistency and capability of people and processes across all regions. We have also rolled out a global project to establish how we recruit, which supports our DE&I ambitions by ensuring we have an approach to diverse talent sourcing and a consistent assessment methodology for interviews.

What does Dr. Martens' culture mean to you?

Char Srahan

Culture Co-ordinator (Group)
“To me, Dr. Martens' culture means coming to work as my whole self. Life at Dr. Martens is so much more than just our job role.”



Greg Doctolero

Business Systems Analyst (Americas)

“To me, Dr. Martens' culture means being rebellious and authentic. We work in an environment that unapologetically cultivates creativity and progress; it's the people that make Dr. Martens such a unique experience.”





People first

The Culture teams organise varied initiatives for employees to keep the brand's culture alive, including:

- Stay active: Fitness boot camps, yoga and pilates classes.
- Be entertained: DJ sets, virtual pub quizzes and bingo.
- Be well:
 - Mindful Monday: a top tip/resource shared globally on a weekly basis, like listening tips.
 - Drop-in chats to connect with people from around the Dr. Martens world.
 - Nutrition talk providing useful tips and recipes.
- Go grow: More learning and development programmes open to all employees. This was especially helpful for store staff who took this opportunity to further develop their leadership, planning and selling skills in preparation for reopening after lockdown.



Learning and development

We have great people at Dr. Martens and we're passionate about creating opportunities and building skills that support their learning and growth. That is why we offer leadership development for leaders at every level, from our First-time Manager programme, helping our newest leaders transition smoothly, to Leading the DM Way, our flagship programme for our senior leaders. In addition, a strategic priority for our dedicated Learning and Development (L&D) team is to further embed our performance development framework so we have programmes such as "Even Better Conversations" and a tool - My Record - which supports frequent and meaningful coaching and performance development. We are also implementing OpenBlend, a digital platform that facilitates effective conversations, and we will be launching a webinar series focused on personal effectiveness.

Mental health and wellbeing

We support the mental, social, physical and financial wellbeing of our people. In our ongoing commitment to mental health and wellbeing, in 2019, we signed the "Time to Change Employer Pledge" and trained our people in mental health first aid to help create a more open, understanding and supportive culture around mental health challenges in the workplace. We also have a Mental Health Network available to our people, which includes resources, help, support and someone to talk to. These initiatives exist to lead the way in working towards ending mental health discrimination and to break the stigma surrounding mental health.

Other initiatives include an Employee Assistance Programme, a free and confidential advice service, an annual volunteering allowance, a discount scheme, and regular educational events around mental wellbeing, diversity and inclusion, and personal and professional development.

Future of working: upcoming plans

As a result of the global pandemic, we needed to fundamentally change how we work to protect our people's health. We now

Awards

- Drapers - Best Place to Work 2019
- HR Distinction Awards - Distinction in Employee Engagement and Experience 2019
- Business Culture Awards - Business Culture Achievement Award 2019

know that we won't go back to the old ways of working so we need to develop a new operating model in our offices to ensure our people have a work-life blend that is sustainable. For our office-based teams, working under such unusual and challenging circumstances during Covid-19 has brought up some important questions for us in how we utilise our physical workplaces, accommodate flexibility, and create opportunities and environments - physical and digital - for collaboration, discovery and connection. We are currently reviewing our ways of working with input from our people and an external consultant, to define what the future of work looks like at Dr. Martens so we create a healthy and sustainable way of working for our people.

Engagement 2020 Pulse Survey

Annual surveys and listening groups help create a picture of how our people engage with our brand, culture and the employee experience we provide. The results from a Pulse Survey in May 2020, taken during a period of lockdown due to the pandemic, showed:

- People felt an overwhelming sense of togetherness and positivity around how the Covid-19 crisis had been handled by Dr. Martens.
- Dr. Martens' open two-way communications were recognised and appreciated by its people - 91% felt well informed about what's happening at work.
- People felt supported and secure (in relation to their job and pay) - 78% felt positive about work.

2021 Engagement and Inclusion Survey

As part of Dr. Martens' Employee Listening Strategy, our 2021 Engagement and Inclusion Survey asked our entire global team how they feel and experience life at Dr. Martens. With nearly 9 out of 10 people sharing their thoughts and feedback, the results representatively highlight the areas that we want to nurture as we grow, and areas that we need to focus on in the coming year:

- Included: 83% feel they can express themselves at work.
- Equipped: 82% feel empowered and set up for success.
- Accepting: 77% agree that Dr. Martens encourages diversity.
- Valued: 77% feel that their voice and contribution matters.
- Inspired: 73% are inspired to be part of Dr. Martens' future.
- Growing: 64% keep evolving in their work and as a person.

This data tells us that Dr. Martens is a great place to work and an environment in which everyone can be themselves. It's our purpose as a brand and organisation to empower rebellious self-expression, so we're very proud that our people feel included, valued, and accepted. Over the course of the past year, following the investments we've made in people, systems, and infrastructure, we've seen significant improvements in how our people feel informed about what's happening at Dr. Martens and equipped to do their job well.

But we know that we have more work to do.

We have placed a big emphasis on ensuring our managers know that 'engagement happens at a local level', and have encouraged and supported all our senior leaders to have action focused feedback sessions following these results. We are also focusing on growth and, as part of this, are currently recruiting for a Global Head of L&D to drive the agenda and build on the great foundations we have put in place.



DIVERSITY, EQUITY AND INCLUSION

In this together

Diversity, equity and inclusion (DE&I) are firmly on our leadership agenda; they are part of who we are as a business and as a brand. We're proud that 85% of our employees say they can be themselves at work, and we're striving to increase this even further. It boils down to treating people right, striving to do better and learning when we get it wrong. It starts with open minds, open eyes, open ears and open conversations. This isn't doing the nice thing. It's doing the right thing.

Over the past year, we have been on an important journey in how we evolve DE&I at Dr. Martens and support the communities of our consumers. Part of this journey involved bringing the right experience and capability in house in DE&I and talent acquisition. We also worked with an external partner to audit and review our policies and practices. For our continuous education, we brought in speakers to discuss bias, race and gender, and we are in the process of creating tools and resources on inclusive hiring practices and cultural sensitivity training.

We have shared some of the work we've done over the past year.

But we recognise there's more work to be done.

Dr. Martens boots have always been adopted by free thinkers. By the bold and the brave. We and our consumers are individual in many ways, but we are united in spirit. And that spirit is one of diversity and inclusivity. This is who we are; this is who our consumers are.



Supporting the fight against racism

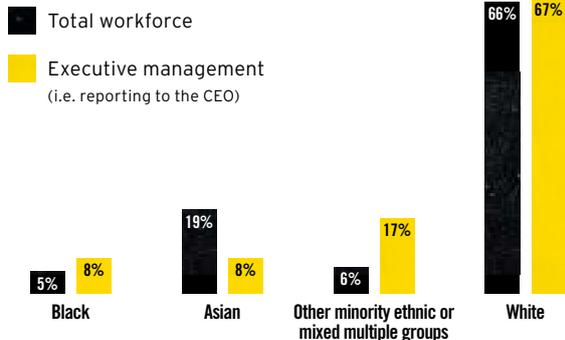
One of the biggest things that happened in 2020 was the global conversation on racism and how it impacted workplaces, as well as our world overall. It was a time of great reflection and meaningful conversations on how we move forward and build our capabilities to understand the intersection of experiences of people of colour within Dr. Martens.

It became clear that we needed to listen even harder to our employee base, support the broader community, increase our capabilities and set a direction for change. Some of the ways we went about this were:

- Listening groups:
 - We partnered with Global Diversity Practice (GDP) to support the facilitation of listening circles that provided a safe space where we could understand some of the experiences of our employees. This gave us a clear set of actions to feed into our global DE&I strategy.
- Unconscious bias workshops:
 - We started to explore how bias showed up in our working environment and how we can address and eliminate bias in our processes.
- Charity and not-for-profit support:
 - We donated £100,000 to anti-racism charities and not-for-profit organisations as chosen by our employees, including Show Racism the Red Card and NAACP Legal Defense and Educational Fund, and have continued to support causes committed to racial equality in 2021. More details on some of the other causes we support can be found on pages 68 and 69.

There's a lot more to be done, and we will continue to build understanding and develop further actions to enhance our representation of people of colour and create an equitable working environment.

Racial/ethnic diversity





LGBTQ+

Dr. Martens has always been rooted in the LGBTQ+ community. With 26% of our global workforce identifying as LGBTQ+, this is a community we are able to speak to authentically. Over the years, alongside creating a "Pride" boot, we have donated money to various global LGBTQ+ charities and have used our social media platforms to amplify the voices of those that are marginalised in the LGBTQ+ community. Our latest Louder Together campaign is a prime example of our commitment to the community.



26%
of our global workforce identify as LGBTQ+

Pride

Pride is an opportunity to celebrate everything we stand for: diversity, empowerment and community. Each year we continue our tradition of supporting, honouring and celebrating the LGBTQ+ community with our Pride-inspired 1460 boot.

In association with our 1460 Pride boot and in support of the LGBTQ+ community, we donate to Albert Kennedy Trust (akt), an LGBTQ+ youth homelessness charity. Akt provides safe homes, mentoring and support for young people who have lost their home coming out to their parents or guardians. Alongside working with akt, Dr. Martens supports and donates to The Trevor Project each year, a leading US-based crisis intervention and suicide prevention organisation focused on saving young LGBTQ+ lives.

Gender

Like many businesses we have worked to diversify the gender split in our internal workforce especially in traditionally "male" teams. For example, in our technology team we have made efforts to increase the representation of women in leadership roles. Using unconscious bias training, storytelling and targeted recruitment practices and signing the "She Can" pledge we have moved from having no women in technology leadership in 2019 to 22.5% representation at the end of 2020.

Our apprenticeship scheme has also given us an opportunity to challenge pre-existing stereotypes in the footwear manufacturing industry. Since the scheme began in 2013 there has been strong female representation, with over 65% of the apprentices completing the programme being women. The scheme has also provided greater generational representation, with 42% of workers in our factory now being under 40 years old, compared to 0% at the start of the scheme.

This year, we also began work with a number of key partners including Cheryl Sandberg's LeanIn.Org, to offer its "50 Ways to Fight Bias" workshops and DE&I "101" sessions, and celebrated International Women's Day by highlighting the women who sit in leadership roles in our business and those who have been promoted in the past year into new positions.

We report our gender pay gap annually, and have a strong female presence across all areas of the business, which we see reflected in all pay quartiles. Further information can be found in the Remuneration report on page 113 and in our latest Gender Pay Gap Report.

Level People

Level	People	Female	Male	Unspecified
CEO	1	100%	0%	0%
1	11	18%	82%	0%
2	63	41%	59%	0%
3	192	51%	49%	0%
4	238	55%	45%	0%
5	512	61%	39%	0%
6	1,532	66%	32%	2%

Female Male Unspecified

Mental health

The Covid-19 pandemic has been particularly hard for people's mental health. To support our colleagues, we have Mental Health First Aiders and a Mental Health Network, as well as specific initiatives around wellbeing. Read more about what we are doing around mental health and wellbeing on page 65.

What's next?

This year, we will launch our global DE&I strategy and publish what we're committing to achieve. This will help us better attract, retain and promote the widest possible communities to truly reflect society. To build this strategy we engaged with our external auditor to audit our current operations in relation to DE&I across five themes: talent processes, supporting our people, leadership, communications and data. We also conducted focus groups that enabled us to gain insights into our employees' experiences and expectations of DE&I.

Having a workforce that represents our diverse customers and is inclusive and equitable is extremely important to us. As we build roadmaps to achieve our strategy, we will listen to our employees and get relevant insights to ensure everyone's voices are being heard.



Sustainability continued

SUPPORTING OUR COMMUNITIES AND GIVING BACK

Empowering our communities around the world is part of who we are at Dr. Martens. This year, it's been more important than ever that we stand up and support one another.



This year, the Dr. Martens Foundation became an independent UK registered charity. As part of the recent IPO of the business, shareholders donated over £3m to the Dr. Martens Foundation. The Foundation will strive to be an expression of the brand and will support global causes through grants which further its mission.

Give Something Back

In May 2020 we launched our internal "Give Something Back" initiative. Our communities across the globe were being impacted by the coronavirus pandemic, so we invited our employees to nominate the causes to receive a donation to help them through the challenging circumstances.

We donated to causes big and small from around the world, all nominated by our people. These ranged from food banks, homeless shelters and healthcare charities to an emergency fund for musicians.

Supporting the fight against racism

Racism and discrimination go against everything we stand for. In 2020, we donated £100,000 to anti-racism charities and not-for-profit organisations as chosen by our employees, including Show Racism the Red Card and NAACP Legal Defense Fund, and we have continued to support causes committed to racial equality in 2021. Read more in our Diversity, Equity and Inclusion section on pages 66 and 67.

Dr. Martens in the community

Employees are encouraged to use their volunteering allowance, which was unlimited during the pandemic, to support the causes they care about most. Despite the challenging circumstances, here are just some of the ways our people continued to help out in their local communities over the past year:



Wherever we are in the world, the Dr. Martens family never fails to come together to continue to bring the community spirit – especially through the toughest of times.

“Over the past few months, I have been helping out at my local vaccination site directing traffic or greeting and monitoring patients. It has been so rewarding to help millions of Oregonians get vaccinated.”

Casey Rau, Regional Sales Rep, Oregon, USA



Fundraisers

Over the past year, our employees hosted internal fundraisers and challenges, which raised thousands for charity. Here are some of the highlights:

- In May 2020 we hosted virtual fundraisers for our Give Something Back initiative through internal TikTok and fancy dress challenges.
- In December 2020, our EMEA team held an internal auction and the proceeds were donated to Mental Health Europe and Shelter.
- Our Americas regional team raised funds during the festive season for the National Alliance on Mental Illness, World Central Kitchen, Kids in Need Foundation and the Loveland Foundation.

We donate our UK carrier bag charge to CALM (Campaign Against Living Miserably), which is leading a movement against suicide. CALM was selected following an employee survey where our people selected mental health as the most important topic to them.



LGBTQ+ causes

In 2020 we donated to The Trevor Project and the Albert Kennedy Trust. We are proud to have supported these causes since 2015 and have plans next year to extend our partnerships and activations in alliance with the LGBTQ+ community.

Lace up and vote
 In 2020, we played an active role in ensuring all voices were heard in the 2020 USA election. We partnered with TurboVote and directed our US consumers to voter registration assistance and election reminders, and shared information via our social channels and email activations. We also gave our employees in the US the day off to vote.



In the belief that little steps make a big difference, during the pandemic I have been making lunches with the help of my kids, which are distributed to the homeless in the downtown areas of Portland. It's a small way we can help.

Lisa Kim, Vice President US Wholesale, Portland, USA

Some of the Legal team spent their volunteering time helping out in a South London community garden. Small things such as digging up weeds and planting vegetables for the food bank have helped make a big difference; we're looking forward to going back!

Hannah Dix, Global Compliance and Risk Co-Ordinator, Camden, UK

Sustainability continued

GOVERNANCE AND POLICIES

Governance

At Dr. Martens we do the right thing. Acting responsibly and with integrity is the foundation our strong governance is built on. That's why everyone that joins Dr. Martens signs up to the DOctrine, our code of conduct which sets out these high standards.

We also have a robust governance structure and risk management framework, which you can read more about on pages 74-79. Each of the five pillars in our sustainability strategy is sponsored by one of our leadership team and the overarching sustainability strategy is sponsored by our General Counsel and Company Secretary, Emily Reichwald. Our sustainability programme is overseen by the Sustainability Committee, which is chaired by our CEO, Kenny Wilson. Its members include the COO, the CPMO, the CHRO and other key functional heads. The Sustainability Committee reports directly to the Board, and meets six times a year to provide regular updates and to help determine the focus and direction of the programme. This year we are also setting up a DE&I steering committee to govern our DE&I strategy and progress.



Regular reporting

We are committed to being transparent with our sustainability journey through regular reporting and updates to the sustainability section on our website.

Robust risk management

As set out in more detail on pages 74 to 79, we have a robust approach to risk management, which takes into account internal perspectives as well as external horizon scanning for emerging risks and upcoming legislation. An example of this is the application of our risk management process to climate risk; over the next twelve months, we will perform a more in-depth analysis of potential impacts and develop mitigating actions.

Seeing progress through data

It is important that our progress can be monitored through measurable metrics. We have now set our overarching commitments. Developing the data requirements, metrics and KPIs that sit beneath these is one of our key objectives for the coming year.



The DOctrine

We have a global business code of conduct called the DOctrine which sets out our expectations amongst our own employees. Everyone at Dr. Martens signs up to the DOctrine when they join.



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 Compliance team is working on a new policy framework which will be developed and implemented throughout 2021.

Our key ESG policies can be found here:

- the DOctrine, 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; and
- sanctions 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' progress rate, therefore allowing targeted training and communication where needed. Training modules for all Dr. Martens employees includes modules on Human Rights, 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.

Customer data protection and privacy

We have a duty to our customers and colleagues to respect the information we hold about them and ensure it is protected and handled responsibly.

Speak up

We have an independent, confidential hotline as an additional means for Dr. Martens employees to raise concerns and grievances relating to human rights, harassment, or any other area covered in the DOctrine.



A note from Tuze, our Head of Sustainability

Thanks for reading our first ever Sustainability report. I hope what has come through is the passion everyone at Dr. Martens has for doing the right thing, and the integrity and commitment with which we are going about it. We are, and always have, taken our responsibility seriously and are proud of what we've achieved so far.

We are on a journey, which began with our timeless, durable products. Now it's time for us to change up a gear; our high level commitments have set the expectations that we can start working on today so we can continue to be the custodian for the brand, for the planet and for the people who make us who we are.

Further information

Please visit the sustainability section of our website for the most up to date information about our sustainability programme, or get in touch with us directly at sustainability@drmartens.com.



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, specifying our data requirements, metrics and KPIs is one of our key objectives for the coming year.

Metric	Category	Unit of measure	Code	Response/reference
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	We have 13 Tier 1 footwear suppliers and 13 accessories suppliers. More information can be found on page 53 (Our Suppliers). For our SS21 production we had 243 Tier 2 suppliers, and for our AW21 production we had 228 Tier 2 suppliers. This broadly aligns to FY21.

MANAGEMENT OF CHEMICALS IN PRODUCTS

Discussion of processes to maintain compliance with restricted substances regulations	Discussion and analysis	N/A	CG-AA-250a.1	Social and Environmental Management within Supply Chain (pages 52 to 55). Our Materials (pages 58 to 59).
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	Social and Environmental Management within Supply Chain (pages 52 to 55). Our Materials (pages 58 and 59).

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 upper leather suppliers that conduct wet processing comply with LWG and our wastewater requirements, and 70% of these have their own externally audited effluent treatment plants. For more information see the Leather section (pages 58 and 59) and Social and Environmental Management within Supply Chain (pages 52 to 55). All Tier 1 suppliers must sign our Environmental Standards agreement, which includes our wastewater management and effluent treatment requirements.
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Metric	Category	Unit of measure	Code	Response/reference
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	Historically this information has not been collected.

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	<p>(1) All our Tier 1 suppliers are required to sign our Master Supplier Agreement, which includes a Code of Conduct and Migrant Worker Policy. We physically audited over 90% of our Tier 1 suppliers in FY21 despite Covid-19, all of which surpassed our required CSR criteria. For more information see Social and Environmental Management within Supply Chain (pages 52 to 55).</p> <p>(2) Historically this information hasn't been collected beyond Tier 1.</p> <p>(3) 100% of our Tier 1 CSR audits conducted were by a third party auditor.</p>
Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Quantitative	Rate	CG-AA-430b.2	During FY21 more than 90% of our Tier 1 finished product suppliers were physically audited and 100% surpassed our required CSR audit criteria.
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	<p>Social and Environmental Management within Supply Chain (pages 52 to 55).</p> <p>Our Materials (pages 58 and 59).</p> <p>Climate and Carbon (pages 60 and 61).</p> <p>Governance and Policies (pages 70 and 71).</p>

RAW MATERIALS SOURCING

Description of environmental and social risks associated with sourcing priority raw materials	Discussion and analysis	N/A	CG-AA-440a.1	Our Materials (pages 58 and 59).
Percentage of raw materials that are third party certified to an environmental and/or social sustainability standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440a.2	<p>In our AW20 and SS21 production, more than 98% of our upper leather came from Gold, Silver or Bronze medal rated LWG certified tanneries. More information can be found on page 58 (Leather).</p> <p>Historically, this information has not been collected for PVC.</p>

Risk management and our principal risks

EFFECTIVE RISK MANAGEMENT

Effective risk management drives better commercial decisions, protects our assets and supports delivery of our strategy and sustainable business growth.

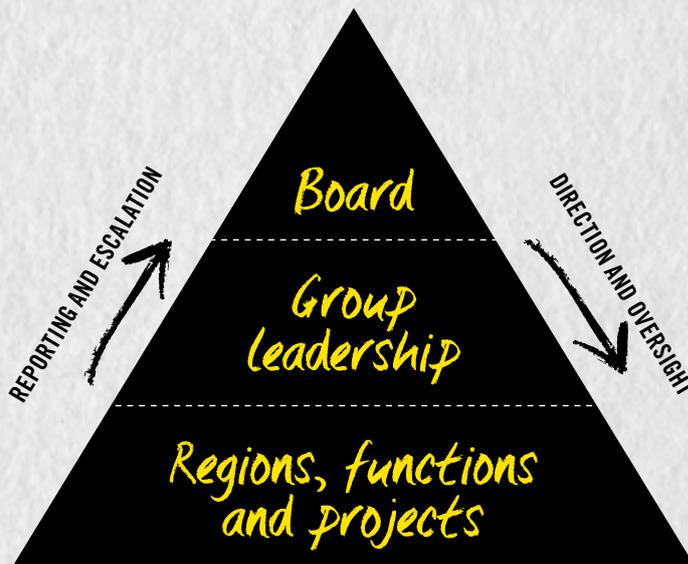
Risk management approach

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 102. Although some aspects of risk governance were enhanced and formalised around the IPO in January 2021, the key elements were in place throughout the year. During FY22, we will continue to mature and embed all aspects of our risk management process and will report on this progress in our 2022 Annual Report.

The Group has adopted 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, Technology and Human Resources. The third line includes internal and external audit reporting to the Audit and Risk Committee and other specialist reviews such as supply chain assurance.

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 governance and oversight - key components



Risk management in practice - climate risk

In our consideration of emerging risks, we identified climate risk as an area requiring greater analysis. This is already a component of the social and environmental principal risk, but we have initiated actions to undertake a more thorough analysis of climate risks, applying our five-step risk management process of identify, assess, manage, monitor and report. Further consideration of climate risk will take into account the potential impact of our business and supply chain on the global climate, as well as the potential risks and impact of climate change upon our business activities. The analysis will support our more comprehensive future reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD), against the five TCFD pillars of Governance, Strategy, Risk Management, Metrics and Targets. More specifically, the activities that are planned in FY22 include: identifying the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies; quantifying potential financial impacts and costs to manage climate risk; considering timeframes of impact; and monitoring indicators. Further details on climate risk are included in the Sustainability section on pages 60 and 61.

Risk management in practice - Covid-19

Our risk management framework was put to effective use to support our response to Covid-19, which is also set out on pages 18 and 19 of the Strategic report. A Covid-19 Risk Management Committee was quickly set up in the early stages of the pandemic and has continued throughout the period to date. The principal risks that were most significantly impacted by Covid-19 were: supply chain, financial, people, and information and cyber security. In each area, we took additional actions to manage risk. For supply chain, our strong relationships with key factories allowed us secure continuity of product supply and our global approach to operations enabled us to reassign resource and product quickly as the pandemic impacted our channels and regions differently over time. The potential financial impacts of Covid-19 required us to adopt a cash protection approach, including working in co-operation with wholesale customers on cash collection terms and deferring or cancelling certain spend. Although Covid-19 undoubtedly impacted all of our people in some way, we have put the health and safety of our people first and throughout the pandemic we have continued to attract many new people to join the Company, in support of current and future business growth. Keeping our people informed has been essential and measured engagement levels have been high. With the majority of our people working remotely, our IT teams focused on providing support and IT equipment and accelerated plans to strengthen the security of our networks and systems, including against potential cyber threats.

**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 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 LT
- 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 co-ordinates and reports on risk at portfolio level and individual projects
- Working groups being established with focus on specific risk areas, including: counter-fraud, third party risk, training and awareness



Risk management and our principal risks continued

Risk appetite

We recognise the need for informed risk taking in order to deliver sustainable and profitable business growth. Areas where we have a higher risk appetite and actively take managed risks include business transformation and change to deliver our strategic priorities. We have a medium risk appetite around product innovation, as we robustly protect our intellectual property and brand but ensure we take risks to stay relevant with consumers. Our risk appetite is low around legal, compliance and financial risks as well as potential human rights risks throughout our own business and supply chain. Our risk appetite across different areas informs the Group's control framework, including policies, procedures, system-based controls, training and assurance (internal and external). Our delegation of authority sets out clear boundaries on approvals, which have been set to reflect the risk appetite for financial and non-financial matters.

Emerging 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. A key emerging risk identified during 2021 relates to climate risk, which is described in more detail in the box on page 75.

Principal risks

The Board confirms that it has carried out a robust assessment of the Company's emerging and principal risks. Set out below is the Board's view of the principal risks currently facing the Company, along with examples of how this might impact us and an explanation of how the risks are managed or mitigated. We also indicate the link to our strategic priorities on page 30 and 31. An explanation of how the Company manages financial risks is also provided in note 21 to the financial statements on pages 172 to 175.

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.

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.

1. BRAND AND PRODUCT

Strategy link

D O C S

Change from FY20

→ No change

Description

We fail to develop and protect our brand and product

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 and promotion activity to maximise brand value and exposure
- Monitoring and responding to social media and customer service issues
- Intellectual property expertise with robust enforcement strategy
- Robust quality and testing process on product

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

- Our brand and products on pages 4 and 5
- Business model on pages 22 and 23
- Stakeholder engagement with consumers on page 27
- Social and environmental management within the supply chain on pages 52 to 55

Key to strategy

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

2. SOCIAL AND ENVIRONMENTAL

Strategy link



Change from FY20

Slight increase

Description

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

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

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

- Stakeholder engagement on pages 24 to 29
- Sustainability section on pages 40 to 73

3. PEOPLE, CULTURE AND CHANGE

Strategy link



Change from FY20

Slight increase

Description

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

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
- Employee value proposition being refined, to reflect the benefits and value to employees of working at Dr. Martens
- Talent management process
- Engagement and input from employees on flexible ways of working in a post-Covid world
- Senior leadership monitoring and oversight of all significant change programmes
- Dedicated Culture teams

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

- Stakeholder engagement with our people on page 26
- Sustainability section on our culture and DE&I on pages 64 to 67



Risk management and our principal risks continued

4. SUPPLY CHAIN

Strategy link

D O C S

Change from FY20

→ No change

Description

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

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

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

- Our strengths - infrastructure built to scale on page 11
- Stakeholder engagement with suppliers on page 28
- Our strategy - operational excellence on pages 30 and 31

Key to strategy

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

5. INFORMATION AND CYBER SECURITY

Strategy link

D O C S

Change from FY20

↗ Slight increase

Description

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

Impacts of the risk

- Ecommerce or other key IT systems are target of cyber hacking or prolonged disruption
- Theft or loss of sensitive company, customer or employee data
- New ways of working, including remote/hybrid working, potentially increase risk of loss of data

Examples of how we manage the risk

- Implementation of an Information Security and Cyber Security programme with dedicated team
- 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

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

- Our strengths - infrastructure built to scale on page 11
- Our strategy - operational excellence on pages 30 and 31

6. FINANCIAL

Strategy link

D O C S

Change from FY20

→ No change

Description

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

Impacts of the risk

- Foreign exchange movements
- Cost inflation including commodity prices
- Liquidity and cash flow
- Interest rate risk on external bank debt
- Breach of covenants
- Excessive customer credit losses
- Major wholesale customer failure
- Internal or external fraud
- Financial reporting and internal controls non-compliance

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
- Tight control over customer credit terms
- Internal Audit and Risk function established
- Fraud risk assessment underway

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

- Finance review on pages 34 to 39
- Audit and Risk Committee report on pages 102 to 109
- Note 21 (Financial instruments) to the financial statements on pages 172 to 175

7. LEGAL AND COMPLIANCE

Strategy link

D O C S

Change from FY20

→ No change

Description

We fail to comply with key laws and regulations

Impacts of the risk

- 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

- Tone from the top
- Code of conduct (the DOctrine)
- Policies, procedures and training covering key compliance risks
- Compliance function
- Data privacy programme, including compliance with applicable local laws

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

- Our culture and heritage - doing the right thing on page 6
- Sustainability governance and policies on pages 70 and 71



Viability assessment and going concern

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 2024, which is longer than the 15 month outlook adopted under the going concern basis of accounting. 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 (in particular the resilient trading performance in the last financial year during Covid-19), forecasts and financial projections, strategy, economic model and the principal risks and mitigating factors described on pages 76 to 79 and also those arising from Covid-19 described on pages 18 and 19.

Over the last three years, the Group has grown revenue by £318.6m to £773.0m representing CAGR% growth of 19% and grown EBITDA¹ to £224.2m (from £85.0m), representing a CAGR% growth rate (excluding IFRS 16 accounting in latter two years) of 33%. 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 30 and 31) by the leadership team (LT) 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 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.

Assessment period

The Directors have assessed the viability of the Group over a three-year period to March 2024, as this aligns our internal planning cycle. The planning for this three-year period is assessed by month and includes relatively well thought through investments, plans and actions.

Trading outlook

The immediate outlook for the year as a whole is likely to be volatile and 'bumpy' and closely linked to vaccination progress, easing of social restrictions and economies normalising and evolving to whatever a post Covid-19 normality might be. Whilst all our core markets have begun vaccination programmes, the pace of these has varied significantly by country. At the time of writing the UK and USA look likely to have the majority of their populations vaccinated by mid-summer with Continental Europe probably later in the autumn and Asia maybe not majoritively vaccinated until the end of the calendar year. In addition, new variants may complicate and delay our pathway to new normality.

Further, we need to see how consumers will react post Covid-19 with an upside scenario from potential pent up demand maybe driving economic activity, further fuelled in the USA with stimulus payments, versus a downside scenarios of increased unemployment and lower spending power. 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, though probably at a slower pace than during the financial year ended March 2021,
- stores not fully returning to pre Covid-19 levels of profitability across the period under review,
- our core markets to continue to be negatively impacted by some form of social restrictions through the first year and then slowly recover but we do not plan for a speedy recovery to pre Covid-19 level of economic activity across the period under review.

These conservative central assumptions form the base case for our FY22 budget, Viability statement assessments, Going Concern statement and store impairment analysis.

We have modelled the impact on one severe but plausible scenario represented by revenue growth at 10% pts lower than the base plan across all channels and geographies.

Under this scenario we did not model any mitigating actions (including dividend payments). The outputs of this scenario is described below.

Assessment of Viability

Viability has been assessed by:

- Where appropriate and practical, we assessed the impact of a number of risks described on pages 76 to 79 (which also describes likelihood of occurrence) crystallising and subsequent impact on trading, cash flows and covenant compliance. The main risks assessed are given below and the Group continues to have satisfactory liquidity and covenant headroom under each risk modelled:

- the impact of a large distribution centre being out of action for a period of around 6 months (being the estimated time to set up a new third party operation),
- the impact of a large third party factory being out of operation for a period of around 6 months (being the estimated time to divert production capacity to other factories),
- websites out of action for a period (here we assessed an average day lost at peak trading as if much longer it would be likely a significant proportion of revenue would be transferred to our own stores and wholesale stores and websites).
- 'Top-down' sensitivity and stress testing, which 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. Experience through the year to March 2021 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 series of reverse stress tests were also carried out to determine what could 'break' covenant compliance estimates and liquidity on an annual and three-year cumulative basis before mitigating actions. To model these reverse stress tests we calculated the impact on revenue of zero covenant headroom at end year 1 and end year 3 and also impact of zero liquidity on these dates. Under all reverse stress tests modelled, we did not model any mitigating actions (including dividend payments) and then assessed the resulting revenues calculated and likelihood of occurring. We assessed the likelihood of occurrence to be remote.

We will continue to monitor the effects of Covid-19 on our Group and the economies of the countries where we operate and we 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.

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 2022 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 2021 with cash of £113.6m, available undrawn facilities of £195.4m and bullet debt repayment of £300.0m not due until 2026.

The financial year to 31 March 2021 was dominated by Covid-19 and it is highly likely the majority of the going concern period will also be impacted by Covid-19 albeit to a lesser extent but reliant upon vaccination pace and vaccinations success in our core markets. The impact of Covid-19 on the Group during the year to 31 March 2021 is described on pages 18 and 19 (Covid-19 - Resilience through the pandemic).

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 2021, including the impact of Covid-19 on profitability, cash flow and covenant compliance. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts. Our distribution centres (DCs) remained operational throughout the period while operating with appropriate social distancing. In addition we opened a second DC in the US such that both EMEA and Americas have dual functionality to pick orders from either DC, further reducing the risk of picking and dispatching orders.

The Directors remain vigilant and continue to monitor the effects of Covid-19 in all our core markets and across ecommerce, retail and wholesale channels in these markets and will react appropriately to further developments and associated risks.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a number of different scenarios including a severe but plausible downside scenario described in the Viability Statement set out on pages 80 and 81 with no planned cost or working capital mitigation (including the payment of dividends). Given the backdrop of Covid-19 and continued global economic uncertainty the principal risk for modelling purposes relates to the achievement of planned growth in revenue and accordingly we have sensitised our revenue assumptions versus our base case plan. To date we have had minimal experience of bad debts, lower margins or restricted supply.

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

In addition, we have also modelled a reverse stress test where we calculated the impact on revenue off setting covenant headroom to zero and also zero liquidity (with methodology described in viability statement) and assessed the likelihood of occurrence to be remote.

Should a more 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, and delay/cancellation of IT-related capex and reduce future dividend payments.

A more extreme downside scenario is not considered plausible.

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.



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	22
Non-financial KPIs	N/A	Measuring our performance	33
Principal risks	Group risk management processes and procedures.	Risk management and principal risks	74 to 79
Environmental matters	Supplier Environment Standards	Risk management and principal risks	77
	Made In England Environmental Policy	Stakeholder engagement	29
	Animal Derived Materials Policy	Sustainability report	40 to 73
Human rights	The DOctrine, our employee code of conduct	Risk management and principal risks	76 to 77
	The Rule Book, our employee handbook	Social and environmental management within the supply chain	52 to 55
	Modern Slavery Statement		
	Anti-Slavery and Human Trafficking Policy		
	Supplier Migrant Worker Policy		
Supplier Code of Conduct and Workplace Standards			
Our people	The DOctrine	Risk management and principal risks	77
	The Rule Book	Made in England	56 and 57
		Our culture	64 and 65
		Diversity, equity and inclusion	66 and 67
		Stakeholder engagement	26 and 27
Social matters	The DOctrine	Supporting our communities and giving back	68 and 69
	Volunteering Policy	Diversity, equity and inclusion	66 and 67
	Matched Giving Policy		
		Stakeholder engagement	28 and 29
Anti-bribery and corruption compliance	The DOctrine	Audit committee report	109
	The Rule Book	Sustainability report	71
	Our 'Speak Up' Whistleblowing Policy	Risk management and principal risks	79
	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
16 June 2021



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86	Board of Directors
90	Governance report
99	Nomination Committee report
102	Audit and Risk Committee report
110	Remuneration Committee report
113	Remuneration report
127	Directors' report



Chair's introduction to governance



On behalf of the Board, I am pleased to introduce Dr. Martens' first Corporate Governance report. Here we present an initial summary of our new governance arrangements and how we are working to embed these following our becoming a public company in January. This report also sets out in detail:

- our Board of Directors, including full biographical details (see pages 86 to 89);
- the role of the Board and how it delegates authority (see pages 91 to 95);
- key Board roles and division of responsibilities between them (see pages 96 and 97);
- the Audit and Risk Committee report (see pages 102 to 109);
- the Nomination Committee report (see pages 99 to 101);
- the Directors' report (see pages 127 to 131); and
- the Directors' remuneration report (see pages 110 to 126).

SETTING A CLEAR TONE FROM THE TOP

Establishing a PLC Board

We firmly believe that the Board's role is to set a clear tone from the top, acting responsibly in decision making and management of risk and driving the execution of our DOCS strategy to ensure the long-term, sustainable success of the business. The long-term custodian mindset which has long driven the business was central to the Board's thinking during the IPO process and remains its core tenet as we look to establish ourselves as a listed company and continue to grow our business over the coming years.

As we prepared to become a public company, the Board underwent a significant expansion to ensure it was appropriately structured from a corporate governance perspective. Specifically, in January we welcomed four Independent Non-Executive Directors to the Board: Ian Rogers, Ije Nwokorie, Lynne Weedall and Robyn Perriss. Each of our new Directors brings to the Board their own suite of unique skills, experience and knowledge acquired over successful careers in a variety of industries. As a result of their appointments, half of our Board is now comprised of Independent Directors. I am delighted they have joined us at Dr. Martens and am confident that their outside perspectives, guidance and willingness to challenge constructively will augment the experience of our executive team and prove invaluable in refining our strategy and guiding the business in meeting our objectives. I am also delighted that we have retained the skills and experience of Tara Alhadeff, a valued member of our Board since 2015 and now appointed as a Non-Independent Non-Executive Director by our largest shareholder and former owner, IngreLux S.à.r.l., and look forward to the Board continuing to benefit from her insight and significant knowledge of the business.

More detail on the backgrounds, skills and experience of our Board members is available on pages 86 to 89.



Governance

As a Board we are committed to promoting and maintaining high standards of corporate governance across the Group. For our IPO in January and aided by our external advisers, we developed a clear governance structure and implemented a number of policies and processes, either by formally approving existing policies or establishing entirely new policies where necessary, to ensure we would be compliant with the UK Corporate Governance Code 2018 (the “Code”) on admission to listing. Whilst a lot of this was new to us as a business, we were not starting from scratch. The strong corporate governance structures we already had in place as a private business provided solid foundations on which to build an overarching governance framework befitting a public company. This also meant that we were able to navigate through the IPO project more smoothly than would have otherwise been possible. That said, our IPO was clearly an immense undertaking for our leadership, the project team and our advisers and I would like to reiterate my gratitude to them and all others involved for their diligence and professionalism in guiding Dr. Martens through this exciting new chapter in our history.

More information about our corporate governance arrangements is available in this Governance report, from page 90.

Board focus

For the majority of the year prior to completion of the IPO, the Executive Directors and I were particularly focused on navigating the business through the Covid-19 pandemic. We met frequently during this time, at the beginning on a weekly basis, to ensure that the wellbeing and safety of our employees were secured and a platform could be established from which our growth plans could continue once a semblance of normality was restored. More information on our response to the pandemic can be found on pages 18 and 19 of the Strategic report.

The latter part of the financial year continued to be focused on managing the business through the pandemic and then successfully completing the IPO process. An overview of the range of matters discussed by the Board can be found on pages 92 and 93.

“The long-term custodianship of the brand and the business was central to the Board's thinking during the IPO process.”

Diversity

The Board is immensely proud of the huge amount of work that is undertaken at Dr. Martens to promote diversity across the business and to ensure that this Company continues to be an inclusive and rewarding place to work.

The work the business has done in this area is described in depth in the Sustainability report, particularly on pages 64 to 67, and in the Nomination Committee report on pages 99 to 101.

Stakeholders

Our Section 172 statement and an overview of how we engage with our stakeholders can be found on pages 24 to 29 of the Strategic report. This section describes who our other key stakeholder groups are and considers our engagement with them in more detail, and how their interests are considered in the Board's decision making.

As I mention above, an important area of focus for the Directors and leadership team over the past year was the wellbeing of our employees during the Covid-19 pandemic. The pandemic brought with it many challenges for our teams, including those teams which work in stores that were closed. In this context, frequent and clear communication was crucial to ensure our people were kept informed and had the opportunity to share their concerns with leadership teams. More generally, maintaining strong links between leadership and our people across the world is an essential element in ensuring our future success. I am therefore delighted that Robyn Perriss has been appointed as our designated Workforce Representative Director and is working with the Board and the business to strengthen these links further.

Later in the year, as we moved into the IPO process, the Executive Directors attended a large number of meetings with potential investors, engaging with them on topics such as the Dr. Martens brand, products, the DOCS strategy, marketing, supply chain and sustainability.

Our first AGM in July will offer another opportunity for engagement with our investors. More information on this can be found in the Notice of Meeting on pages 196 to 200.

Finally, I would just like to thank everyone at Dr. Martens globally and my fellow Directors for their ongoing hard work and our investors for their unwavering support during this transformative and exciting, yet undoubtedly challenging, period in our Company's history.

Paul Mason
Chairman



Board of Directors

N



PAUL MASON

Chair

Appointed: September 2015.

Experience: Paul has extensive experience in retail and consumer brand businesses, having chaired six consumer businesses over the past twelve years.

Prior to joining the business, Paul was the 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. He also held positions as European President of Levi Strauss & Co, Chief Executive Officer of Matalan PLC and Chief Operating Officer and Chief Executive Officer of Asda following its acquisition by Walmart.

Paul has a Bachelor of Arts from the University of Manchester.

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

Favourite pair of Docs

MY BLACK 2976 CHELSEA BOOTS. I CAN WEAR THEM SMART OR CASUAL, BUT CRITICALLY THEY ARE THE MOST COMFORTABLE SHOES I OWN.

D



KENNY WILSON

Chief Executive Officer

Appointed: July 2018.

Experience: Kenny has 30 years of experience in building and growing global consumer brands. 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 and led a team that delivered an impressive expansion across Europe. 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.

Kenny has a Master of Arts (Hons) in English from Aberdeen University.

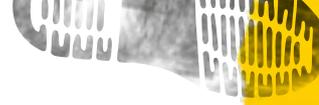
Favourite pair of Docs

MY 20-YEAR-OLD PAIR OF 1460 BLACK SMOOTH MADE IN ENGLAND. THE MORE I WEAR THEM THE BETTER THEY GET.

Board experience

	Brand/ consumer	Financial	Digital	PLC	International*	Independent?
Paul Mason	✓			✓	✓	☒
Kenny Wilson	✓		✓		✓	
Jon Mortimore	✓	✓	✓	✓	✓	
Tara Alhadeff	✓	✓	✓		✓	☒
Ije Nwokorie	✓		✓		✓	✓
Ian Rogers	✓		✓		✓	✓
Robyn Perriss	✓	✓	✓	✓		✓
Lynne Weedall	✓			✓		✓

* Senior full-time roles outside the UK.



D



JON MORTIMORE

Chief Financial Officer

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 has a Bachelor of Science from the University of East Anglia and is a Chartered Accountant.

Favourite pair of Docs

*OUR COLLABORATION,
DR. MARTENS X UNDERCOVER,
THE NEW WARRIOR.*

A

N

R

D



LYNNE WEEDALL

Senior Independent Director

Appointed: January 2021.

Experience: Over a 30-year career in numerous executive and non-executive roles, Lynne has led and advised boards and their teams on large, complex transformations in a wide variety of sectors and ownership models.

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. Most recently she was Group Human Resource Director for Selfridges Group, where she advised on the people strategy. Lynne was a Non-Executive Director and Remuneration Committee Chair of Green King plc from 2012 until 2019 and William Hill plc from 2019 until April 2021. She has previously held senior roles at Whitbread plc, Bupa and Tesco plc.

Other appointments: Senior Independent Director of Treatt plc, Non-Executive Director and Remuneration Committee Chair of Stagecoach plc.

Favourite pair of Docs

*MY THREE-INCH HEEL PLATFORM
"LUCKY BOOTS". I LOVE THAT I
CAN WEAR THEM WITH JEANS
OR A DESIGNER SKIRT.*

GOVERNANCE

Committee membership

A

Audit and Risk

N

Nomination

R

Remuneration

D

Disclosure

Chair

W

Workforce Representative Director

Board gender diversity (%)

Whole Board

Male 5 of 8 62.5%

Female 3 of 8 37.5%

Non-Executive (excl. Chair)

Male 2 of 5 40%

Female 3 of 5 60%

Board tenure

0-2 years:	4
2-4 years:	1
4-6 years:	3
6+ years:	1

Board of Directors continued



Independent Non-Executive Director

Appointed: January 2021.

Experience: Robyn has significant experience in both the technology and media industries. She was Finance Director at Rightmove plc, the UK’s largest property 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 previously held senior roles at Rightmove including as Financial Controller and Company Secretary. Before joining Rightmove, Robyn was 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 has a Bachelor of Commerce (Honours in Accounting) from the University of KwaZulu-Natal, South Africa.

Other appointments: Non-Executive Director of leading IT infrastructure provider Softcat plc and Next 15 Communications Group plc, where she also chairs the audit committee.

Favourite pair of Docs

MY BLACK 1460S WERE MY FIRST PAIR AND ARE STILL MY FAVOURITE TODAY.



Independent Non-Executive Director

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 Senior Director for Retail Marketing EMEA 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.

Ije has a master’s degree in Architecture from Columbia University.

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

Favourite pair of Docs

MY CHERRY RED VEGAN LEATHER 1460S, MY FIRST AND FAVOURITE PAIR THAT I CAN WEAR WITH ANYTHING.

Meeting attendance

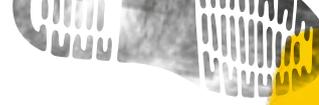
The Board held three scheduled meetings during the period under review, which took place between our admission to listing in January and 31 March 2021. The attendance of each Director is set out in the adjacent table.

Sufficient time is provided, periodically, for the Chairman to meet privately with the Senior Independent Director and the Non-Executive Directors to discuss any matters arising. For information on the Board’s activities and the matters it discussed during the year, both prior and subsequent to the IPO, see pages 92 and 93.

The adjacent table sets out the number of meetings each of the Directors actually attended vs the maximum number they could have attended following completion of the IPO.

	Board	Audit and Risk Committee	Remuneration Committee
Paul Mason	3/3		
Kenny Wilson	3/3		
Jon Mortimore	3/3		
Tara Alhadeff	2/3*		
Robyn Perriss	3/3	1/1	2/2
Ian Rogers	3/3		2/2
Ije Nwokorie	3/3	1/1	
Lynne Weedall	3/3	1/1	2/2

* Absent from meeting on 4 March for medical reasons.



N
R
D



IAN
ROGERS

Independent Non-Executive Director

Appointed: January 2021.

Experience: Ian is 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 for five transformative years, working with a large portfolio of luxury brands including Louis Vuitton, Dior, Sephora, and Hennessy.

Ian spent 20 years bringing digital music to the mainstream including as CEO of Beats Music, President and Chief Technology Officer at Mediocode and Webmaster at Winamp. Ian contributed to the 2015 launch of Apple Music, including digital streaming channel Beats 1. He built some of the earliest music-related websites in the early 1990s and started working with the Beastie Boys in 1993, a relationship which continues today.

Ian has a Bachelor of Arts in Computer Science (with Honours, Phi Beta Kappa) from Indiana University.

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

Favourite pair of Docs

MY 1460 BOOTS THAT GOT ME THROUGH THE WINTER WEATHER FROM PARIS TO CALIFORNIA.

N
D



TARA
ALHADEFF

Non-Independent Non-Executive Director

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 our Non-Independent Non-Executive Director in January 2021.

She 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.

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

Favourite pair of Docs

MY SPARKLY BLACK MADE IN ENGLAND 1461S - JAZZED UP AND CLASSIC AT THE SAME TIME!

GOVERNANCE

Committee membership



Audit and Risk



Nomination



Remuneration



Disclosure



Chair



Workforce Representative Director

More information about our Board can be found at drmartensplc.com



Governance report

Corporate Governance Code 2018 compliance

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 Company was not required to comply with the principles and provisions of the Code prior to that date. The full Code is available to view on the Financial Reporting Council's website, www.frc.org.uk. In the interests of keeping the Annual Report concise and to ensure it can be easily located, information relating to key areas of compliance with the Code is consolidated and summarised on this page.

Since its admission to listing the Company has applied the principles and complied with the provisions of the Code, with an exception relating to the independence of the Chairman on admission. This is explained below (together with cross-references to relevant sections of this report where further information can be found).

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.

Independence

Over half of our Board (excluding the Chairman) comprises Independent Non-Executive Directors and the composition of all Board Committees complies with the Code. 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.à.r.l. More information about Board composition and independence is available on 86 to 89 and 96 and 97.

Senior Independent Director

Our Senior Independent Director is Lynne Weedall.

Accountability and election

The roles of Chairman and CEO are clearly separated. All the Directors are to stand for (re-)election annually.

Evaluation

The Board has only existed in its current form since the Company listed in January 2021 and, as such, has not yet had an opportunity to complete a full performance evaluation, and the Directors do not believe it would have been appropriate to attempt to do so at such an early stage. It is intended that the first board evaluation will take place during FY22 and that an externally facilitated evaluation will take place at least every three years. More detail can be found on page 98.

Attendance

All Directors have all attended an appropriate number of Board and Committee meetings, details of which are available on page 88. As at the publication date of this Annual Report, the Nomination Committee had not had an opportunity to meet; however, its first meeting is scheduled to take place in June.

Committee Chair experience

The Audit and Risk Committee Chair met the specific requirements with regard to recent and relevant financial experience during the period under review.

The Remuneration Committee Chair had been a member of a remuneration committee (for William Hill plc and Greene King plc) for more than twelve months prior to her appointment.

Auditor appointment and tenure

Our current auditor, Ernst & Young LLP, was appointed in 2005. The Company intends to conduct a full tender of the external audit contract during FY23. Our lead audit partner, Julie Carlyle, has been in place since 2015.

Non-audit fees policy

This is disclosed on page 108, along with the fees paid by the Company for IPO non-audit work undertaken during FY21.

Internal audit

Details of the Internal Audit function are provided within this report on pages 108 and 109.

Culture

Information about how the Board assesses and monitors culture at Dr. Martens can be found on page 92. Information about culture at Dr. Martens more generally can be found on pages 6 and 7 of the Strategic report and pages 64 and 65 of the Sustainability report.

Performance-related pay

The remuneration arrangements for the Chairman and Non-Executive Directors reflect the necessary time commitments and responsibilities of those roles and do not include any performance-related elements. Information about how we reward and incentivise our people can be found in the Remuneration report from page 110.

Workforce engagement

The Company has designated an Independent Non-Executive Director, Robyn Perriss, to oversee engagement between the Board and the workforce. More information on the ways in which Dr. Martens engages with its workforce and other key stakeholder groups can be found on pages 24 to 29 of the Strategic report and in the Sustainability report on pages 64 to 67.

Diversity

Information about the diversity of our Board, including how this will be factored into succession planning and senior management development going forwards, can be found on page 101. Information about the wider Diversity, Equity and Inclusion strategy at Dr. Martens can be found on pages 66 and 67 of the Sustainability report.

BOARD LEADERSHIP AND COMPANY PURPOSE

THE BOARD'S ROLE

The Board is collectively responsible for delivering sustainable, profitable growth of the business globally and driving long-term value for the shareholders of Dr. Martens plc (the "Company"). Despite the myriad changes the business has been through over the course of our journey towards becoming a public company, the fundamental role of the Board remains the same: to set a clear tone from the top by providing entrepreneurial leadership of the business and custodianship of the Dr. Martens brand.

The Board sets the Company's strategy and holds management to account for its delivery, always with a view to securing the success of the business over the longer term. It is also responsible for ensuring that strategy aligns with and promotes our organisational culture, which is rooted in a family approach of "doing the right thing" that goes back to our origins as a family business. Additionally, through the Audit and Risk Committee, the Board oversees the Group's systems of internal control and risk management. More information about the Board's activities can be found on pages 92 and 93. Whilst ultimately accountable to shareholders, the Board has a responsibility to represent the interests of the Group's stakeholders when setting strategic objectives, implementing core policies and developing our organisational culture and capabilities. Pages 24 to 29 of the Strategic report describe in detail some of the ways in which the business has sought, and continues to seek, to account for its relationships with customers, suppliers and employees and its impact on communities and the environment.

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.

Reserved matters

In addition to its general responsibilities and duties, the Board has agreed that certain authorities relating to areas of strategic significance be reserved as matters for the Board alone, whilst other specific responsibilities have been delegated to the appropriate Committees. Some of the key reserved matters are summarised below and the full schedule of all matters reserved for the Board's approval, together with detailed terms of reference setting out the delegated responsibilities of each of the Board Committees, can be found at drmartensplc.com.

Leadership team

Execution of the Group's strategy and day-to-day management of the Company's activities are delegated to the Executive Directors with the support of the leadership team. Members of the leadership team and other senior managers from across the business are regularly invited to present at Board meetings and engage in debate on specific matters about which the Board may require greater insight. The effectiveness of the relationship between the Board as a whole, the Executive Directors and the leadership team is secured through strong lines of communication and a culture of open debate whereby challenging existing assumptions and raising difficult questions are actively encouraged. This approach enhances the overall effectiveness of the Board and regular dialogue with and reports from management ensure it is kept up to date on developments.

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. Whilst the Board and its Committees have only had the opportunity to meet a handful of times since the Company listed, it is intended that the Chairs of each Board Committee will update the Board after each Committee meeting on their discussions and make recommendations as necessary, thereby ensuring that the Board is able to maintain oversight of each Committees' activities. The Board and Chairs of each Board Committee also intend to ensure that the schedule of reserved matters and the Committees' terms of reference are reviewed at least annually and updated as necessary. More detail on the work of the Committees and how they intend to operate going forward can be found on pages 99 to 112.



Governance report continued

THE BOARD'S ROLE CONTINUED

How the Board assesses and monitors culture

Driving our organisational culture is an essential facet of the Board's role and one that it recognises is essential for the successful delivery of our strategy. As custodians of the Dr. Martens brand, the Board takes its responsibilities in respect of overseeing our culture and ensuring it is reflected in the Board's general conduct extremely seriously. Its role is to nurture an environment that allows our culture to flourish and to ensure that the inspired, engaged and passionate team of professionals that comprise our people can continue to be themselves and deliver their best.

Overall, the Board is satisfied that our culture is positive, widely understood and believed in by our people and supports the successful delivery of our strategy. It is able to assess and monitor our culture through a range of inputs including regular colleague engagement surveys and updates from leadership on particular focus areas and initiatives from across the business, as well as through our Culture Lead and Culture Teams who actively promote our culture across all three of our regions: EMEA, APAC and the Americas. More information about these and about how culture is embedded at Dr. Martens can be found on pages 64 and 65 of the Sustainability report.

As a positive new step taken since our IPO to further improve engagement between the Board and our wider workforce, as well as to ensure the culture we promote continues to translate into real world results, the Board has appointed Robyn Perriss as its designated Workforce Representative Director.

Further detail on the structure of our Board meetings and the Board's discussions can be found in the "Board Activities" section opposite.

“Driving our organisational culture is an essential facet of the Board's role and one that it recognises is essential for the successful delivery of our strategy.**”**

BOARD ACTIVITIES

On the page opposite we highlight some of the Board's discussions and key activities in relation to our DOCS strategic pillars. To provide a more complete illustration of these, this section encompasses the whole of the year under review through to the approval of this Annual Report and, as such, refers to discussions that took place both before and after the IPO.

Whilst not intended to be exhaustive, the information presented here offers insight into the boardroom, specifically how its activities are focused on refining and delivering the DOCS strategy and highlighting some of the ways in which it discharges its general duty to promote the success of the Company. More information about the DOCS strategy can be found on pages 30 and 31.

Key priorities of the Board during the year were navigating the business through the worst of the Covid-19 pandemic and then through the complexities of the IPO. More detail on our response to the pandemic can be found on pages 18 and 19, whilst our approach to ensuring we closely engage with all of our key stakeholder groups and some of the outcomes of that engagement can be found on pages 24 to 29.

Board cadence

Further to the completion of the IPO and the establishment of the new PLC Board in January 2021, an important area of focus for the Directors has been establishing an appropriate and effective Board cadence to ensure that it is able to operate efficiently and discuss and debate key matters of strategic importance in sufficient depth, and that it is generally able to function as an effective Board. At the time of publishing the Annual Report, the Board in its current form is still relatively new and so will evolve over the coming months as the Directors spend more time together as a Board. Board processes and dynamics will be regularly reviewed to develop and improve its effectiveness whilst we continue to acclimatise to our listed status; for example, the Directors have agreed to give feedback at the end of every Board meeting on suggested improvements.

Our Board meetings are an important mechanism through which the Directors discharge their duties, particularly under Section 172 of the Companies Act 2006 (more information on this is available on pages 24 to 29). In terms of the structure of our Board meetings, agendas are agreed in advance by the Chairman and Company Secretary with input from the CEO and CFO and are tailored to balance regular updates from the Executive Directors on trading and financial performance with longer, detailed "deep-dives" on specific items. The Chairs of the principal Board Committees update the Board on the salient points and key areas of debate from their meetings, making any recommendations for formal Board approval as necessary. This ensures that the Board, as a whole, retains oversight of how the authorities it has delegated to each Committee are used. Time is also allocated to discuss any matters arising and to receive updates on actions outstanding from previous meetings.

More information about how the Board delegates authority to its principal Board Committees and the wider business can be found on pages 94 and 95.



COMPANY STRATEGY AND PERFORMANCE

Link to strategic pillars **DOCS**

- Agreed the Board's approach to guiding the business through the Covid-19 pandemic, including the implementation of the "Survive Then Grow" strategy to secure the health and wellbeing of the workforce, preserve cash, support our external partnerships and preserve the integrity of the brand.
- Received and discussed employee feedback on the Company's response to the pandemic and the effectiveness of the Board and LT's communication of key updates to the workforce.
- Received updates on the work to support suppliers and key partners during the pandemic.
- Received updates on product quality and regulatory compliance.
- Discussed the brand strategy and consumer insights.
- Received reports from the CEO at each meeting detailing performance globally and progress against our DOCS strategic pillars.
- Discussed and, where appropriate, approved a range of new store proposals prior to approving the establishment of a new Real Estate Committee in early 2021.

FINANCIAL UPDATES

Link to strategic pillars **DOCS**

- Received reports from the CFO at each meeting detailing financial performance and progress against budget.
- Early in the Covid-19 pandemic, approved the "Cash Protection" initiative to preserve cash to safeguard the business.
- Discussed liquidity requirements and options for additional headroom should it be needed during the pandemic.
- Approved an extended credit facility to ensure cash available during Covid-19 when visibility of future was poor.
- Assessed and kept under review the need for participation in the Government's furlough scheme during the height of the Covid-19 pandemic and, later, approved the repayment in full of funds totalling £1.3m received under the furlough scheme.
- Reviewed and approved the Full Year Results statement.
- Reviewed, discussed and approved the five-year strategic plan.
- Reviewed and approved the annual Tax Strategy Statement.
- Reviewed and approved the budget for FY22.

GOVERNANCE

GOVERNANCE

Link to strategic pillars **DOCS**

- Conducted a session, led by PwC, focusing on effective PLC Board operations and its role in shaping strategy.
- Received presentations from advisers on the duties of listed company directors.
- Established an IPO Board Committee to oversee and finalise formalities relating to the IPO process.
- Approved the appointment of IPO advisers.
- Approved the appointment of joint corporate brokers.
- Reviewed and approved the investor relations plan.
- Approved a new Board delegation of authority policy.
- Approved the resolutions to be put to shareholders at the AGM.
- Reviewed and approved a range of contracts including a new East Coast Distribution Centre.
- Reviewed and approved a range of post-IPO formalities including the reorganisation of the Group structure.

Link to DOCS strategic pillars

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

PEOPLE AND CULTURE

Link to strategic pillars **DOCS**

- Reviewed the results of the Diversity, Equity and Inclusion employee survey.
- Reviewed the results of the employee engagement survey.
- Discussed vigorous dialogue between employees on the importance of the Company publicly standing up against racism, prompted by the Black Lives Matter campaign and protests following the murder of George Floyd.
- Discussed and approved the Giving Back initiative to assist causes nominated by employees.
- Discussed the short- to long-term Diversity, Equity and Inclusion strategy and plans to bring forward meaningful change.
- Received updates on the recruitment of the key hires needed to support future growth, including four new Independent Non-Executive Director appointments to the new PLC Board.
- Discussed and agreed the targets for the Company's sustainability strategy.
- Reviewed gender pay gap data and the draft Gender Pay Gap Report.
- Reviewed and approved the Modern Slavery Statement.
- Established a task force of volunteer employees in the USA to review the output from listening groups focusing on diversity and develop an action plan.



HOW WE DIVIDE RESPONSIBILITIES

This page illustrates our governance framework and, in particular, how the Board delegates authority to its Committees and the wider business.

The Board is mindful that Dr. Martens is currently undergoing a period of acclimatisation having operated as a listed company for a period of just a few months. As such, the Board will work to properly establish and embed robust governance processes and procedures as we continue to adjust to our new circumstances, many of which we have introduced for the first time.

“

The Board will work to properly establish and embed robust governance processes and procedures.”

Board Committees

The Board is supported in performing its day-to-day duties by its principal Board Committees, the functions of which are summarised on the opposite page.



Leadership and Supporting Committees

Day-to-day responsibility for driving our strategy forwards rests with our leadership team, whilst a number of Supporting Committees ensure the proper implementation of our delegated authorities and ensure that high quality information flows to the Board as required.



Delegated authorities and governance policies

Following the IPO the Board clarified the nature and extent of the authorities it delegates below Board and Committee level by establishing a delegation of authority policy.



Dr. Martens plc Board



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.

Read more on pages 102 to 109

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.

Read more on pages 110 to 112

Nomination Committee

- Reviews the structure, size and composition of the Board.
- Recommends Board and senior leadership team appointments.
- Oversees succession planning for the Company's Directors and leadership team.
- Monitors effectiveness of policies and strategy for diversity, equity and inclusion.

Read more on pages 99 to 101

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.

Leadership and Supporting Committees

- **Leadership team** - Responsible for the Group's day-to-day management and ensuring Board oversight requirements are met. The LT reports directly into the CEO, who in turn reports into the Board. Members include the CEO, Regional Presidents, Chief Product and Marketing Officer, Chief Digital Officer, CFO, General Counsel, Chief Information Officer, Chief Human Resources Officer and Strategy Director.
- **Operating Committee** - Acts as a conduit into the Board, provides oversight to ensure appropriate governance and implementation of the delegation of authorities and discusses relevant proposals to ensure proper governance processes are followed.

- **Sustainability Committee** - Reviews and makes recommendations to the Board on policies and performance in relation to social, environmental and community matters. Keeps the Board apprised of developments in the ESG area which pertain to the business.
- **Real Estate Committee** - Facilitates full review and discussion of all property-related proposals and regional growth strategies.
- **Operational Risk Committee** - Oversees development and implementation of an effective risk management approach. Facilitates review and challenge of the identification, prioritisation and management of key risks.

Delegated authorities and governance policies

The formal delegations of authority and financial approval limits set out in the delegation of authority policy are the mechanisms by which employees in designated roles are authorised to act on its behalf. The policy establishes a clear framework for the use of any authority derived from the Board within the Group to facilitate effective and efficient management of its affairs. The Board intends to review this policy at least annually. During the IPO the Board also adopted a full suite of policies to formalise its governance structure and work to properly embed these across the business will continue over the course of our first full year as a listed company.



Governance report continued

DIVISION OF BOARD ROLES

The roles and division of responsibilities between the Chairman, Chief Executive Officer and Senior Independent Director have been clearly defined and agreed by the Board. The Chairman leads the Board and is responsible for its effectiveness in directing the Company and the Chief Executive Officer is responsible for running the Company's business. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for the other Directors and shareholders.



Chairman

The Chairman 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; and
- ensuring the clear and effective communication of information to shareholders and seeking regular engagement with them.



Senior Independent Director

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; and
- ensuring an orderly succession process for the Chair, working closely with the Nomination Committee.

Chief Executive Officer

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; and
- 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 Finance Officer

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 internal audit, tax, treasury procurement and investor relations;
- working with the CEO to develop and implement the Group's strategic objectives; and
- ensuring effective financial compliance and control.





Non-Executive Directors

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; and
- monitoring and scrutinising the Group's financial and operational performance.



Company Secretary

The Company Secretary, Emily Reichwald, advises the Board, through the Chairman, 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; and
- ensuring appropriate, detailed information flows from the business to the Board and its Committees to facilitate high quality discussion and debate.

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.

From FY22 onwards, the independence of our Non-Executive Directors will be reviewed as part of an annual Board evaluation process. The Board is 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

Our Chairman, 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. Notwithstanding that it does not consider the Code's independence criteria to be met, 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 controlling shareholder, IngreLux S.à.r.l. (IngreLux S.à.r.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.à.r.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 is nevertheless confident that its overall composition remains appropriate, given IngreLux S.à.r.l. interest as the Company's largest shareholder. The Board believes that Tara's extensive experience with the Company and background in investing in consumer brands remain significant assets and in no way compromise its effectiveness. More information on arrangements with the Company's controlling shareholder can be found on pages 129 and 130.

Given their recent appointment, all our Independent Non-Executive Directors are within the first year of the recommended maximum nine-year term of service set out in the Code. Our longest-serving Non-Executive Director, Tara Alhadeff, has served less than seven full years on the Board.

For information on the skills and experience of each Director, see pages 86 to 89



COMPOSITION, SUCCESSION AND EVALUATION

As at 31 March 2021 and the date of this report, the Board comprised the Non-Executive Chairman, two Executive Directors, four Independent Non-Executive Directors (including the Senior Independent Director) and one Non-Independent Non-Executive Director. Biographies for all Directors can be found on pages 86 to 89. Our four Independent Non-Executive Directors were appointed to the Board prior to the IPO, in January 2021. Paul Mason, Kenny Wilson, Jon Mortimore and Tara Alhadeff served on the Board throughout the year ended 31 March 2021.

Additionally, the Directors, both as a unitary Board and individually, have the requisite character and skills, breadth of knowledge and diversity of experience that are essential for providing strong, clear leadership of the Group.

Appointment and election

The identification and appointment of our Non-Executive Directors was an important factor in establishing our new governance structure prior to the IPO. A full, detailed search was undertaken, led by executive search firm Russell Reynolds, to find individuals with the right blend of skills and experience for our brand and business. This is described in more detail in the report of our Nomination Committee on page 100.

The Non-Executive Directors are expected to commit sufficient time to enable them to meet their obligations to the Company; however, as the Company has made clear to each Non-Executive Director in their letters of appointment, the nature of their role makes it impossible to be specific about the maximum time commitment required. Each Non-Executive Director 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.

As part of the process undertaken by the Board to recruit the Non-Executive Directors, it considered their positions at other organisations to satisfy itself that they would be able to make the necessary time commitment to the Company. It confirms that it was satisfied that this was, and remains, the case. Going forward, the Board has delegated to the Nomination Committee responsibility for monitoring the Non-Executive Directors' external roles and commitments to ensure they remain able to devote an appropriate amount of time to their roles at the Company.

The Board considers all Directors to be fully committed to their roles and effective in discharging their duties to the Company. In line with the recommendations of the Code, all Board members will stand for re-election at the Company's future AGMs.

Board induction and training

The Non-Executive Directors each received a comprehensive induction plan on joining the Board, including:

- introductory sessions with the Chairman and Company Secretary, covering the structure of the Board and its Committees, their responsibilities and an overview of key dates in the Company calendar;
- detailed overviews of the operations of each area of the business through meetings with each member of the leadership team;
- an overview of the Company's key partners;
- training on the statutory duties of directors of public companies; and
- meetings with internal and external auditors and advisers as appropriate.

The Board intends to further refine this process based on learnings from the inductions of its first Independent Non-Executive Directors during the IPO. Post-pandemic it is intended that Director inductions will be conducted in person where possible and appropriate, including visits to stores and distribution centres and manufacturing facilities in our key regions.

The Board is also committed to the continuing training and professional development of Directors and employees. The Chairman is responsible for reviewing and organising Director training and is supported in this element of his role by the Company Secretary. Directors have continuous access to senior management expertise and receive regular detailed presentations from across the business at Board meetings. All Directors are required to undertake relevant training on regulatory compliance and their duties as public company directors.

Board evaluation and succession planning

As the Company only listed in January 2021 a formal Board performance evaluation has not yet been conducted. It is intended that the Company Secretary will facilitate an internal performance evaluation in 2022 when the Board has a full year of operations on which to reflect and the process, outcomes and action plan resulting from this will be reported in the Company's Annual Report 2022. Similarly, it is intended that Board and leadership team succession planning will be a core item on the Nomination Committee's agenda and an area of particular focus for it over the coming year.

Nomination Committee report



Committee members

Lynne Weedall (Committee Chair)

Tara Alhadeff

Paul Mason

Ije Nwokorie

Robyn Perriss

Ian Rogers

Focus areas for FY22

Over the coming year the Committee plans to undertake a number of key activities and discuss a range of matters at its meetings:

- Review of Chairman and Non-Executive Director independence.
- Review of diversity and inclusion policies and initiatives for improving female representation at senior levels.
- Review our performance during our first year as a Committee as part of the annual Board evaluation process.
- Oversee the recruitment process and recommend to the Board suitable candidates for key leadership roles.
- Review Board and senior management appointment and succession planning processes, particularly to ensure these promote development and advancement opportunities for a diverse range of candidates.

OVERSEEING BOARD APPOINTMENTS, INDEPENDENCE AND SUCCESSION

Dear shareholder,

I am pleased to present Dr. Martens' first Nomination Committee (the "Committee") report as a listed company. The context in which this report is set is somewhat unusual compared to those prepared by most well-established PLC nomination committees, primarily because our current Board was only formally constituted in January 2021 and, as a result, the Committee has not yet had cause to meet formally. My focus in this report will therefore be on describing the role the Committee will fulfil going forward and the matters that will be on our agenda during FY22 and beyond, as well as on providing an overview of the process that was followed to identify and select the new members of the Board during the IPO.

Following the appointment of the Non-Executive Directors in January 2021 but prior to the completion of the IPO, the Board as a whole reviewed and confirmed its initial approval of the Committee's remit and areas of competence, as set out in its terms of reference. The Committee intends to conduct similar reviews of its areas of responsibility at least annually to ensure we continue to support the Board by discharging our responsibilities in full.

Nomination Committee meetings

Whilst we have not yet had the opportunity to meet formally as a Committee, in future years we will do so as often as needed and, in any case, no fewer than twice per year, depending on circumstances and to ensure we are discharging our duties as a Committee in full and in accordance with our terms of reference. The Committee plans to hold our first formal meeting on 15 June 2021, at which we will discuss succession planning and recruitment for key roles within the senior leadership team.

More information about the structure of the Board and its responsibilities can be found on pages 86 to 89 and 91 to 98



Nomination Committee report continued

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.

Nomination Committee membership

The Committee comprises all of the Company's Non Executive Directors, namely me as Committee Chair, Tara Alhadeff, Robyn Perriss, Ije Nwokorie and Ian Rogers, together with the Chairman of the Board, Paul Mason. Full biographies of each Board member can be found on pages 86 to 89. The composition of the Committee was set by the Board during the latter stages of the IPO process and the Committee will continue to monitor this to ensure it remains appropriate.

In keeping with good governance practice, the Committee has been structured such that four of its six members are Independent Non-Executive Directors, with my appointment as Chair helping to further reinforce the independent oversight element of our remit as a Committee.

Role of the Committee

The key responsibilities of the Committee are described above and further details on its role and remit can be found within its terms of reference, which are available on our website, drmartensplc.com.

Appointing the new Dr. Martens plc Board

We engaged executive search firm Russell Reynolds in September 2020 to assist with our search for the first Independent Non-Executive Directors to be appointed to the new PLC Board. A clear brief was set to ensure that prospective candidates were the right fit in terms of our organisational culture, and able to contribute to the successful running of the business as part of a strong, accessible and diverse Board and act as custodians of our brand. We were also clear on the importance of diversity and inclusion as core values of the business and that our new Board appointments should embody diversity in all its aspects.

The search focused on identifying PLC experienced Remuneration Committee and Audit Committee Chairs (one of whom was to be our Senior Independent Director) and two digital and brand focused Independent Non-Executive Directors who would join our two Executive Directors, the Chairman and the Non-Independent Non-Executive Director on the Board, increase its depth of experience and ensure that an appropriate proportion of Board Directors were independent. Across these four appointments we sought to bring in a range of outside experience, skillsets and personal qualities to complement existing expertise on the Board and provide constructive challenge to its established ways of thinking. In particular, digital, brand and consumer-centric experience were key criteria for two of the Independent Non-Executive Director positions, whilst a well-rounded commercial perspective and an ability to debate areas outside of their natural areas of expertise were essential for all.

A shortlist of suitable candidates was drawn up and interviews conducted by the Chairman and members of the pre-PLC Board. The recommendation to appoint Lynne, Robyn, Ije and Ian was approved by the Board in January and they formally joined the Board prior to the completion of the IPO and our admission to listing.

Following the completion of the IPO and the formal constitution of the PLC Board and its principal Committees, the responsibility for overseeing the search process for future Board appointments now rests with the Committee.

Director induction and training

All new Directors received full inductions on joining the Board, including one-to-one sessions with the Chairman and Company Secretary and meetings with each member of the leadership team. In recognition of the Company's recent listing, all Directors undertook training on their statutory duties and on the effective operation of public company boards. Further details on the Board's induction and training processes are set out on page 98 of the Governance report.



“
The Committee will ensure that the benefits of diversity, be it gender, background, heritage or sexuality, are reflected in the makeup of our Board and leadership.
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Diversity, equity and inclusion

Building a Board that embodies all aspects of diversity was an essential consideration for the Non-Executive Director search we undertook prior to our IPO and, going forward, the Committee will ensure that the benefits of diversity, be it diversity of gender, background, heritage, sexuality or any of the myriad factors that make individuals unique, are reflected in the makeup of our Board and leadership team. Additionally, all recommendations for Board and senior appointments will be made on merit and to secure an appropriate balance of skills and experience across our senior leadership.

In terms of its current composition, the Board comfortably meets the recommendations of the Hampton-Alexander Review and Parker Review Committee relating to, respectively, female membership and ethnic diversity. As a result of the work we undertook during the IPO to build a diverse Board, three of our eight Board Directors (38%) are women, with Lynne Weedall chairing both our Remuneration and Nomination Committees and Robyn Perriss chairing our Audit and Risk Committee, while we also secured the appointment of Ije Nwokorie, whose career was built on his experience growing up in Nigeria and who has been named by the Powerlist as one of the 100 most influential people of African or African Caribbean heritage in the United Kingdom. Looking to the future, the Committee will ensure that all long lists of potential Board and senior leadership appointments appropriately reflect diversity of gender and ethnicity.

In terms of our wider leadership, as at the date of publication of this Annual Report 82% of our Leadership Team were male vs 18% female. Details of gender diversity across the wider business can be found in the Sustainability report on page 67.

There is still much work to be done, particularly in increasing opportunities for women to move into senior roles and this will be an important area of focus for the Company that will be monitored by the Committee in the coming year. More information about wider diversity, equity and inclusion at Dr. Martens and the range of initiatives underway or planned can be found in our Sustainability report on pages 40 to 73. Additionally, our Gender Pay Gap report can be found on our website, drmartensplc.com.

AGM and Director reappointment

All Directors will be retiring at the forthcoming AGM in July in accordance with the provisions of the Corporate Governance Code 2018. The Board has recommended that each Director be reappointed at the AGM. In deciding to make this recommendation, the Board acted on the advice of the Nomination Committee.

All the Directors being proposed for reappointment attended an acceptable number of Board meetings following the Company's admission to listing. As mentioned on page 98, the Board is satisfied that the Directors continue to devote sufficient time to the Company to enable them to discharge their duties in full, and that they each continue to demonstrate a high degree of dedication to their role.

Lynne Weedall
 Chair of the Nomination Committee
 16 June 2021





Audit and Risk Committee report



Committee members

Robyn Perriss (Committee Chair)

Lynne Weedall

Ije Nwokorie

Focus areas for FY22

Over the coming year the Committee plans to undertake a number of key activities and discuss a range of matters at its meetings:

- Undertake a competitive tender for the provision of external audit services.
- Receive updates from the business on key areas within the Committee's remit, including (but not limited to) areas of significant risk, compliance and the emerging audit landscape.
- As part of the Company's first Board evaluation, undertake a review the Committee's performance and effectiveness since our IPO.
- Overseeing the implementation of new reporting requirements relating to climate change.
- Conduct its annual reviews of the Committee's composition and terms of reference to ensure they remain fit for purpose.
- Oversee the development of plans to meet the BEIS reform proposals on audit and corporate reporting.

OVERSEEING REPORTING AND RISK

Dear shareholder,

As Chair of the Audit and Risk Committee (the "Committee"), I am pleased to introduce the inaugural Committee's report as a listed company for the period ended 31 March 2021.

The Committee fulfils a vital role in the Company's governance framework, providing valuable independent challenge and oversight of the accounting, financial reporting and internal control and risk management processes. As our Chairman, Paul Mason, mentions in his introduction to the Governance report on pages 84 and 85, we have been fortunate that Dr. Martens already had well-established foundations from a corporate governance perspective, with many essential governance processes and procedures in place before (and refined as a result of) the IPO, not least the previous Audit Committee. The Committee will therefore continue to build on this good work as we enter our first full year as a listed company.

During my short time at Dr. Martens there has continued to be significant investment in the finance team, in order to reflect the rapid growth within the business and to continue to meet the demands of the Group effectively as it operates within a PLC environment. This has included additional recruitment to expand both the headcount and skillset of the team and plans to implement the Group-wide ERP solution in APAC during FY22 are well progressed, which will further standardise and strengthen the financial reporting controls to reflect the global nature of business we are.

Ernst & Young have been the external auditors since 2005. One of the major decisions the Committee has made is to conduct an audit tender process during FY22 in relation to the audit for the year ending 31 March 2023. Further details of the external audit tendering timeline are set out on page 107.

With the assistance of management and the external auditor 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.

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.

The Committee formally reviewed and adopted new terms of reference during the period which may be viewed on the Company's website, drmartensplc.com.

Whilst this Audit and Risk Committee report contains some of the matters addressed during the period, it should be read in conjunction with the Independent auditor's report starting on page 133 and indeed the Dr. Martens plc financial statements in general. This includes the significant accounting matters and issues in relation to the Group's financial statements that the Committee has assessed during the period, which can be found on page 105. This report explains why the issues were considered significant, which provides context for understanding the Group's accounting policies and financial statements for the period.

The Committee has carried out a review of the effectiveness and independence of Ernst & Young and has recommended to the Board that it is reappointed at the 2021 AGM.

I will be happy to answer any questions about the work of the Committee at the forthcoming AGM.

Robyn Perriss
Chair of the Audit and Risk Committee
16 June 2021

Membership of the Committee

The Committee comprises three Independent Non-Executive Directors: Lynne Weedall, Ije Nwokorie and Robyn Perriss as Committee Chair. The initial membership of the Committee was selected at the time of the IPO with the aim of providing the range of financial, commercial and sector expertise necessary to meet the responsibilities of the Committee and the requirements of the UK Corporate Governance Code (the "Code"). Going forward, the Committee will keep its composition under review to ensure it remains appropriate. In agreeing the membership of the Committee, the Board was satisfied that, as a whole, it had 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. More information about the experience and qualifications of each member of the Committee can be found on pages 86 to 89. Emily Reichwald, our General Counsel and Company Secretary, acts as Secretary to the Committee.

Role of the Committee

The key responsibilities of the Committee are described above and further details on its role and remit can be found within its terms of reference, which are available on our website, drmartensplc.com.

How the Committee operates

The Committee held one meeting between the completion of the Company's IPO in January and the end of the financial year, which was attended by all Committee members. Looking ahead, the Committee will arrange its scheduled meetings to align with the key dates in the Company's financial calendar and in accordance with a structured forward planner, developed with the Company Secretary, to ensure it is able to devote sufficient time to discussing and debating the key matters within its remit and discharge its responsibilities in full. Currently the Committee is planning to meet six times per annum, but the planner will be reviewed regularly.

The external auditor, Ernst & Young, 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 Chair will also update the Board as needed on its discussions following each meeting.

The Committee also plans to set time aside periodically to seek the views of the external auditor and the Head of Internal Audit and Risk, in the absence of management. In between meetings the Committee Chair keeps in touch with the CFO and other members of the management team.



Audit and Risk Committee report continued

Activities during FY21

As a result of the timing of the completion of the Company's IPO in late January 2021, the Committee met on one occasion prior to the end of the financial year. At its first meeting the Committee received several updates from the business and discussed and debated a range of topics, summarised below:

- received an update from the external auditor on the planned approach and scope for the full year audit;
- received an update from the Head of Internal Audit and Risk on the structure and mandate of the newly formed Internal Audit function, the internal audit strategy and the initial plan for FY22;
- discussed the impact of Brexit on the Group's operations, in particular the new requirements relating to import and export documentation following the end of the transition period;
- received assurance relating to the due diligence process followed by the Company in producing the IPO documentation and confirmed it was satisfied that this had been robust, with clear linkage between disclosures and relevant supporting data;
- approved the Company's policy relating to the provision of non-audit services by the external auditor;
- reviewed the fees paid to Ernst & Young for non-audit work undertaken for the IPO;
- reviewed and approved the Company's Treasury Policy;
- considered the Company's proposed approach to the going concern assessment and Viability Statement to be disclosed in the Annual Report; and
- received an update on the Company's financial position and prospects procedures and the steps the Company had taken during the IPO to enable it to confirm these were appropriate and sufficiently robust to enable proper judgements to be made in respect of the financial position and prospects of the Company and the wider Group.

Subsequent to year end, the Committee held a detailed session, attended by Ernst & Young, focusing on the role and responsibilities of the Audit and Risk Committee, the current regulatory context and upcoming developments that will impact company audit committees generally.

Key areas of focus for the Committee

Audit and Risk Committee effectiveness review

As the Company only completed its IPO in January 2021, the Committee has only existed for a short time and an evaluation of its performance and effectiveness has not yet been undertaken. The Company intends to undertake its first full Board evaluation in 2022, which will incorporate reviews of the performance of each of the Board Committees. The process, outcomes and action plans arising from the Board evaluation will be reported in the Company's FY22 Annual Report.

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 Company'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 leadership, including reports on the Company'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 management in relation to the identification of significant accounting issues, judgements and key sources of estimation uncertainty, significant accounting policies and proposed disclosures in the 2021 Annual Report. The Committee is satisfied that the judgements made by management are reasonable, and 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 the following 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. There were no significant differences between management and the external auditor. The key matters of focus are set out in the following table.

Significant area	How this was addressed
Revenue recognition	<p>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:</p> <ul style="list-style-type: none"> • 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; and • the statutory day adjustment made to align the Group’s retail calendar which ended on 28 March with the year end date of 31 March. <p>Based on detailed reports and discussions with management and the external auditor, the Committee reviewed and assessed the timing of revenue recognition under IFRS15 and is satisfied that the judgements made were reasonable and appropriate.</p>
Inventory valuation and provisions	<p>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 changing external and internal events. 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 provision as a proportion of gross Inventory is appropriate.</p>
Other complex accounting areas	<p>Other complex accounting areas addressed in the year include accounting for the wind up of the Employee Benefit Trust (EBT) post IPO, the group reorganisation and merger accounting at the time of becoming a PLC, and the treatment of exceptional costs incurred of £80.5m in relation to the IPO transaction. The Committee has oversight of these from management reports, detailing the nature of the costs and how they have been accounted for and as a key area of focus which was reported on to the Committee by the external auditor.</p>
Presentation and use of Alternative Performance Measures (APMs)	<p>The identification of adjusting items and the presentation of Alternative Performance Measures (“APMs”) is a judgement in terms of which costs or credits are not associated with the underlying trading of the Group or otherwise impact the comparability of the Group’s results year on year. The Group’s adjusting items include £80.5m of exceptional costs incurred in relation to the IPO.</p> <p>For the full year results the Committee considered the adjusting items, including explanations of why they were not related to the underlying performance of the business or impacted the comparability of the Group’s results year-on-year. The Committee also reviewed the FRC’s guidance and the external auditor’s assessment of the adjusting items. The Committee reviewed the narrative for the adjusting items within the Annual Report to ensure it gave adequate detail on why the items were adjusted. The Committee concluded it was satisfied with the adjusting items included in the Group’s results and that equal prominence was given to both GAAP and non-GAAP measures and that appropriate disclosure of those items has been included in the Annual Report</p>
Going concern and viability, and impact of Covid-19	<p>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 2021 by reviewing the Group’s financial position and performance, budgets for FY22 and three year cash projections which were stress tested under different scenarios having regard to the principal risks faced by the business.</p> <p>In addition, specific consideration was given to the potential risks associated with Covid-19. This included a review of the stress tests prepared by management. The stress tests set out the possible cash impact for different levels of sales decline. The Committee reviewed the key assumptions within the stress test and assessed the viability of the the business, based on the resulting headroom which in all scenarios was significant. Further details of the Covid-19 stress test and the viability assessment are provided in the Viability Statement set out on page 80. In addition, the Committee reported to the Board that, in its view, the going concern assumption remained appropriate.</p>



Audit and Risk Committee report continued

Key areas of focus for the Committee continued 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 were 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 2021 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.

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
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Reviews 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. 	<p>Supported by Internal Audit, is responsible for:</p> <ul style="list-style-type: none"> 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 74 to 76



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 ongoing impact of the Covid-19 pandemic on the business and how it has been factored into 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 reverse stress tests carried out to assess the strength of the Group’s financing arrangements. More detail on these can be found on page 81 of the Strategic report. The going concern and long-term viability statements were reviewed by the external auditor, which discussed its findings and the conclusions drawn by leadership in producing each statement with the Committee.

More detailed information about our approach to making our going concern and long-term viability assessments can be found on pages 80 and 81 of the Strategic report.

External auditor

The Committee oversees and maintains 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 on its admission to listing on the London Stock Exchange in January 2021. The current audit partner is Julie Carlyle, who was appointed in 2015. A timeline setting out the tenure of Ernst & Young as external auditor is set out below.

For the financial year ending 31 March 2022, the Committee has recommended to the Board that Ernst & Young be reappointed as external auditor and the Company will be seeking shareholder approval for the reappointment of Ernst & Young at its AGM to be held in July.

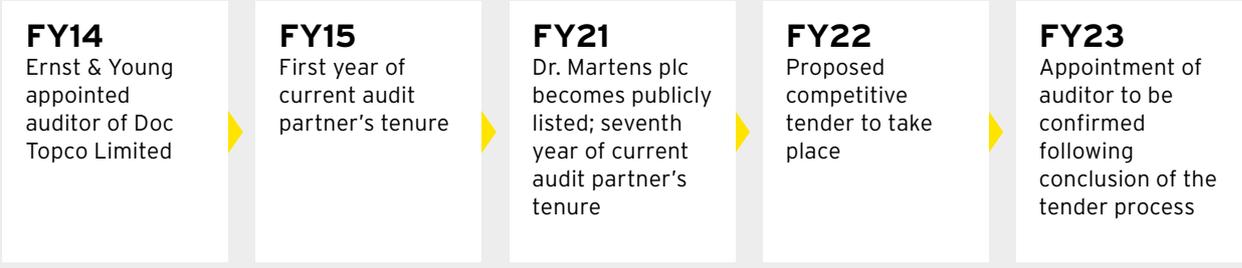


External audit tender

In order to comply 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, the Committee intends to undertake a full competitive tender for the provision of external audit services during FY22 and that the appointment will be in place for the FY23 year end.

The Committee is satisfied that conducting an external audit tender during FY22 is in the best interests of the Company and its members. The Committee’s rationale in making this determination was shaped by a number of key factors, described opposite.

- Maintaining continuity through the first full financial year as a public company would be beneficial, particularly during a year where the Covid-19 pandemic continues to impact our business.
- Completing the implementation of our new global ERP system in the APAC region would enable future audit processes to better leverage our investment in technology.
- Aligning the audit tender process with the planned mandatory rotation of the current lead audit partner would be appropriate timing.





Audit and Risk Committee report continued

Audit effectiveness

As the Group progresses through its first full year post-IPO, reviewing the independence, objectivity and overall effectiveness of the external auditor on an ongoing basis will be embedded as a key responsibility of the Committee.

The Committee received a comprehensive audit plan from Ernst & Young, setting out the proposed scope and areas of focus for the year-end 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 are robust.

Subsequent to year end, the Committee conducted a review of the effectiveness of Ernst & Young and its work during the year-end audit. Two sessions to discuss the effectiveness of Ernst & Young and the audit process were held, each led by the Committee Chair and attended by members of the Company's senior leadership teams globally. 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 these sessions was subsequently discussed by the Committee. The review acknowledged the considerable challenge of conducting both the IPO external audit and the year-end external audit during the Covid-19 global pandemic, and the audit had been effectively and efficiently completed in a collaborative and objective manner despite these challenges. Whilst there were some recommendations to further improve efficiencies, overall the external auditor was viewed as being effective and on that basis the Committee made its recommendation to the Board that Ernst & Young be reappointed at the 2021 AGM.

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 Ernst & Young 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, and will factor any non-audit services provided and fees paid into its annual review of the independence of the external auditor.

In FY21, Ernst & Young received total fees of £3.6m (FY20: £1m) comprising £1.1m of audit fees (FY20: £1m), and £2.5m for non-audit services (FY20: £nil). The fees for non-audit services during the year related to work undertaken by Ernst & Young on a one-off basis in relation to the historical financial information required for the Company's IPO.

Further details of fees paid to Ernst & Young are set out in note 5 to the financial statements on page 160.

Internal audit, risk and internal control

The Group's Internal Audit function was established prior to IPO with a broad remit encompassing 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.



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. An Operational Risk Committee has been established, chaired by the Head of Internal Audit and Risk, to oversee the Group Risk Register and the development and implementation of the Group's approach to risk management.

During the period under review, the Committee reviewed and approved the Internal Audit Mandate, formally establishing the remit and responsibilities of the Internal Audit function, and provided feedback on the internal audit strategy and initial plan for FY22. A number of priority areas were highlighted in the internal audit plan, including: the development and implementation of the Company's risk management framework; a review of fraud risk; data governance; risks relating to cyber security and remote working; and people, talent and business change risks.

As the Company moves into its first full year of operations as a public company in FY22, the Committee has agreed that the Head of Internal Audit and Risk will regularly meet 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. Our activity here is driven primarily by the Company's assessment of its principal risks and uncertainties, as set out on pages 74 to 79.

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.

Ahead of the IPO, an analysis of the Group's system of internal control and risk management framework was carried out with the assistance of external advisers, as part of the review of financial position and prospects procedures. Significant progress has been made in any areas identified as needing further improvement and the Committee will continue to receive updates on completing and embedding actions.

In accordance with the requirements of the 2018 UK Corporate Governance Code, the Committee confirms it has reviewed the Group's risk management and internal control systems. No significant failings or weaknesses were identified as a result of the review that may significantly impact the financial statements.

Anti-bribery and corruption

We are committed to conducting all of our business in an honest and ethical manner and we are proud of our ethical standards. The Company has 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 the Company in business dealings and relationships worldwide. Whilst the Board is ultimately accountable for the Company's anti-bribery and corruption efforts, responsibility for reviewing the Company's systems and controls for preventing these have been delegated to the Committee with support from Internal Audit.

The Company has in place a clear Anti-Bribery and Corruption Policy, which is available for our people to access on our internal policy hub. The Company requires everyone at Dr. Martens to attest to this policy on joining the business and annually thereafter and external partners must also acknowledge their agreement and understanding. The Company also provides mandatory online training to ensure our people understand their responsibilities in preventing bribery and corruption. 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.

Whistleblowing

The Board has delegated oversight of the Group's whistleblowing policies and procedures to the Committee. We expect all our people 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 everyone who joins Dr. Martens must sign up. 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.



Remuneration Committee report



Committee members

Lynne Weedall (Committee Chair)

Robyn Perriss

Ian Rogers

Focus areas for FY22

Over the coming year the Committee plans to undertake a number of key activities and discuss a range of matters at its meetings

- Implement the post-IPO Remuneration Policy.
- Review the wider remuneration arrangements for the senior management as needed.
- Ensure the right policies and processes are in place through the first full year post-IPO.
- Roll out the all-employee share plan across the global business.
- Engage with the Board Employee Listening Groups on Executive remuneration.
- Develop the Global Bonus Scheme objectives to evolve with business strategy.
- Review performance and effectiveness during our first year as a Committee, as part of the annual Board evaluation process.

OVERSEEING THE WAY WE REWARD OUR PEOPLE

Annual statement from the Chair of the Remuneration Committee

Dear shareholder,

I am pleased to present the first report on Directors' remuneration since our admission to the London Stock Exchange on 29 January 2021. I was appointed as the Chair of the Remuneration Committee on 20 January 2021 and, as such, I would like to take this opportunity to welcome you, our new shareholders.

This report is divided into three sections:

- the Annual Statement, summarising the work of the Committee and our approach to Directors' remuneration;
- the Remuneration Policy section, providing the framework for Executive remuneration. This section is put to shareholders under a binding shareholder vote; and
- the Annual Report on Remuneration, setting out the remuneration outcomes for the proportion of the financial year to 31 March 2021 that we were listed as a PLC and the proposed remuneration for the upcoming year.

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.

Remuneration Committee membership

I am joined on the Committee by fellow Independent Non-Executive Directors Robyn Perriss and Ian Rogers. I am pleased to confirm that the Committee, as a whole, contains a good balance of skills and experience and meets the relevant requirements relating to independence and composition set out in the UK Corporate Governance Code. The key responsibilities of the Committee are set out on page 110 and its full terms of reference can be found on the Company's corporate website, drmartensplc.com.

Looking back

Our response to Covid-19

In the face of the global pandemic, Dr. Martens as a brand, Company and employer has been resilient. Despite the significant economic impact of Covid-19 in our markets, we have seen growth over the year, benefiting our shareholders since admission, our employees and other stakeholders in the business.

At various times throughout the year prior to admission, some parts of our business (namely Retail Stores) were closed in line with government guidance. We initially furloughed some of our employees under the UK Government's Coronavirus Job Retention Scheme. However, once it became apparent trading was resilient, the money received was repaid in full and Dr. Martens received no other UK Government financial support through this period. Where our stores were closed, we continued to pay our employees in full.

“The new Remuneration Committee has carefully considered a Remuneration Policy that offers market competitive remuneration for the achievement of long-term value for the brand and its shareholders. It also reaffirms our commitment as brand custodians to protect and enhance the brand and the business for future generations. We will ensure that pay is closely linked to our tried and tested DOCS business strategy aligned with the interests of our stakeholders including shareholders.**”**

Remuneration outcomes for Executive Directors in FY21

The Single Figure of Remuneration payable for the period ended 31 March 2021 shown in this report is based on the period from admission on 29 January 2021 to 31 March 2021. The base salary, benefits and pension are the amounts payable over this two-month period.

Our annual bonus, the Global Management Incentive Plan (GMI) for the year ended 31 March 2021 was unaffected by admission. It is the pro rata amount of the full-year bonus over the period since admission to the year-end. The basis for the GMI was EBITDA¹ performance delivered over the year adjusted for IFRS 16 accounting and calculated on a constant currency basis. The bonus was paid in cash, in line with the previous policy prior to admission.

The Committee reviewed the GMI outturn in the context of the broader business performance and the experience of all stakeholders over the year and, recognising the extremely strong, sustainable performance on all fronts, concluded that the payout of 74.7% of the maximum bonus opportunity to Executive Directors was appropriate. No Committee discretion was required to be used.

There were no long-term incentive awards outstanding as at the date of admission.

Looking ahead

Directors' Remuneration Policy for FY22

Prior to admission, the proposed Directors' Remuneration Policy was considered carefully to ensure that, after admission, it incentivises and rewards long-term, sustainable growth of the Company, complies fully with the UK Corporate Governance Code and is in line with market best practice and the guidelines of UK institutional shareholders and advisory bodies. The policy is designed to provide market competitive remuneration for the achievement of stretching targets. The weighting of the incentives is balanced to achieving the long-term business strategy, with payment in shares which must be held long term.

Full details of the Remuneration Policy are set out on pages 113 to 120 and this will be put forward for shareholder approval under Resolution 3. Please refer to the Notice of Meeting, from page 196, for more information.

Operation of the Policy in FY22

An overview of the remuneration arrangements post-admission is set out below:

- Salaries on admission were set at £700,000 for the CEO and £450,000 for the CFO and these will remain unchanged for FY22.
- Executive pension rates are in line with the wider workforce at 5% of salary.
- The maximum annual bonus payable under the Global Management Incentive is 200% of salary for the CEO and 150% of salary for the CFO. One-third of any bonus earned is to be paid in shares to be held by the Executive Directors for at least two years. The performance conditions will be based on profit before tax and exceptional items for 75% of the bonus opportunity, and strategic measures for the remaining 25%, with stretching targets set for both elements.



Remuneration Committee report continued

Operation of the Policy in FY22 continued

- On 9 February 2021, the Executive Directors were granted the first performance share awards under the LTIP ("admission LTIP awards"), equivalent to 300% of salary. There will be no awards in FY22. Vesting of the admission LTIP awards will be conditional on the achievement of stretching diluted earnings per share (EPS) targets (for 67% of the award) and our total shareholder return (TSR) compared to the companies in the FTSE 350 index (for the other 33% of the award). The target range for EPS will require compound annual growth of 12% over the three financial years ending 31 March 2024 before any award vests. This rises on a straight line to 21% per annum growth for all of the EPS part of the award to vest. These are very high EPS growth targets (by market standards) and are based on the 2021 pro-forma EPS which itself represents an all-time-high level of profitability and are pitched appropriately for the high growth ambitions for the business. The TSR performance condition will be measured from the share price at admission until 31 March 2024 and will provide a focus on ensuring that the strong profit growth translates to superior levels of share price and dividend growth, compared to the UK stock market. Shares from vested awards are required to be held for a further two years, to help ensure that the excellent performance delivered over the initial performance period is sustainable.
- There is a strong alignment of interest between Executive Directors and shareholders through their significant shareholdings, well beyond the minimum shareholding requirement of 300% of salary (which extends for two years after cessation of employment).

Team player

Pay and benefits for the wider Dr. Martens team

As the Dr. Martens Remuneration Committee, we also take an active interest in the pay and benefits offered to the global Dr. Martens team. The Executive Directors' Remuneration Policy has been framed with that in mind.

Dr. Martens' culture and remuneration philosophy is aligned across the business: base pay and benefits for all employees (both Executive and the wider global team) are market competitive. All employees participate in a bonus scheme whether in store, distribution centre, factory or office, either through a global, Company-wide bonus scheme or an individual or store-specific plan.

FY21 was a challenging year in many respects. The Company weathered the pandemic, dealt with national and local lockdowns in all countries, store closures, our people working from home and also taking the business public. With this in mind, our results show our resilience and growth and, as such, Dr. Martens is able to pay out the all employee bonus to ensure our teams around the world share in that continued success. Our target level of performance was met under the Global Bonus Scheme resulting in a pay-out to all eligible employees in line with the rules applying to their job level.

In FY22, the Global Bonus Scheme mirrors in structure the Executive Group bonus scheme. Driving alignment across the business, a sliding scale of financial performance will be applied to assess pay-outs against the same range of global PBT targets as for the Executive Group. Alongside the Global Bonus Scheme, all our bonus plans have the ability to stretch to reward exceptional performance.

Employee Share Plan

From the moment of admission, the Dr. Martens team has been eager to invest in the success of the Company by owning a part of it. As a priority, the Committee is looking into the most appropriate share schemes to enable as many employees as possible to participate and benefit financially alongside shareholders. We intend to launch the first phase of this scheme during the year.

Diversity, equity and inclusion

We have reported annually on our Gender Pay for several years. 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 2020) can be found on the Dr. Martens corporate website. It shows our Gender Pay Gap in the UK, at 15.7% (median) and 23.7% (mean), is in line with the national average. Globally, the Gender Pay Gap is 12.1% (median) and 12.0% (mean) and in some regions, no gap or a positive swing towards female pay can be seen.

Our challenge here, and one we fully intend to tackle, is to improve the gender balance across all levels of the business. This may mean attracting more men to work in our retail stores (where two-thirds of our employees are female) or hiring and developing more females into traditionally male roles. Either way, our newly appointed Head of DE&I has this firmly on his agenda for the next twelve months and beyond.

Further information about our Diversity, Equity and Inclusion initiatives across the workforce is set out in the Sustainability report on pages 66 and 67.

On behalf of the Committee thank you for reading this report and we look forward to receiving your support at the AGM on 29 July 2021 in relation to the pay-related Resolutions 2 and 3. The full Notice of Meeting can be found from page 196.

Lynne Weedall
Chair of the Remuneration Committee
16 June 2021



Remuneration report

Overview of Remuneration Policy

	CEO Kenny Wilson	CFO Jon Mortimore
Base salary	£700,000	£450,000
Pension and ancillary benefits	Pension contributions are in line with the wider workforce (currently 5% of base salary). Benefits comprise family private health cover, life assurance cover and car allowance.	
Global Management Incentive	<ul style="list-style-type: none"> • Max: 200% of salary • Target: 100% of salary 	<ul style="list-style-type: none"> • Max: 150% of salary • Target: 75% of salary
Long Term Incentive Plan	<ul style="list-style-type: none"> • Performance conditions: profit before tax and exceptional items (75%) and a range of strategic measures (25%). • Structure: One-third of the GMI earned will be deferred into shares for two years; the remaining two-thirds will be paid in cash. 	
Minimum share ownership guidelines	<ul style="list-style-type: none"> • Annual grant: 300% of salary. • Performance conditions: Diluted EPS growth (67%) and relative TSR versus constituents of the FTSE 350 excluding investment trusts (33%). • Structure: Three-year performance period and two-year holding period. 	
	<ul style="list-style-type: none"> • In-employment: 300% of salary. • Post-employment: 300% of salary to be held for two years. 	

GOVERNANCE

Directors' Remuneration Policy

This section sets out the Company's first Directors' Remuneration Policy which has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports Regulations). This Remuneration Policy applied immediately following admission and will be subject to a binding shareholder vote at this AGM. Subject to shareholder approval, it is intended to apply for a period of three years. The Policy, as set out in this section, is consistent with the information provided in the IPO prospectus.

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 Remuneration Policy has been shaped to discourage inappropriate risk taking. Measures include a weighting of incentive pay towards long-term incentives, a balance between financial and non-financial measures in the annual bonus scheme, a portion of the bonus is paid in shares, there are recovery provisions and in-employment and post-employment shareholding requirements. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.
- **Predictability** - elements of the Policy are subject to caps and dilution limits. Examples of how remuneration varies depending on performance is set out in the scenario charts. 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.



Remuneration report continued

Directors' Remuneration Policy continued

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	<p>Salaries are reviewed annually and any changes are normally effective from the beginning of the financial year.</p> <p>The review will take into account several factors including (but not limited to):</p> <ul style="list-style-type: none"> • 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. 	<p>Having been set based on relevant factors, base salaries will normally increase in line with increases made to the wider workforce.</p> <p>Higher increases may be permitted where appropriate, for example where there is a change to role or there is additional responsibility or complexity.</p>	None
Benefits			
To provide a market competitive level of benefits based on the market in which the Executive is employed	<p>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.</p> <p>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.</p> <p>Any reasonable business-related expenses can be reimbursed, including the tax thereon if determined to be a taxable benefit.</p> <p>The Remuneration Committee reviews benefit eligibility and cost periodically.</p>	<p>The maximum will be set at the cost of providing the benefits described.</p>	None
Pensions			
To provide market competitive retirement benefits	<p>Contribution to the Group Pension Plan or a cash allowance in lieu of pension.</p>	<p>Pension contribution rate in line with rate applicable for the majority of the UK workforce rate (currently 5% of salary).</p>	None

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Global Management Incentive Plan (GMI)			
<p>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</p>	<p>The Remuneration Committee will determine the GMI payable after the year-end, based on performance against targets.</p> <p>No more than two-thirds of the annual GMI 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.</p> <p>Malus and clawback provisions will apply up to the date of the GMI determination and for three years thereafter.</p>	<p>The maximum GMI opportunity for the Executive Directors is as follows:</p> <ul style="list-style-type: none"> • CEO - 200% of base salary; and • CFO - 150% of base salary. 	<p>GMI pay-outs are determined based on the satisfaction of a range of key financial and strategic objectives set by the Remuneration Committee.</p> <p>The majority of the performance measures will be based on financial performance.</p> <p>Performance measures will be set each year in line with Company strategy.</p> <p>No more than 10% of the relevant portion of the GMI 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).</p> <p>The Remuneration Committee has the discretion to adjust the formulaic GMI outcome if the Remuneration Committee believes that such outcome is not a fair and accurate reflection of business performance.</p>
Long Term Incentive Plan (LTIP)			
<p>To encourage long-term sustainable growth and to provide alignment with shareholders' interests</p>	<p>Awards can be granted in the form of conditional shares or nil-cost options.</p> <p>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.</p> <p>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.</p> <p>An additional payment, normally in shares, may be made equal to the value of dividends which would have accrued on vested shares.</p> <p>Malus and clawback provisions will apply for three years post vesting.</p>	<p>The normal maximum award level will be 300% of salary per annum, based on the face value of shares at grant.</p> <p>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.</p>	<p>Awards vest subject to the achievement of at least two independently measured performance metrics.</p> <p>Threshold performance under each metric will result in no more than 25% of that portion of the award vesting.</p> <p>The Remuneration Committee has the discretion to adjust the formulaic outcome of the LTIP outcome if the Committee believes that it is not a fair and accurate reflection of business performance.</p>



Remuneration report continued

Directors' Remuneration Policy continued

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
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	<p>During employment Executives are required to build up and retain a shareholding equivalent to 300% of their base salary.</p> <p>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.</p> <p>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.</p>	300% of salary.	None
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	<p>Non-Executive Directors are paid a base fee and additional fees for acting as Senior Independent Director and Chair of Board Committees (or to reflect other additional responsibilities and/or additional/unforeseen time commitments).</p> <p>The Chair of the Board receives an all-inclusive fee.</p> <p>Neither the Chair of the Board nor the Non-Executive Directors participate in any incentive plans.</p>	<p>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).</p> <p>In general, fee level increases will be in line with rise in salaries for the rest of the workforce.</p> <p>The Company will reimburse any reasonable expenses incurred (and related tax if applicable).</p>	None



Notes to the Remuneration Policy table

Choice of performance measures

Each year the Remuneration Committee will select the most appropriate performance measures as targets for the GMI and LTIP. The measures selected will be aligned with Company strategy and key performance indicators and may also be based on total shareholder return.

Malus and clawback

The Committee may, at any time within three years of LTIP awards vesting or GMI payment, determine that malus or clawback provisions may apply in the following circumstances: (i) material financial misstatement; (ii) significant reputational damage; (iii) negligence or gross misconduct by a participant; (iv) fraud effected by or with the knowledge of a participant; (v) material corporate failure; or (vi) where awards were granted or vested based on erroneous or misleading data. There are robust mechanisms in place to ensure that these provisions are enforceable.

Remuneration scenarios for Executive Directors

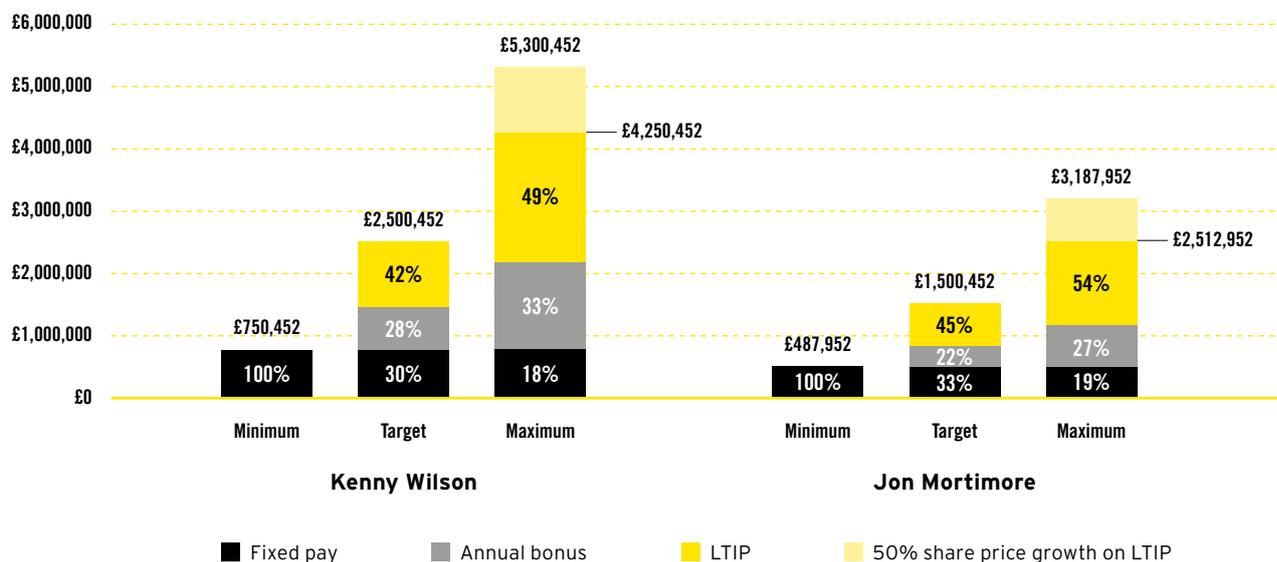
The chart (below) gives an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the new policy (as it will apply for FY22) in respect of minimum pay (fixed pay), target and maximum performance based on assumptions set out.

Minimum: Comprises fixed pay only using the salary rate on admission, the anticipated value of benefits in FY22 and a 5% Company pension contribution.

Target: Fixed pay plus a GMI pay-out at 50% of maximum (100% of salary for the CEO and 75% of salary for the CFO) and the FY22¹ LTIP vesting at 50% of face value (150% of salary).

Maximum: Comprises fixed pay and assumes full pay-out under the GMI (200% of salary for the CEO and 150% for the CFO) and the FY22¹ LTIP grant vesting in full (300% of salary). This requires exceptional performance to be delivered. The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award from the date of grant to vesting.

1. Based on the LTIP award granted very shortly after admission on 9 February 2021. There will be no awards to Executive Directors in FY22.



GOVERNANCE



Remuneration report continued

Consideration of employment conditions elsewhere in the Group

The Company provides a market competitive package to all employees with additional reward through incentive payments linked to the achievement of stretching performance targets. This reward philosophy applies to all levels of the business. In view of the greater potential remuneration, the Executive Directors have a greater proportion of their pay at “risk” and subject to deferral and holding periods. The Remuneration Committee takes into account general workforce remuneration and related policies, and the alignment of incentives and rewards with culture when setting and operating the policy for Executive Directors’ remuneration. The Committee receives regular updates on any changes to the wider Company Remuneration Policy.

The Remuneration Committee Chair will engage with employees to explain the alignment of Executive pay with that of the general workforce and in relation to any changes to the Policy applicable to Executive Directors.

Consideration of shareholder views

In considering the operation of the Remuneration Policy, the Committee will take into account the published remuneration guidelines and specific views of shareholders and proxy voting agencies. The Committee will consult with the Company’s larger shareholders, where considered appropriate, regarding changes to the operation of the Policy and when the Policy is being reviewed and brought to shareholders for approval. Furthermore, the Committee will consider specific concerns or matters raised at any time by shareholders on remuneration. In devising the Policy, we worked extensively with our primary pre-admission shareholder, which remains a significant shareholder post-IPO.

Recruitment policy

When setting remuneration packages for new Executive Directors, pay will be set in line with the Remuneration Policy outlined above. Several factors will be considered: the geography in which the role competes or is recruited from and the candidate’s experience and skills, as well as the remuneration levels of other Executives and colleagues in the business. The Remuneration Committee is mindful that the Company should avoid paying more than is necessary to recruit the desired candidate.



External appointment to the Board

Remuneration element	Policy
Salary	Base salary would be set at an appropriate level considering the factors mentioned previously.
Relocation	If an Executive Director needs to relocate in order to take up the role, the Company would pay to cover the costs of relocation including (but not limited to) actual relocation costs, temporary accommodation and travel expenses.
Buy-out awards	For external appointments, the Remuneration Committee may (if it is considered appropriate) provide a buy-out award equivalent to the value of any outstanding incentive awards that will be forfeited on cessation of a Director's previous employment. To the extent possible, the buy-out award will be made on a broadly like-for-like basis. The award will take into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting, the likelihood of vesting and the nature of the awards (cash or equity). Any such buy-out award may be granted under the LTIP or the provision available under UKLA Listing Rule 9.4.2 to enable awards to be made outside the LTIP in exceptional circumstances.
GMI	Joiners may receive a pro-rated GMI based on their employment as a proportion of the financial year and targets may be different to those set for other Executives.
LTIP	Grants will be set in line with the Policy in the year of joining.
Other elements	Benefits and pension will be set in line with Policy.
Internal appointment to the Board	When existing employees are promoted to the Board, the above policy will apply, from the point where they are appointed to the Board and not retrospectively. In addition, any existing awards will be honoured and form part of ongoing remuneration arrangements.
Non-Executive Directors	Fees will be in line with the Remuneration Policy and the fees provided for the other Non-Executive Directors.

Service agreements and letters of appointment

Executive Directors

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

In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given, and the Executive Director will cease to perform their services immediately.

Treatment of other elements of the Policy (including GMI and LTIP) will vary depending on whether a Director is defined as a "good" or "bad" leaver. The Remuneration Committee has the discretion to determine whether an Executive is a good leaver; reasons for good leaver treatment include, but are not limited to, death, ill health, injury or disability and retirement.



Remuneration report continued

Service agreements and letters of appointment continued

The treatment of the various elements of pay on termination are summarised below.

Remuneration element	Treatment
Salary, benefits and pension	<ul style="list-style-type: none"> If notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension for the duration of their notice period. The Executive Director may be asked to perform their normal duties during their notice period, or they may be put on garden leave. The Company may, at its sole discretion, terminate the contract immediately, at any time after notice is served, by making a payment in lieu of notice equivalent to salary, benefits and pension, with any such payments being paid in monthly instalments over the remaining notice period. The Executive Director will normally have a duty to seek alternative employment and any outstanding payments will be subject to offset against earnings from any new role.
GMI	<ul style="list-style-type: none"> Good leavers will still be eligible to receive a GMI pay-out at the usual time with performance measured in the normal manner. The GMI will typically be pro-rated for service during the financial year. Bad leavers will not be eligible to receive a GMI pay-out. Deferred shares are beneficially owned by the Executive Director from grant and so they are not at risk of forfeiture, other than in relation to clawback and malus. Shares subject to a holding period will be released at the normal time.
LTIP	<ul style="list-style-type: none"> Awards are forfeited on cessation of employment save for “good leavers” (where awards vest subject to performance conditions and are normally scaled back pro rata to the proportion of the performance or vesting period served). The Remuneration Committee will have the ability to allow the awards to vest in full subject to performance but with no time pro-rating, in exceptional circumstances. Shares subject to a holding period will be released at the normal time.

Chair and Non-Executive Directors

The Chair of the Board and Non-Executive Directors have letters of appointment with the Company for an initial three-year term and, in line with market practice, there is typically an expectation for Non-Executives to serve two three-year terms. They may be invited by the Board to serve an additional period, subject to annual reappointment at the AGM. Appointments are terminable by either party on three months' written notice. The appointment letters provide that no compensation is payable on termination, other than accrued fees and expenses.

The table below details the letter of appointments for each Non-Executive Director¹.

Non-Executive Directors	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 ²	5 January 2021	9 January 2021	N/A	3 months

1. All Non-Executive Directors are in their initial term.

2. Tara Alhadeff is a representative of Permira.

External appointments

With the approval of the Board, Executive Directors may accept one external appointment as a Non-Executive Director and retain the fees.

Annual Report on Remuneration

This section of the Annual Report describes the operation of the Remuneration Policy.

Remuneration Committee

Roles and responsibility

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 members and meetings

The Remuneration Committee was established shortly prior to admission. The Committee currently comprises the three Independent Non-Executive Directors listed below. The Remuneration Committee Chair has nine years of experience chairing other UK plc remuneration committees. The Committee meets at least three times a year. The Committee met twice between admission and the year-end. Meetings were attended by all members of the Committee.

Committee Chair	Lynne Weedall
Committee member	Robyn Perriss
Committee member	Ian Rogers

Key activities during the year

Over the period since it was constituted, the Committee has carried out the following activities:

- approved the new Remuneration Policy and certain elements of its operation effective from admission, such as the base salary levels for the Executive Group and the first LTIP awards to be made just after admission; and
- considered the operation of the GMI for FY22, reviewed the planned approach to all-employee pay for FY22, and began to consider the approach for broader all-employee share participation.

External adviser

The Remuneration Committee receives independent advice from Korn Ferry, which was appointed in June 2020 following a tender process. During the year, the Committee received advice prior to listing on the new Remuneration Policy, its operation in FY22 and the drafting of this report. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code. The fees for the advice provided from admission to 31 March 2021 were £11,100. Other than remuneration consultancy, Korn Ferry provided no other advice or services to the Company during the year.



Remuneration report continued

Single total figure of remuneration for the period from admission to 31 March 2021 (audited)

The following table sets out the single total figure of remuneration for Executive and Non-Executive Directors for the period from admission on 29 January 2021 to 31 March 2021. No prior year comparison has been provided as the Company was not listed at that time.

All figures shown in £000	Salary and fees	Benefits ¹	Pension ²	GMI (annual bonus)	LTIP	Total remuneration	Total fixed remuneration	Total variable remuneration
Kenny Wilson	118	3	6	132	0	259	127	132
Jon Mortimore	76	2	4	43	0	125	82	43
Paul Mason	55	–	–	–	–	55	55	–
Lynne Weedall	16	–	–	–	–	16	16	–
Ian Rogers	11	–	–	–	–	11	11	–
Robyn Perriss	14	–	–	–	–	14	14	–
Ije Nwokorie	11	–	–	–	–	11	11	–
Tara Alhadeff ³	–	–	–	–	–	–	–	–

Notes to the table

- Benefits total represents the taxable value of benefits paid. Benefits provided to Executive Directors include: family private health cover, life assurance cover and car allowance.
- Executive Directors receive a pension contribution of 5% of salary.
- Tara Alhadeff, a representative of Permira, receives no fees for her role as Non-Executive Director.
- Legacy items under private equity ownership: As detailed in the prospectus, the Executive Directors and other members of management participated in various legacy schemes operated by the Company prior to admission. These schemes all crystallised on admission and related to Company performance over several years beforehand. Immediately prior to admission, 1,688,400 of the shares which were held in the legacy Employee Benefit Trust (EBT) were transferred by the EBT to Kenny Wilson and 1,241,300 shares were transferred by the EBT to Jon Mortimore. These shares had face values of £6.247m and £4.593m for Kenny and Jon respectively, based on the admission share price. The remaining 10,570,300 shares plus restricted cash of £4.2m that the legacy EBT held also crystallised on admission and the net proceeds of the sale of £42.0m were shared with each of our employees across the Group (other than the two Executive Directors).

The full year Directors' remuneration including total amounts paid pre- and post-admission is set out in note 7 to the accounts on pages 160 and 161.

Global Management Incentive (GMI) Plan (audited)

The GMI structure and targets for FY21 were based on pre-IPO remuneration structures set out below.

Due to the impact of Covid-19, the bonus structure was simplified for FY21 to take into account the global nature of the business and the differing impact the global pandemic had in each of the countries in which we operate. As a result, the targets were based wholly on global EBITDA¹ calculated before IFRS 16 accounting and on a constant currency basis. The maximum GMI opportunity for the year was 150% of salary for the CEO and 75% for the CFO. The targets set and the achievement against these are shown below:

Measure	Weighting	Threshold			Stretch			Actual	Achievement % of maximum opportunity
		40% of maximum	67% of maximum	100% of maximum	100% of maximum	100% of maximum	100% of maximum		
EBITDA ^{1,2}	100%	£160m	£190m	£210m	£194.9m			74.7%	

2. Reported EBITDA¹ was £224.2m. The figure used for the bonus was adjusted for IFRS 16 accounting and on a constant currency basis.

Based on performance during the year and their pro-rata annualised salaries, the amounts that Executives will receive in cash are set out below.

Executive	Overall GMI outcome		
	% of maximum	% of salary	Value pro rata for proportion of year since admission (£000)
Kenny Wilson	74.7%	112%	132
Jon Mortimore	74.7%	56%	43

Long Term Incentive Plan (LTIP) vesting during the year

There are no awards under the LTIP due to vest based on performance to 31 March 2021.

LTIP granted during the year (audited)

On admission, the Board adopted the Dr. Martens LTIP. The first LTIP award was granted soon after admission on 9 February 2021. The targets for the initial award were stated in the prospectus and are listed below:

Performance measure	Weighting	Targets	
		Threshold	Maximum
Diluted EPS (compound annual growth over three years to 31 March 2024) ¹	67%	12% p.a.	21% p.a.
Relative TSR vs FTSE 350 (excluding investment trusts) from admission to 31 March 2024	33%	Median	Upper quartile or above

1. FY21 actual EPS is the baseline measure with EPS calculated excluding exceptional items (of £80.5m) and also normalised to exclude legacy funding costs from preference shares (of £28.5m) which were fully redeemed at IPO date. The baseline EPS figure is 14.5p.

The details for the LTIP awards granted to each Executive Director are shown below:

Executive	Basis of the award (% of salary)	Threshold vesting (% of award)	Number of shares granted ¹	Face value of the award at offer price (£000)	Face value of the award at grant date (£000)	Grant date	Vest date
Kenny Wilson	300%	25%	567,567	2,100	2,912	9 February 2021	On announcement of 2024 annual results
Jon Mortimore	300%	25%	364,864	1,350	1,872		

1. LTIP grants were granted in the form of conditional share awards. As disclosed in the prospectus, the number of shares awarded was calculated using the offer share price of 370p. The face value of the awards at the grant date reflects the increase in the Company's share price over the period between admission and the grant date. The closing share price on the date of grant was 513p.

Payments to former Directors and for loss of office (audited)

No payments were made to former Directors of the Company or in relation to loss of office during the year.

Directors' interests (audited)

The interests of the Directors and their connected persons in the shares in the Company as at 31 March 2021 are set out below. Since 31 March 2021 there have been no changes in the Directors' interests in shares.

Director	Ordinary shares held at 31 March 2021
Kenny Wilson	11,165,275
Jon Mortimore	6,350,043
Paul Mason	7,875,000
Lynne Weedall	4,054
Ian Rogers	20,270
Robyn Perriss	54,054
Ije Nworie	5,405
Tara Alhadeff	–



Remuneration report continued

Directors' shareholding requirements (unaudited)

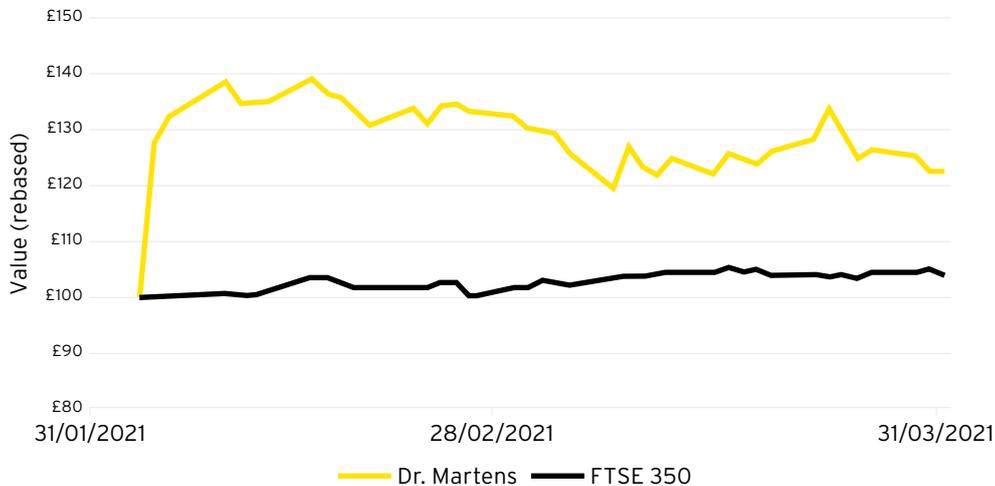
During employment, Executive Directors are required to build and maintain a shareholding equivalent to 300% of their base salary. The shareholdings of the CEO and CFO on admission exceed this requirement significantly. The table below summarises each Director's current shareholding, including shares subject to a deferral or holding period and performance conditions, and whether or not the shareholding requirement has been met.

Director	Beneficially owned shares on 31 March 2021	Vested shares subject to deferral/holding period	Unvested shares subject to performance conditions	Shareholding requirement (% of salary)	Current shareholding (% of salary)	Requirement met
Kenny Wilson	11,165,275	0	567,567	300%	7,229%	Yes
Jon Mortimore	6,350,043	0	364,864	300%	6,395%	Yes
Paul Mason	7,875,000	–	–	N/A	N/A	N/A
Lynne Weedall	4,054	–	–	N/A	N/A	N/A
Ian Rogers	20,270	–	–	N/A	N/A	N/A
Robyn Perriss	54,054	–	–	N/A	N/A	N/A
Ije Nwokorie	5,405	–	–	N/A	N/A	N/A
Tara Alhadeff	–	–	–	N/A	N/A	N/A

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.

Performance graph and table (unaudited)

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 2021 against the FTSE 350 index. The FTSE 350 index is considered an appropriate comparison as Dr. Martens is a constituent of the index.



	2021
CEO single figure total remuneration (£000)	259
GMI (as % of maximum opportunity)	74.7
Long-term incentive vesting (as % of maximum opportunity)	–

Change in Director and employee remuneration (audited)

As Dr. Martens only listed on 29 January 2021, there is no comparable remuneration to disclose for the prior year. Full disclosure on the percentage change for Director and employee remuneration, in line with regulations, will be provided in future Annual Reports.

CEO pay ratio (audited)

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.

Total remuneration ratio	Method	Lower quartile	Median	Upper quartile
2021	A	76:1	62:1	35:1

The pay for the CEO and the employees at the percentiles are set out below:

£000	CEO	Lower quartile	Median	Upper quartile
Basic salary	118	3.2	3.8	6.4
Total pay	259	3.4	4.2	7.4

The employee pay figures were calculated for the period from admission to 31 March 2021. For our retail employees who are paid by reference to hours worked, full time 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 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 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 the CEO pay ratios will be more volatile due to the variable nature of the CEO remuneration structure.

Relative importance of the spend on pay (unaudited)

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders from admission to 31 March 2021.

	FY21 £m
Distribution to shareholders	0
Total employee pay	15.6

Implementation of Policy in FY22

Executive Director remuneration

Base salary (audited)

There will be no change to the base salary levels set on admission. Therefore, the base salary levels will be as follows:

- CEO - £700,000; and
- CFO - £450,000.

Pension and benefits (audited)

Executive Directors will receive a 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 Management Incentive (audited)

The maximum GMI 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 and exceptional items (PBT) and strategic objectives, weighted 75% and 25% of the award, respectively. The Committee considers the disclosure of 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 GMI outcome if it believes that it is not a fair and accurate reflection of business performance.

One-third of the GMI awarded will be invested in shares and deferred for two years.

Malus and clawback provisions apply in line with the Policy, as set out on page 117.



Remuneration report continued

Long Term Incentive Plan (unaudited)

An LTIP award was granted very shortly after admission, on 9 February 2021. This will cover the performance period from admission to 31 March 2024.

Accordingly there will be no awards to Executive Directors in FY22.

Non-Executive Director remuneration (unaudited)

Prior to admission, Non-Executive Director fees were reviewed. A summary of the fees set on admission is shown below. These fees will not be increased in the upcoming year.

Non-Executive Director	Fee
Chair of the Board	£325,500
Non-Executive Director base fee	£64,800
Senior Independent Director	£15,000
Audit and Risk Committee Chair's fee	£16,900
Remuneration Committee Chair's fee	£16,200

All-employee share incentives (unaudited)

The Remuneration Committee intends to make its first All-Employee Share Plan award later in 2021 with a view to creating widespread share ownership across the whole Company. Further work is still being undertaken to formulate the design of our plans, and this will be detailed in next year's Directors' Remuneration report.



Directors' report

The Directors' report for the year ended 31 March 2021 comprises pages 83 to 131 and 212 and 213 of this Annual Report, including any sections incorporated by reference, together with the corporate governance report set out on page 90. The Strategic report can be found on pages 1 to 82. Certain disclosures relating to Company strategy that are generally required to be located within the Directors' report have instead been included in the Strategic report, as permitted by legislation:

- Information relating to future business developments can be found throughout the Strategic report.
- Information relating to risk management can be found on pages 74 to 76.
- The going concern and long-term viability statements can be found on page 81.
- Details of branches operated by the Company are set out on pages 8 and 9 and 33.
- The Company's global greenhouse gas emissions during FY21 can be found on page 61 of the Sustainability report, within is located within the Strategic report.

- Information relating to research and development can be found on pages 22 and 23 of the Strategic report and 50 and 51 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 24 to 29 of the Strategic 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 40 to 73.

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 172 to 175 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 2021, together with biographical details of each Director, are provided on pages 86 to 89. Changes to the Directors during the year and up to the date of this report are set out below:

Name	Role	Effective date of departure
Paul Armstrong	Director	5 January 2021
Emily Reichwald	Director	8 January 2021

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 period, providing appropriate cover for legal action brought against the Directors. The Directors are also able to 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 123.

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.

GOVERNANCE



Directors' report continued

Relating to the Board continued 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 pages 119 to 120.

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 176. As at 31 March 2021, 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.

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

The Company, IngreLux S.à.r.l. and the Directors, together with other pre-IPO shareholders (the "Minority Shareholders"), are subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital. Each have agreed that they will 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) apply to the Company and IngreLux S.à.r.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 apply 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.

In addition to the specific restrictions set out above, there are the following 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 2021 the Company had received notification of the following interests in voting rights pursuant to Chapter 5 of the DTR:

	% of voting rights*
IngreLux S.à.r.l.	42.9%
BlackRock, Inc	6.4%
GIC Private Limited	4.2%

* 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.

Subsequent to the year end we received a further notification in accordance with DTR 5 from BlackRock Inc., on 16 June 2021, disclosing a holding of 6.6%.

Relating to the Company

Profit and dividends

The profit for the financial year, after taxation, amounts to £35.7m. No dividends were declared in relation to the period under review and the Directors do not intend to pay a final dividend for the year ending 31 March 2021.



Disclosures required under UK Listing Rule 9.8.4

The information required to be disclosed by Listing Rule 9.8.4 is set out on the pages listed below:

Listing Rule	Detail	Page reference(s)
9.8.4R (1-2) (5-9) (10-13)	Not applicable	N/A
9.8.4R (4)	Long-term incentive schemes	113 to 126
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 130, 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.à.r.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 194 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 and we are committed to providing reasonable accommodations for qualified individuals with disabilities throughout our job application process. Employees who become disabled during their career at Dr. Martens will be retained in employment wherever possible and the Company will support them in their rehabilitation in the workplace and provide any training or retraining where needed.

Employee involvement

Clear and open communication with our people is fundamentally important to our culture and to securing our long-term success. We ensure our people across all the regions in which we operate globally are kept well informed of our performance, and strategy and any significant events or developments impacting the business. Detailed information about how we involve our people at Dr. Martens can be found in the Sustainability report and the wider Strategic report, specifically on pages 18 and 19, 24 to 29 and 64 to 67.

Political donations

The Company did not make any political donations or incur any political expenditure during the year ended 31 March 2021.

External auditor

Resolutions proposing to reappoint Ernst & Young LLP as auditor of the Company and to authorise the Audit and Risk Committee to determine its remuneration will be proposed at the 2021 AGM for shareholder approval.

Events after the balance sheet date

There have been no balance sheet events since the year ended 31 March 2021.

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.à.r.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 and traded on the London Stock Exchange, or if the holding of IngreLux S.à.r.l. (together with any of its associates) controls or is entitled to control the exercise of, in aggregate, less than 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.



Directors' report continued

Relating to the Company continued

Relationship agreement with controlling shareholder

The Company's controlling shareholder is IngreLux S.à.r.l., which owns 42.9% of the issued share capital of Dr. Martens plc. IngreLux S.à.r.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.à.r.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. that any transactions and arrangements between the Group and IngreLux S.à.r.l. (and/or any of its associates) are at arm's length and conducted on normal commercial terms;
3. that neither IngreLux S.à.r.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. that neither IngreLux S.à.r.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. that at all times a majority of the Directors of the Company shall be independent of IngreLux S.à.r.l.

Pursuant to the Relationship Agreement, IngreLux S.à.r.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.à.r.l.'s first appointed representative is Tara Alhadeff, whose biography can be found on page 89), 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.à.r.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.à.r.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 co-operation and assistance to IngreLux S.à.r.l. in the event of a sale of shares by IngreLux S.à.r.l., and that IngreLux S.à.r.l. will ensure that any such secondary sales 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.à.r.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.à.r.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.à.r.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.à.r.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.à.r.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 29 July 2021 at 9am. 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 196 to 206.

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The Company financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Accounting Standards (Financial Reporting Standard 102 The Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102)) 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 IFRS (as adopted by the EU) 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 16 June 2021 and is signed on its behalf by:

Emily Reichwald
General Counsel and Company Secretary
 16 June 2021

FINANCIAL



STATEMENTS

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Independent Auditor's report

to the members of Dr. Martens plc

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union;
- 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 2021 which comprise:

Group	Parent Company
Consolidated Balance Sheet as at 31 March 2021	Balance Sheet as at 31 March 2021
Consolidated Statement of Profit or Loss for the year then ended	Statement of Changes in Equity for the period 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. 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 are independent of the Group 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's report continued

to the members of Dr. Martens plc

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:

- understanding management's process and controls related to the assessment of going concern;
- obtaining management's going concern models which included a base case, and severe yet 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 had been reflected in the forecasts. In addition to the severe yet plausible, 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 cash flows of the downside scenarios in the going concern period;
- we 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 recover to pre-Covid-19 levels. Due to uncertainty in the wider retail and economic markets post Covid-19 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 2022, considering whether any events or 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 enquiries to the date of this report;
- obtaining copies of the facility agreements, understanding the terms and conditions including those related to covenant test ratio requirements and checking the calculation of headroom in respect of the financial covenant test ratios; assessing the Group's forecast banking covenant compliance; and
- 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's and Parent Company's ability to continue as a going concern for a period up to 30 September 2022.

In relation to the Group's 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	<ul style="list-style-type: none"> • We performed an audit of the complete financial information of five components and audit procedures on specific balances for a further eight components. • The components where we performed full or specific audit procedures accounted for 93.7% of profit before tax, 99.6% of revenue and 98.4% of total assets.
Key audit matters	<ul style="list-style-type: none"> • Revenue recognition including the risk of management override. • Valuation of inventory provisioning. • Initial Public Offering and related accounting within exceptional items.
Materiality	<ul style="list-style-type: none"> • Overall Group materiality of £7.6m which represents 5% of adjusted 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 expansion into new regions 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 30 reporting components of the Group, we selected 13 components covering entities within the UK, the USA, China, Japan, South Korea, Hong Kong, France, the Netherlands, Belgium and Germany, which represent the principal business units within the Group.

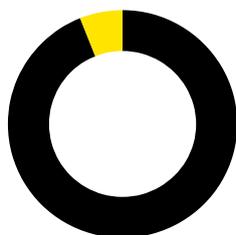
Of the 13 components selected, we performed an audit of the complete financial information of the UK and plc entities as well as the USA, Japan and China components ("full scope components") which were selected based on their size or risk characteristics. For the remaining eight components ("specific 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 93.7% of the Group's profit before tax, 99.6% of the Group's revenue and 98.4% of the Group's total assets. For the current year, the full scope components contributed 86% of the Group's profit before tax, 89.1% of the Group's revenue and 83.6% of the Group's total assets. The specific scope components contributed 7.7% of the Group's profit before tax, 11.9% of the Group's revenue and 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 17 components that together represent 5.5% of the Group's profit before tax, none are individually greater than 5% of the Group's adjusted profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations, to respond to any potential risks of material misstatement to the Group financial statements. We also performed cash confirmation procedures for review scope locations.

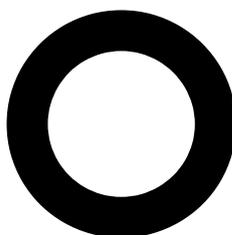
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



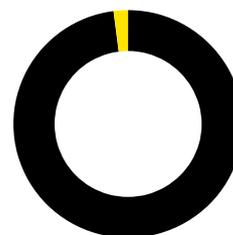
■ 93.7% Full and specific scope audits
■ 6.3% Other procedures

Revenue



■ 99.6% Full scope components
■ 0.4% Other procedures

Total assets



■ 98.4% Full scope components
■ 1.6% Other procedures



Independent Auditor's report continued

to the members of Dr. Martens plc

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 five full scope components, audit procedures were performed on two 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 eight 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 year-end audit was required to be conducted remotely due to Covid-19 restrictions and social distancing requirements at both component and Group locations. This was supported through remote access to the Group's financial systems and the use of EY software collaboration platforms for the secure and timely delivery of requested audit evidence. Due to Covid-19, we have been unable to perform physical site visits due global to travel restrictions. Depending on the significance of the component, the primary team interacted on a weekly or bi-weekly basis with all components, via pre-scheduled conference calls, during the audit fieldwork. 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 the 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 all scoped locations, with only one count being performed virtually.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Risk

Revenue recognition including the risk of management override (FY21: £773.0m; FY20: £672.2m).

Refer to the Audit and Risk Committee report (page 105); accounting policies (pages 151 and 152); and note 3 of the consolidated financial statements (pages 158 and 159).

Our assessment is that the revenue transactions, for retail and ecommerce revenue, are high volume, low value and 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.

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.

Our response to the risk

We performed full and specific scope audit procedures over this risk area in nine locations, which covered 99.6% 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.

Key audit matters continued

Risk

Revenue recognition including the risk of management override continued

Our response to the risk

- 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 and determined 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 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.

Wholesale revenue specific procedures:

- 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's 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 statements period.
- We performed detailed review and testing of the adjustments posted to revenue in relation to promotional agreements and settlement discount arrangements with customers.

Key observations communicated to the Audit and Risk Committee

Based on our audit procedures we concluded that revenue, and adjustments to revenue, are appropriately recognised and recorded.



Independent Auditor's report continued

to the members of Dr. Martens plc

Key audit matters continued

Risk

Valuation of inventory provision (inventory as at FY21: £101.5m, inventory provision of £3.9m; inventory as at FY20: £90.0m, inventory provision of £2.8m).

Refer to the Audit and Risk Committee report (page 105); accounting policies (page 154); and note 14 of the consolidated financial statements (page 167).

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.

The impact of the Covid-19 pandemic has been that there is increased gross inventory on hand at year end with increased uncertainty if the full balance is recoverable.

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 twelve 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.

Our response to the risk

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 enquiries across the business and observed the inventory counts with particular focus on verifying the obsolete inventory and aged inventory which show signs it is not re-saleable to trace back into the provision.
- We challenged and corroborated any large releases from the provision to appropriate supporting documents.
- We discussed the adequacy of the provision with management in each region and challenged the completeness of the provision in light of the prevailing economic environment and post-year end utilisation.

Key observations communicated to the Audit and Risk Committee

Based on our audit procedures we were satisfied with the judgements taken by management and that the resulting inventory provision is appropriate.

Initial Public Offering and related accounting within exceptional items (exceptional items FY21: £80.5m; FY20: £12.0m).

Refer to the Audit and Risk Committee report (page 105); accounting policies (page 152); and note 4 of the consolidated financial statements (page 159).

As a result of listing on the London Stock Exchange, the Group had a number of one-off transactions that occurred due to the IPO.

As part of the IPO, the Employee Benefit Trust gifted shares to two Executives and sold the remaining shares to distribute the proceeds to current employees. Both distributions have been included as exceptional and there is a risk that the distributions are not accounted for correctly in the consolidated financial statements.

Exceptional items:

- For each significant category of exceptional items presented in the financial statements (including the £42.0m EBT distribution to employees) we agreed a sample of costs incurred to underlying documentation.
- For the EBT IFRS 2 executive distribution we understood the calculations required to arrive at the charge in the accounts and challenged the valuation methods and assumptions used to measure the fair value of the awards. We reviewed the presentation of the exceptional items within the financial statements and considered whether appropriate disclosure had been made.
- We incorporated an element of unpredictability into our work, through testing certain items below our quantitative testing thresholds.

Key audit matters continued
Risk

Initial Public Offering and related accounting within exceptional items continued

Management concluded the financial impact of these related activities to be disclosed as exceptional costs as they are material non-recurring items which arise outside of the normal trading. Exceptional items are used as part of a non-GAAP performance measure in the Annual Report.

There is a risk of management bias when determining the exceptional items; therefore they are not accounted for appropriately, or are inadequately defined, disclosed or inadequately reconciled to GAAP measures within the financial statements and the other information presented in the Annual Report and Accounts.

Our response to the risk

- We understood the accounting policy that management has established for the identification and presentation of exceptional items and ensured it was described appropriately and in sufficient detail in the financial statements.
- We understood the costs that were proposed by management for separate disclosure as exceptional items in the financial statements and assessed whether these costs were in accordance with the accounting policy.
- We considered the overall presentation of the Consolidated Statement of Profit or Loss as part of our assessment of whether the Annual Report and Accounts are fair, balanced and understandable.

Key observations communicated to the Audit and Risk Committee

We have concluded that the exceptional items are appropriately disclosed and explained and are in line with the disclosed policy.

Our application of materiality

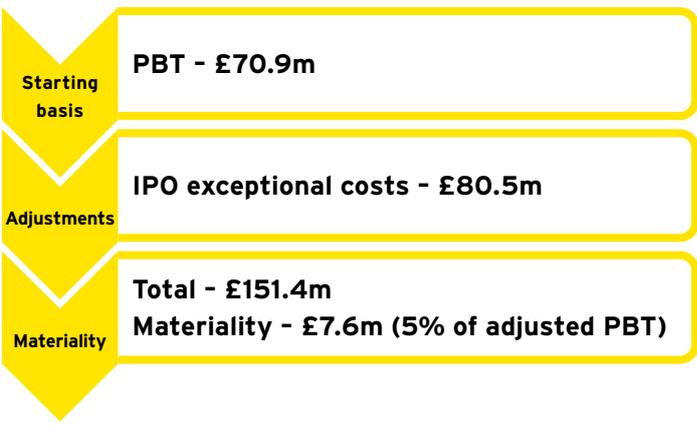
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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 £7.6m (FY20: £5.5m), which is 5% of adjusted profit before tax. In the prior audit this materiality was based on 3% of EBITDA¹. The change in methodology occurred due to the listing of the Group on the London Stock Exchange. We believe that adjusted profit before tax provides us with a measure which aligns to the users of the financial statements with a focus on profit and results following the IPO in January 2021.

We determined materiality for the Parent Company to be £8.8m (FY20: n/a as a newly incorporated entity in the financial period), which is 0.5% of total assets. This materiality is higher than that of the Group, as such procedures for the Parent Company were performed in line with the lower Group thresholds.



During the course of our audit, we reassessed initial materiality and this increased following the final classification of exceptional items.



Independent Auditor's report continued

to the members of Dr. Martens plc

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% (FY20: 50%) of our planning materiality, namely £3.8m (FY20: £2.8m). We set performance materiality at 50% owing to the IPO transaction in the period.

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 £0.6m to £3.5m (FY20: £0.4m to £1.2m).

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 £0.3m (FY20: £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 on pages 193 to 213, including Notice of Annual General Meeting 2021, five-year financial summary (unaudited), two-year financial summary (unaudited), Glossary 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 there is 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 those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the "FCA Rules"), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's Corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In 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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 components 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; or
- a Corporate governance statement has not been prepared by the Company.

Corporate governance statement

The Listing Rules require us to review 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.

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 81;
- 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 80 and 81;
- Directors' statement on fair, balanced and understandable set out on page 131;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 76;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 109; and
- the section describing the work of the Audit and Risk Committee set out on pages 102 to 109.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 131 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's 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.

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.



Independent Auditor's report continued

to the members of Dr. Martens plc

Auditor's responsibilities for the audit of the financial statements continued

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, the 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.
- 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. 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 appointed by the Company on 1 June 2021 to audit the financial statements for the year ended 31 March 2021. However, we have been auditors to subsidiaries of the Group since the year ended 31 March 2005.
- 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.
- 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
16 June 2021



Consolidated Statement of Profit or Loss

for the year ended 31 March 2021

	Notes	Total FY21 £m	Total FY20 £m
Revenue	3	773.0	672.2
Cost of sales		(302.5)	(270.7)
Gross profit		470.5	401.5
Selling and administrative expenses	4	(358.0)	(259.0)
Operating profit		112.5	142.5
EBITDA	3	224.2	184.5
Exceptional items	4	(80.5)	(12.0)
EBITDA (post exceptional items)		143.7	172.5
Depreciation, amortisation and foreign exchange gains/(losses)	4	(31.2)	(30.0)
Operating profit	4	112.5	142.5
Finance expense ¹	8	(41.6)	(41.5)
Profit before tax		70.9	101.0
Tax expense	9	(35.2)	(26.2)
Profit for the year		35.7	74.8
	Notes	FY21	FY20 (Restated ²)
Earnings per share			
Basic	10	3.6p	7.5p
Diluted	10	3.6p	7.5p
Adjusted earnings per share			
Basic	10	11.6p	8.6p
Diluted	10	11.6p	8.6p

1. Finance expense includes non-cash interest on preference shares of £28.5m (FY20: £31.5m) and on 28 January 2021 all preference shares were redeemed in full.

2. Following a reorganisation of the Group and share dilution on IPO, the Group has applied IAS 33 to restate earnings per share to reflect the sub-division of shares during the year but where there has been no inflow of resources due to shares being issued to existing shareholders for no consideration.

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 2021

	Notes	Total FY21 £m	Total FY20 £m
Profit for the year		35.7	74.8
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		(7.4)	2.7
Cash flow hedges		(1.6)	1.4
		(9.0)	4.1
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	29	-	-
Tax relating to post-employment benefit obligations	29	-	-
		-	-
Total comprehensive income for the year		26.7	78.9



Consolidated Balance Sheet

as at 31 March 2021

	Notes	Total FY21 £m	Total FY20 £m
Non-current assets			
Intangible assets	12	260.8	257.2
Property, plant and equipment	13	32.6	32.7
Right-of-use assets	13	77.4	82.0
Deferred tax assets	22	7.2	7.4
Pension fund surplus	29	-	-
		378.0	379.3
Current assets			
Inventories	14	101.5	90.0
Trade and other receivables	15	59.4	68.2
Income tax assets		-	0.3
Derivatives and other financial assets	20	0.3	1.5
Cash and cash equivalents	16	113.6	117.2
		274.8	277.2
Total assets		652.8	656.5
Current liabilities			
Trade and other payables	17	(133.0)	(88.9)
Borrowings - Bank	18	-	(20.0)
Borrowings - Lease liabilities	18	(18.2)	(21.8)
Income tax payable		(1.1)	-
		(152.3)	(130.7)
Non-current liabilities			
Borrowings - Bank ¹	18	(281.6)	(74.3)
Borrowings - Redeemable preference shares	18	-	(312.9)
Borrowings - Lease liabilities	18	(66.6)	(66.6)
Provisions	19	(1.6)	(1.5)
		(349.8)	(455.3)
Total liabilities		(502.1)	(586.0)
Net assets		150.7	70.5
Equity attributable to the owners of the Parent			
Share capital	23	10.0	-
Hedging reserve	24	(0.1)	1.5
Capital redemption reserve	24	-	(165.8)
Merger reserve	24	(1,400.0)	-
Non-UK translation reserve	24	2.7	10.1
Retained earnings	24	1,538.1	224.7
Total equity		150.7	70.5

1. Included in bank debt is £5.9m of unamortised bank fees (FY20: £0.5m).

The notes on pages 149 to 186 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
16 June 2021

Jon Mortimore
Chief Financial Officer
16 June 2021

FINANCIAL STATEMENTS



Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Notes	Share capital £m	Hedging reserve £m	Capital reserve – own shares £m	Capital redemption reserve £m	Merger reserve £m	Non-UK currency translation reserve £m	Retained earnings ¹ £m	Total equity £m
At 1 April 2019		–	0.1	–	(186.0)	–	7.4	170.1	(8.4)
<i>Comprehensive income</i>									
Profit for the year		–	–	–	–	–	–	74.8	74.8
Other comprehensive income		–	1.4	–	–	–	2.7	–	4.1
Total comprehensive income for the year		–	1.4	–	–	–	2.7	74.8	78.9
Capital redemption reserve distributions		–	–	–	20.2	–	–	(20.2)	–
At 31 March 2020		–	1.5	–	(165.8)	–	10.1	224.7	70.5
<i>Comprehensive income</i>									
Profit for the year		–	–	–	–	–	–	35.7	35.7
Other comprehensive expense		–	(1.6)	–	–	–	(7.4)	–	(9.0)
Total comprehensive income for the year		–	(1.6)	–	–	–	(7.4)	35.7	26.7
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	25	–	–	–	–	–	–	11.5	11.5
At 31 March 2021		10.0	(0.1)	–	–	(1,400.0)	2.7	1,538.1	150.7

1. Included within retained earnings Dr. Martens plc (the Company) has distributable reserves of £1,385.0m.

For further information on the nature of each reserve, please refer to note 24.

The notes on pages 149 to 186 are an integral part of these financial statements.



Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Notes	FY21 £m	FY20 £m
Profit after taxation		35.7	74.8
Add back: income tax expense		35.2	26.2
Add back: finance expense		41.6	41.5
Operating profit		112.5	142.5
Depreciation and amortisation		35.0	29.5
Net foreign exchange rate (losses)/gains		(3.8)	0.9
Share-based payments	25,26	11.5	-
Restricted cash		4.2	-
Increase in inventories		(18.1)	(36.1)
Decrease/(increase) in trade and other receivables		0.8	(16.6)
Increase in trade and other payables		51.2	35.7
Change in working capital		33.9	(17.0)
Cash flows from operating activities			
Cash generated from operations		193.3	155.9
Taxation paid		(33.1)	(34.5)
Cash generated from operating activities		160.2	121.4
Cash flows from investing activities			
Additions to intangible assets	12	(8.2)	(8.4)
Additions to property, plant and equipment	13	(10.4)	(13.5)
Cash used in investing activities		(18.6)	(21.9)
Cash flows from financing activities			
Finance expense ¹		(12.8)	(5.4)
Payment of lease liabilities	28	(23.8)	(20.4)
Proceeds from new bank borrowings	18	300.0	-
Net bank borrowings and facility (repayments)/drawdowns	18	(92.7)	16.8
Preference share repayments	18	(341.4)	(35.0)
Sales of shares from EBT		37.8	-
Cash used in financing activities		(132.9)	(44.0)
Net increase in cash and cash equivalents		8.7	55.5
Cash and cash equivalents at beginning of year		117.2	58.4
Effect of exchange on cash held		(12.3)	3.3
Cash and cash equivalents at end of year	16	113.6	117.2

1. Included in finance expenses in current year is fees paid of £5.4m in relation to the new financing arrangements of £300.0m.

The notes on pages 149 to 186 are an integral part of these financial statements.



Consolidated Non-GAAP Statement of Cash Flows

for the year ended 31 March 2021

	Notes	FY21 £m	FY20 £m
EBITDA ¹	3	224.2	184.5
Change in net working capital		28.5	(20.6)
Capital expenditure	12,13	(18.6)	(21.9)
Operating cash flow³		234.1	142.0
Net interest paid		(7.4)	(5.4)
Payment of lease liabilities	28	(23.8)	(20.4)
Taxation		(33.1)	(34.5)
Free cash flow³ before exceptional items		169.8	81.7
Proceeds from new bank borrowings	18	300.0	–
Exceptional items ²	18	(27.0)	(8.0)
Preference share redemption	18	(341.4)	(35.0)
Net bank borrowing and facility repayments	18	(92.7)	16.8
Net cash flow		8.7	55.5
Opening cash	16	117.2	58.4
Net cash foreign exchange		(12.3)	3.3
Closing cash	16	113.6	117.2

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

2. All exceptionals paid were in relation to the IPO and refinancing event. Included within this amount is cash received from the EBT (from sale of share at the IPO date) of £42.0m which was used to part fund an all employee "IPO bonus" and £5.4m of fees paid in relation to the new financing arrangements of £300.0m.

3. Alternative Performance Measures as defined in the Glossary on pages 210 and 211.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

1. General information

Dr. Martens plc (formerly Dr. Martens Limited) (the “Company”) was incorporated in England and Wales on 19 October 2020 as Ampholdco Limited, a private company limited by shares in the United Kingdom, renamed Dr. Martens Limited on 22 December 2020 and re-registered as a public company limited by shares and renamed Dr. Martens plc on 22 January 2021 with its registered office situated in England and Wales. As of 18 December 2020, the Company’s registered office is: 28 Jamestown Road, Camden, London NW1 7BY. Prior to this date the registered office was Cobbs Lane, Wollaston, Northamptonshire, NN29 7SW.

Following the Group reorganisation described below, 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. On 29 January 2021, the entire issued share capital of the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange’s Main Market for listed securities.

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 years presented, unless otherwise stated. Amounts are presented in GBP and to the nearest million pounds (to one decimal place) unless otherwise noted.

2.1 Group reorganisation

On 14 December 2020, 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. Further details can be found in note 23.

Under merger accounting principles, the assets and liabilities of the subsidiaries are consolidated at book value in the Group financial statements and the consolidated reserves of the Group have been adjusted to reflect the statutory share capital of the Company with the difference presented as the merger reserve.

These consolidated financial statements of the Group are the first set of financial statements for the newly formed Group and the prior period has been presented as a continuation of the former Doc Topco Limited Group on a consistent basis as if the Group reorganisation had taken place at the start of the earliest period presented. The prior period comparatives are those of the former Doc Topco Limited Group since no substantive economic changes have occurred.

2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). 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.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021 and 31 March 2020. 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.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

2. Accounting policies continued

2.3 Basis of consolidation continued

The Group reassesses 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 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 2020:

- Interest Rate Benchmark Reform - Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Definition of a Business - (Amendments to IFRS 3);
- Definition of Material - (Amendments to IAS 1 and IAS 8); and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The 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.

2.5 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 Sterling 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.

2.6 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 2022 and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period.

The Directors also considered the Group funding arrangements at 31 March 2021 with cash of £113.6m, available undrawn facilities of £195.4m and bullet debt repayment of £300.0m not due until 2026.

The financial year to 31 March 2021 was dominated by Covid-19 and it is highly likely the majority of the going concern period will also be impacted by Covid-19 albeit to a lesser extent but reliant upon vaccination pace and vaccinations success in our core markets. The impact of Covid-19 on the Group during the year to 31 March 2021 is described on pages 18 and 19 (Covid-19 - Resilience through the pandemic).

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 2021, including the impact of Covid-19 on profitability, cash flow and covenant compliance. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts. Our distribution centres (DC) remained operational throughout the period while operating with appropriate social distancing. In addition we opened a second DC in the US such that both EMEA and Americas have dual functionality to pick orders from either DC further reducing the risk of picking and dispatching orders.

2. Accounting policies continued

2.6 Going concern continued

The Directors remain vigilant and continue to monitor the effects of Covid-19 in all our core markets and across ecommerce, retail and wholesale channels in these markets and will react appropriately to further developments and associated risks.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a number of different scenarios including a severe but plausible downside scenario described in the Viability statement set out on pages 80 and 81 with no planned cost or working capital mitigation (including the payment of dividends). Given the backdrop of Covid-19 and continued global economic uncertainty the principal risk for modelling purposes relates to the achievement of planned growth in revenue and accordingly we have sensitised our revenue assumptions versus our base case plan. To date we have had minimal experience of bad debts, lower margins or restricted supply.

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

In addition, we have also modelled a reverse stress test where we calculated the impact on revenue off setting covenant headroom to zero and also zero liquidity (with methodology described in viability statement) and assessed the likelihood of occurrence to be remote.

Should a more 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, and delay/cancellation of IT related capex and reduced future dividend payments. A more extreme downside scenario is not considered plausible.

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 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.

2.7 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 and, during the year, sold shares at market value to certain individuals. The EBT was consolidated on the basis the Parent Company has control; thus, the assets and liabilities of the EBT were included on the Group Balance Sheet and shares held by the EBT in the Company were presented as a deduction from equity. The cash received was defined as restricted cash as the Company had no access, recourse or direction of that cash but was required to consolidate as restricted cash.

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 to 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.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

2. Accounting policies continued

2.8 Revenue continued

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 £1.9m, of which £nil related to the UK. The Group received and subsequently repaid the UK furlough monies of £1.3m in the early part of the pandemic. 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 costs

Exceptional costs consist of material non-recurring items and items arising outside of the normal trading of the Group.

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.

2. Accounting policies continued

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 Leases 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.

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).



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

2. Accounting policies continued

2.17 Leases accounting continued

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 twelve 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 accounts for any qualifying change in lease payments resulting from the Covid-19-related rent concession to be treated in 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 2021, the Group received £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 receivables are measured at amortised cost.

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.

2.21 Financial liabilities

The Company classifies all of its 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. Accounting policies continued

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. 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. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in future contributions. 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. 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.

2.24 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, 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 values 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 a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months. Foreign exchange forward contracts are recorded as a current asset and liability.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

2. Accounting policies continued

2.25 Share-based payments

The Group 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").

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 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 210 and 211 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.

2.28 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:

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 grouping 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 for 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.

2. Accounting policies continued

2.28 Significant judgements and estimates continued

Key judgements continued

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 significant judgement involved in determining the Group's corporation tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. 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's (CGU's) 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.

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.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

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, and Americas revenue is fully attributable to the USA, including export revenue to certain South America markets, and APAC revenue is mainly attributable to China and Japan.

	FY21 £m	FY20 £m
Revenue by geographical market		
EMEA	335.6	287.9
Americas	295.8	252.2
APAC	141.6	132.1
Total revenue	773.0	672.2

	FY21 £m	FY20 £m
EBITDA by geographical market		
EMEA	115.3	92.4
Americas	91.9	75.4
APAC	39.7	35.5
Support costs	(22.7)	(18.8)
EBITDA	224.2	184.5
Exceptional items (note 4)	(80.5)	(12.0)
EBITDA (post exceptional items)	143.7	172.5
Depreciation and amortisation	(13.5)	(11.6)
Depreciation of right-of-use assets ¹	(21.5)	(17.9)
Foreign exchange gains/(losses)	3.8	(0.5)
Depreciation, amortisation and foreign exchange gains/(losses)	(31.2)	(30.0)
Operating profit	112.5	142.5

1. Includes impairment charge of £1.1m recognised on right-of-use assets in relation to two stores (see note 13).

3. Segmental analysis continued

	FY21 £m	FY20 £m
Revenue by channel		
Ecommerce	235.4	136.4
Retail	99.7	165.2
Total DTC revenue	335.1	301.6
Wholesale	437.9	370.6
Total revenue	773.0	672.2
Non-current assets		
EMEA ¹	85.5	80.4
Americas	34.6	36.4
APAC	10.0	14.4
Group ²	240.7	240.7
Allocated non-current assets	370.8	371.9
Deferred tax (unallocated)	7.2	7.4
Total non-current assets	378.0	379.3

1. Included in the EMEA non-current assets is £52.0m (FY20: £55.9m) in relation to the UK market.

2. Included in the Group non-current assets is £240.7m (FY20: £240.7m) in relation to goodwill.

4. Expenses analysis

Operating profit is stated after charging:

	Notes	FY21 £m	FY20 £m
Selling and administrative expenses			
Staff costs	6	109.6	99.8
Operating charges		136.7	117.2
		246.3	217.0
Amortisation	12	4.5	3.2
Depreciation	13	9.0	8.4
Depreciation of right-of-use assets	13	21.5	17.9
Foreign exchange (gains)/losses		(3.8)	0.5
Depreciation, amortisation and foreign exchange (gains)/losses		31.2	30.0
Exceptional items		80.5	12.0
		111.7	42.0
Total selling and administrative expenses		358.0	259.0

Exceptional costs in the year were £80.5m (FY20: £12.0m) and 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 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 IFRS2 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 and charges including an element of unclaimable VAT. In the prior year exceptionals of £12.0m included consulting fees in relation to the Company's exploration and diligence associated with an exercise to review strategic options of £7.3m, charge in relation to the implementation of a new IT system (Microsoft Dynamics 365 in America's region) of £2.2m, costs for legal obligations and litigation of £1.9m, with the balance mainly legal costs.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

5. Auditor's remuneration

	FY21 £m	FY20 £m
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	0.5	0.3
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries	0.6	0.6
Other services	0.1	0.1
	1.2	1.0
Fees payable to the Company's auditor for other services:		
Other services - exceptional items related to the IPO	2.4	-
	3.6	1.0

6. Staff costs

The monthly number of employees (including Directors) employed by the Group during the year was:

	FTE ¹ as at 31 March FY21		Average ² For the year ended 31 March FY21	
	2021 No.	FY20 No.	2021 No.	FY20 No.
EMEA	703	607	1,125	1,032
Americas	446	397	575	548
APAC	356	268	382	371
Global support functions	392	334	351	337
	1,897	1,606	2,433	2,288

1. FTE (Full Time Equivalent) is calculated by dividing the employee's contracted hours by the Company's standard full time contract hours.

2. Average is the average actual employees of the Group during the year.

The aggregate payroll costs were as follows:

	FY21 £m	FY20 £m
Wages and salaries	94.1	87.5
Social security costs	8.0	6.7
Share-based payments - LTIPs	0.7	-
Pension costs	5.8	4.8
Other post-employment benefits	1.0	0.8
	109.6	99.8
Exceptionals:		
IPO bonus for all employees	49.1	-
IFRS 2 accounting (non-cash) - see note 7	10.8	-
	169.5	99.8

7. Directors' remuneration

The remuneration of Executive Directors of the Company is set out below:

	FY21 £m	FY20 £m
Salaries and benefits	2.5	1.9
Pension costs	0.1	-
	2.6	1.9
Exceptionals:		
IFRS 2 (non-cash)	10.8	-
	13.4	1.9

7. Directors' remuneration continued

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 113 to 126.

The figures in the table above represent a full 12-month period to 31 March 2021 and are a mixture of two distinct ownership structures and remuneration practices, which can be analysed further as follows:

	Pre IPO ¹ £m	Post IPO ² £m	FY21 Total £m
Salaries and benefits ³	2.3	0.2	2.5
Pension costs	0.1	–	0.1
	2.4	0.2	2.6
Exceptionals:			
IFRS 2 (non-cash) ⁴	10.8	–	10.8
	13.2	0.2	13.4

1. From 1 April 2020 to 28 January 2021.

2. From 29 January 2021 to 31 March 2021.

3. Salaries and benefits are inclusive of normal bonus payments paid in the financial year to March 2021. The Remuneration report on pages 113 to 126 is inclusive of the bonus accrual for the two month period post IPO of £0.8m for performance in FY21 which is not included in this table.

4. 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, has been charged to exceptional items.

The remuneration of the highest paid Director was:

	FY21 £m	FY20 £m
Salaries and benefits	1.3	1.0
Pension costs	–	–
	1.3	1.0
Exceptionals:		
IFRS 2 (non-cash)	6.2	–
	7.5	1.0

	Pre IPO ¹ £m	Post IPO ² £m	FY21 Total £m
Salaries and benefits ³	1.2	0.1	1.3
Pension costs	–	–	–
	1.2	0.1	1.3
Exceptionals:			
IFRS 2 (non-cash) ⁴	6.2	–	6.2
	7.4	0.1	7.5

1. From 1 April 2020 to 28 January 2021.

2. From 29 January 2021 to 31 March 2021.

3. Salaries and benefits are inclusive of normal bonus payments paid in the financial year to March 2021. The Remuneration report on pages 113 to 126 is inclusive of the bonus accrual for the two month period post IPO of £0.2m for performance in FY21 which is not included in this table.

4. Refer to note 4 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 (FY20: £nil). Further details on Directors' remuneration can be found in the Remuneration report on pages 113 to 126.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

8. Finance expense

	FY21 £m	FY20 £m
Bank debt - net (cash)	6.5	5.3
Preference interest (non-cash)	28.5	31.5
Interest on lease liabilities (non-cash)	3.7	3.9
Amortisation loan issue costs - New funding (non-cash)	0.2	-
Amortisation loan issue costs - Old funding (non-cash)	2.7	0.8
Total financing expense	41.6	41.5

On 29 January 2021 the Company refinanced its operations with new bank debt of £300.0m and a working capital facility of £200.0m. The term debt is for five years with bullet repayment on 2 February 2026 and interest cost of £1.6m. The funds were used to repay in full all legacy, pre-IPO financing arrangements including previous bank funding arrangements and all preference shares.

9. Taxation

	FY21 £m	FY20 £m
Current tax		
Current tax on UK profit for the year	29.6	21.4
Adjustment in respect of prior years ¹	(1.0)	-
Current tax on overseas profits for the year	6.4	6.2
	35.0	27.6
Deferred tax		
Origination and reversal of temporary differences	(1.0)	(1.5)
Adjustment in respect of prior years ¹	1.2	0.1
	0.2	(1.4)
Total tax expense in the Statement of Profit or Loss	35.2	26.2
Other Comprehensive Income		
Current tax on UK profit for the year	-	-
Total tax expense in the Statement of Comprehensive Income	35.2	26.2

	FY21 £m	FY20 £m
Factors affecting the tax expense for the year:		
Profit before tax	70.9	101.0
Profit before tax multiplied by standard rate of UK corporation tax of 19% (FY20: 19%)	13.5	19.2
Effects of:		
Non-deductible expenses ¹	21.2	6.0
Temporary differences not provided for	(0.2)	(0.3)
Adjustments in respect of prior periods ¹	0.2	0.1
Effect of change in tax rate	(0.2)	0.4
Intangibles capitalised allowable for tax purposes	(0.6)	-
Non-UK tax	1.4	0.9
Other adjustments	(0.1)	(0.1)
Total tax expense	35.2	26.2

1. Non-deductible expenses relate to the disallowable amount of the preference share interest of £28.5m, and exceptional items of £80.5m.

The tax charge for the year was £35.2m with an effective tax rate of 49.6% which is higher than the UK corporate tax of 19.0% and mainly due to non-deductibility of certain expenses and also geographical mix of profits at different tax rates.

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.

	FY21 £m	FY20 £m
Profit after tax	35.7	74.8
Exceptional items (<i>note 4</i>)	80.5	12.0
Tax on exceptional items	–	(1.0)
Adjusted¹ profit after tax	116.2	85.8

	FY21 No.	FY20 No. (Restated ²)
Weighted average number of shares for calculating basic earnings per share (millions)	1,000.0	1,000.0
Potentially dilutive share awards	0.4	–
Weighted average number of shares for calculating diluted earnings per share (millions)	1,000.4	1,000.0

	FY21	FY20 (Restated ²)
Earnings per share		
Basic earnings per share	3.6p	7.5p
Diluted earnings per share	3.6p	7.5p
Adjusted¹ earnings per share		
Adjusted ¹ basic earnings per share	11.6p	8.6p
Adjusted ¹ diluted earnings per share	11.6p	8.6p

1. Adjusted earnings per share is calculated on adjusted profit after tax, being profit after tax before exceptional items.

2. Following a reorganisation of the Group on IPO, the Group has applied IAS 33; earnings per share has been restated to reflect the sub-division of shares in the year ended 31 March 2021.

11. Dividends

The Company has not declared nor paid a dividend for the year.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

12. Intangible fixed assets

	Software £m	Goodwill £m	Total £m
Cost			
At 1 April 2019	16.6	240.7	257.3
Additions	8.4	–	8.4
Foreign exchange	0.2	–	0.2
At 31 March 2020	25.2	240.7	265.9
Additions	8.2	–	8.2
Disposals	(0.9)	–	(0.9)
Reclassifications to tangible fixed assets	0.3	–	0.3
Foreign exchange	(0.5)	–	(0.5)
At 31 March 2021	32.3	240.7	273.0
Accumulated amortisation			
At 1 April 2019	5.5	–	5.5
Charge for the year	3.2	–	3.2
At 31 March 2020	8.7	–	8.7
Charge for the year	4.5	–	4.5
Disposals	(0.9)	–	(0.9)
Reclassifications to tangible fixed assets	0.2	–	0.2
Foreign exchange	(0.3)	–	(0.3)
At 31 March 2021	12.2	–	12.2
Net book value			
At 31 March 2021	20.1	240.7	260.8
At 31 March 2020	16.5	240.7	257.2

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.

The aggregate carrying amount of goodwill allocated to each CGU was as follows:

	FY21 £m	FY20 £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 (FY20: £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.

12. Intangible fixed assets continued

Impairment assessment continued

Operating cash flows

The main assumptions within forecast operating cash flows 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 Group 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 up to 1.4% 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 2019	6.9	34.3	2.4	3.9	0.1	47.6
Additions	–	10.4	1.1	2.0	–	13.5
Disposals ¹	(0.2)	(2.8)	(0.1)	(0.7)	–	(3.8)
Foreign exchange	0.2	1.7	0.1	–	–	2.0
At 31 March 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 ²	–	(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
Depreciation and impairment						
At 1 April 2019	0.8	16.0	1.2	2.6	0.1	20.7
Charge for the year	0.1	5.7	0.5	1.5	–	7.8
Impairment ³	–	0.6	–	–	–	0.6
Eliminated on disposal ¹	(0.2)	(2.8)	(0.1)	(0.7)	–	(3.8)
Foreign exchange	0.2	0.9	–	0.2	–	1.3
At 31 March 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 ²	–	(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
Net book value						
At 31 March 2021	6.1	22.7	1.9	1.9	–	32.6
At 31 March 2020	6.0	23.2	1.9	1.6	–	32.7

1. Disposals represent assets that had a Enil net book value and were therefore written off during the year.

2. The Group carried out a physical verification of assets during the year 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 year to Enil net book value.

3. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. During the year an impairment of Enil (FY20: £0.6m) was recognised for certain retail store assets where the carrying amount of the asset exceeded its value in use over the next five years. The remaining value in use for the above impaired assets was deemed to be Enil (FY20: Enil).

**Notes to the Consolidated Financial Statements** continued

For the year ended 31 March 2021

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 2019	–
Adoption of IFRS 16	80.6
Additions	18.8
Modification of leases ¹	0.5
At 31 March 2020	99.9
Additions	23.0
Modification of leases ¹	(2.2)
Foreign exchange	(3.9)
At 31 March 2021	116.8
Depreciation and impairment	
At 1 April 2019	
Charge for the year	17.9
At 31 March 2020	17.9
Charge for the year	20.4
Impairment ²	1.1
At 31 March 2021	39.4
Net book value	
At 31 March 2021	77.4
At 31 March 2020	82.0

1. Lease modifications in the year relate to measurement adjustments for rent reviews and stores that have exercised lease breaks.

2. During the year, impairment charges of £1.1m were recognised on right-of-use assets in relation to two stores which have future cash flows lower than the value of the right-of-use asset and one closed store that the Group still held a lease on (FY20: £nil).

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each retail store is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

Significant judgements, assumptions and estimates

All CGUs' recoverable amounts are measured using value in use. At each reporting period end, detailed forecasts for the following five years have been used, which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Management considers forecasting over this period to appropriately reflect the business cycle of the CGUs.

There have been no changes to the composition of the Group's CGUs during the periods.

In determining the value in use of CGUs it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Operating cash flows

The main assumptions within forecast operating cash flows include the achievement of future growth in the retail channel, sales prices and volumes, raw material input costs, the cost structure of each CGU, the impact of non-UK currency rates upon selling price and cost relationships and the levels of maintenance capital expenditure required to support each sales channel.

13. Property, plant and equipment continued

Impairment of property, plant and equipment and right-of-use assets continued

Pre-tax risk adjusted discount rates

This rate reflects the specific risks relating to each segment and considers the countries and regions they operate in. This has been considered and for the Group has been calculated to be approximately 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.

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 2021/22 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

	FY21 £m	FY20 £m
Raw materials	1.3	0.7
Finished goods	100.2	89.3
Inventories net of provisions	101.5	90.0
Inventory provision	3.9	2.8
Inventory written off to Consolidated Statement of Profit or Loss	1.5	1.5

15. Trade and other receivables

	FY21 £m	FY20 £m
Trade receivables	52.0	57.8
Less: allowance for expected credit losses	(1.3)	(2.3)
Trade receivables - net	50.7	55.5
Other receivables	5.3	9.2
	56.0	64.7
Prepayments and accrued income	3.4	3.5
	59.4	68.2

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 2021 the amount of collateral held was £0.6m (FY20: £0.9m).

As at 31 March 2021 trade receivables of £0.5m (FY20: £2.7m) 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:

	FY21 £m	FY20 £m
Over 90 days	0.5	2.7

**Notes to the Consolidated Financial Statements** continued

For the year ended 31 March 2021

15. Trade and other receivables continued

As at 31 March 2021 trade receivables were carried net of expected credit losses (previously referred to as bad debt provisions) of £1.3m (FY20: £2.3m). The individually impaired receivables relate mainly to accounts which are outside the normal credit terms. The ageing analysis of these receivables is as follows:

	FY21 £m	FY20 £m
Up to 60 days	1.0	0.3
60 to 90 days	–	–
Over 90 days	0.3	2.0
	1.3	2.3
	FY21 £m	FY20 £m
At 1 April	2.3	0.8
Change in provision for expected credit losses	(1.0)	1.5
At 31 March	1.3	2.3
Debtor days	42	61

The carrying amount of the Group's trade and other receivables is denominated in the following currencies:

	FY21 £m	FY20 £m
UK Sterling	3.0	3.8
Euro	9.6	5.2
US Dollar	29.1	33.4
Japanese Yen	2.8	6.5
Other currencies	6.2	6.6
	50.7	55.5

16. Cash and cash equivalents

	FY21 £m	FY20 £m
Cash and cash equivalents	113.6	117.2

17. Trade and other payables

	FY21 £m	FY20 £m
Current		
Trade payables	52.6	33.4
Taxes and social security costs	5.3	3.8
Other payables	5.3	5.4
Bank interest and finance charges	1.3	0.1
	64.5	42.7
Accruals and deferred income	68.5	46.2
	133.0	88.9

All trade and other payables are expected to be settled within twelve 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 2021, other payables consisted of £4.4m (FY20: £5.4m) in relation to employment related payables.



18. Borrowings

	FY21 £m	FY20 £m
Current		
RCF loans	-	10.7
Bank overdraft	-	9.3
Facilities drawn	-	20.0
Lease liabilities (note 28)	18.2	21.8
Total current interest bearing loans and borrowings	18.2	41.8
Non-current		
Bank loans (including unamortised fees)	281.6	74.3
Lease liabilities (note 28)	66.6	66.6
Redeemable preference		
'A' shares	-	54.0
'B' shares	-	258.9
Total redeemable preference shares	-	312.9
Total non-current	348.2	453.8
Total borrowings	366.4	495.6
Split of above (excluding lease liabilities):		
Facilities drawn	-	20.0
Non-current bank loans	281.6	74.3
Net bank borrowings (including unamortised fees)	281.6	94.3
Add back unamortised fees	5.9	0.5
Total gross bank borrowings	287.5	94.8

On 29 January 2021, the Group entered into a New Facilities Agreement, comprising a new term B loan 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. Following this the Company immediately repaid all legacy financing arrangements in full including £341.4m of preference shares and bank debt of £92.7m. The Group value of debt at 31 March 2021 (excluding unamortised fees) of £287.5m is £12.5m lower than the amount borrowed on 29 January 2021 due to exchange rate movement.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

18. Borrowings continued

The carrying value of the Group's total borrowings (excluding lease liabilities) is denominated in the following currencies:

	FY21 £m	FY20 £m
RCF loans	-	10.7
Bank overdraft	-	9.3
Facilities drawn	-	20.0
UK GBP	-	27.0
Total GBP bank loans	-	47.0
Euro	287.5	21.8
Hong Kong Dollar	-	13.3
Japanese Yen	-	12.7
Total Bank loans	287.5	74.8
Total Bank loans and facilities	287.5	94.8
UK GBP - A Preference Shares	-	54.0
UK GBP - B Preference Shares	-	258.9
Redeemable preference shares	-	312.9
Total Borrowings	287.5	407.7
Memo: total UK GBP	-	359.9

Loan repayments will occur as follows:

Year to 31 March	B Loan (Euro) £m
2026 (February 2026)	287.5
Total	287.5

Interest is chargeable on the loan at the following rate:

	FY21 £m	Base rate	Margin %
Bank loan B (Euro)	287.5	EURIBOR	2.75
Total loans before unamortised fees	287.5		

These shares are unsecured and have been fully repaid:

	FY21 £m	FY20 £m
Redeemable preference 'A' shares	-	54.0
Redeemable preference 'B' shares	-	258.9
	-	312.9

Bank loans

	FY21 £m	FY20 £m
Revolving credit facility utilisation		
RCF loans	-	10.7
Bank overdraft	-	9.3
Guarantees	2.6	2.2
Foreign exchange hedging contracts	2.0	0.2
Total utilised facility	4.6	22.4
Available facility (<i>unutilised</i>)	195.4	12.6
Total revolving facility	200.0	35.0
	%	%
Interest rate charged on unutilised facility	0.88	1.40

The bank loans are secured by a fixed and floating charge over all assets of the Group.

18. Borrowings continued

Bank loans continued

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 during the year on preference shares which were redeemed in full in the year is as follows:

	FY21 £m	FY20 £m
Redeemable preference 'A' shares	2.7	3.1
Redeemable preference 'B' shares	25.8	28.4
	28.5	31.5

The preference share interest accrues and was payable on redemption of the preference shares on 28 January 2021.

Movements in bank loans and preference shares were as follows:

	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)	–	–
Bank loans (new 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

	1 April 2019 £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 2020 £m
Bank loans	75.6	–	(3.2)	–	2.4	–	74.8
Preference shares	316.4	–	(20.2)	(14.8)	–	31.5	312.9
Total borrowings	392.0	–	(23.4)	(14.8)	2.4	31.5	387.7

19. Provisions

	Other provisions £m	Property provisions £m	Total £m
At 1 April 2020	–	1.5	1.5
Arising during the year	0.1	–	0.1
At 31 March 2021	0.1	1.5	1.6

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

	FY21 £m	FY20 £m
Assets		
Foreign exchange forward contracts	0.3	1.5

The Group does not have any derivative liabilities as at 31 March 2021 or 31 March 2020.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

20. Derivative assets and liabilities continued

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. Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative 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. All the foreign exchange forward contracts mature before 31 March 2022; therefore, these have been recorded as a current asset and liability.

Non-UK exchange forward contracts derivatives

The Group has entered into a number of non-UK exchange forward contracts to cover the non-UK exchange risk associated with merchandise purchases in US Dollar and fix Sterling price points and Euro price points using low risk treasury instruments.

At the Balance Sheet date foreign exchange contracts were entered into to cover circa 67% of the UK and Continental Europe inventory purchases for the Spring/Summer 2021 and Autumn/Winter 2021 seasons with a target range of between 70% and 80%. The average hedge rate of GBP/US Dollar is \$1.3734 and average hedged rate of Euro/US Dollar is \$1.2152.

The following table represents the nominal amounts of derivatives in a continued hedge relationship as at each Balance Sheet date:

	FY21	FY20
Average exchange rate		
Cash flow hedges: sell GBP buy US Dollar	1.3734	1.3030
Cash flow hedges: sell EUR buy US Dollar	1.2152	1.1266
Nominal amounts	\$m	\$m
Cash flow hedges: sell GBP buy US Dollar		
Less than a year	33.0	39.0
More than a year but less than two years	–	–
Cash flow hedges: sell EUR buy US Dollar		
Less than a year	20.0	4.0
More than a year but less than two years	–	–

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 in both years are equal to their carrying values, with the exception of derivatives which are considered to be at Level 2 and are disclosed separately below. The fair value hierarchy has been defined in note 20.

	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

21. Financial instruments continued

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Total £m
Liabilities as per Balance Sheet			
Bank debt (<i>excluding unamortised fees</i>)	287.5	–	287.5
Lease liabilities - Current	18.2	–	18.2
- Non-current	66.6	–	66.6
Trade and other payables excluding non-financial liabilities	133.0	–	133.0
	505.3	–	505.3

	31 March 2020		
	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	64.7	–	64.7
Derivative financial instruments	–	1.5	1.5
Cash and cash equivalents	117.2	–	117.2
	181.9	1.5	183.4

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Total £m
Liabilities as per Balance Sheet			
Bank debt (<i>excluding unamortised fees</i>)	94.8	–	94.8
Lease liabilities - Current	21.8	–	21.8
- Non-current	66.6	–	66.6
Preference shares	312.9	–	312.9
Trade and other payables excluding non-financial liabilities	42.7	–	42.7
	538.8	–	538.8

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 currency risk, fair value interest rate risk and cash flows interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. 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 co-operation 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

21. Financial instruments continued

Liquidity risk continued

The table below sets out the contractual maturities (representing undiscounted contractual cash flows) of loans, borrowings and other financial liabilities:

	At 31 March 2021					Total £m
	Up to 3 months £m	Between 3 & 12 months £m	Between 1 & 5 years £m	More than 5 years £m		
Bank loans - Principal	-	-	287.5	-	287.5	
- 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	

	At 31 March 2020					Total £m
	Up to 3 months £m	Between 3 & 12 months £m	Between 1 & 5 years £m	More than 5 years £m		
Bank loans - Principal	-	-	74.8	-	74.8	
- Interest	-	4.6	4.7	-	9.3	
Total bank loans	-	4.6	79.5	-	84.1	
RCF loan	-	10.7	-	-	10.7	
Bank overdraft	9.3	-	-	-	9.3	
Redeemable preference shares	-	-	-	312.9	312.9	
Lease liability	5.5	16.3	48.8	17.8	88.4	
Derivative financial instruments	-	-	-	-	-	
Trade and other payables excluding non-financial liabilities	42.7	-	-	-	42.7	
	57.5	31.6	128.3	330.7	548.1	

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 a minimum rating of "A" 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.

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 and the Euro. 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.

21. Financial instruments continued

Market risk continued

Non-UK exchange risk continued

The Group purchases the vast majority of its inventory from factories in Asia which are paid in US Dollars. Approximately 80% to 85% of revenue 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.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from GBP and non-GBP borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2021 and 2020, the Group's borrowings were denominated in Sterling, Euros, Hong Kong Dollars and Japanese Yen. Following the refinancing on 29 January 2021, the Group borrowings were denominated in Euros.

At 31 March 2021 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 £0.6m (FY20: £0.2m).

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 pre-tax profits (all other exchange rates remaining unchanged) as follows:

10% Appreciation Currency	FY21 £m	FY20 £m
US Dollar	1.5	(0.5)
Euro	12.6	8.5
Yen	3.1	3.0

Note the US Dollar movement is lower as the Group earns US Dollars from its US business and purchases all inventory (UK factory apart) in US Dollar which nearly offset against each other. In addition to the above, a 10% appreciation on the Euro rate would impact annualised bank loan interest by £0.9m under the terms of the new loan agreement.

22. Deferred taxation

The analysis of deferred tax assets and liabilities is as follows:

	FY21 £m	FY20 £m
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	7.2	7.4

The gross movement on the deferred income tax is as follows:

	FY21 £m	FY20 £m
Deferred tax asset to be recovered after more than 12 months	(0.2)	1.4



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

22. Deferred taxation continued

The deferred tax asset provided in the financial statements is supported by budgets and trading forecasts and relates to the following temporary differences:

- 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; and
- trade losses expected to be utilised in future periods, some of which were not recognised in previous periods.

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax assets	Accelerated capital allowances £m	Temporary differences £m	Tax losses £m	Total £m
At 1 April 2019	(0.1)	5.9	0.2	6.0
Statement of Profit or Loss (charge)/credit	(0.1)	1.5	–	1.4
At 31 March 2020	(0.2)	7.4	0.2	7.4
Statement of Profit or Loss (charge)/credit	(0.4)	0.2	–	(0.2)
At 31 March 2021	(0.6)	7.6	0.2	7.2

Deferred taxation not provided in the financial statements:

	FY21 £m	FY20 £m
Tax losses	7.3	7.2
Accelerated capital allowances	–	0.1
	7.3	7.3

The deferred tax asset has been remeasured, and the 31 March 2021 year-end balance calculated using the rate at which the relevant asset is expected to reverse.

23. Share capital

During the year, 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:

	FY21 No.	FY21 £	FY20 No.	FY20 £
Authorised, called up and fully paid				
Ordinary shares of £0.01 each	1,000,000,100	10,000,001	–	–
A ordinary shares of £0.001 each	–	–	1,500,000	1,500
B ordinary shares of £0.001 each	–	–	8,500,001	8,500
C ordinary shares of £1,500 each	–	–	3	4,500
	1,000,000,100	10,000,001	10,000,004	14,500

The movements in the ordinary share capital during the year ended 31 March 2021 were as follows:

	Shares No.	Share capital £m
As at 31 March 2020	10,000,004	–
Issued on incorporation of Dr. Martens plc	1	–
Further shares issued	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 2021	1,000,000,100	10.0

23. Share capital continued

The movements in the preference share capital during the year ended 31 March 2021 were as follows:

Preference shares	A shares of £0.00001 each (FY20: £0.0001 each) No.	B shares of £0.00001 each (FY20: £0.0001 each) No.	Total No.
As at 1 April 2019	42,208,205	143,779,938	185,988,143
Redemptions	(4,581,939)	(15,608,123)	(20,190,062)
As at 31 March 2020	37,626,266	128,171,815	165,798,081
Redemptions	(37,626,266)	(128,171,815)	(165,798,081)
As at 31 March 2021	-	-	-

Preference shares	A shares of £0.00001 each (FY20: £0.0001 each) £m	B shares of £0.00001 each (FY20: £0.0001 each) £m	Total £m
As at 1 April 2019	57.2	259.2	316.4
Redemptions	(6.3)	(28.7)	(35.0)
Coupon accrued	3.1	28.4	31.5
As at 31 March 2020	54.0	258.9	312.9
Redemptions	(56.7)	(284.7)	(341.4)
Coupon accrued	2.7	25.8	28.5
As at 31 March 2021	-	-	-

Transactions in the year

On incorporation on 19 October 2020, Dr. Martens plc (the "Company") issued one ordinary share with a nominal value of £1 each for a cash consideration of £1.00 to IngreLux S.à.r.l.

On 14 December 2020, the Company issued a further 139 ordinary shares of £1 each for a total cash consideration of £139 to IngreLux S.à.r.l. On the same day the entire issued share capital of 140 ordinary shares of £1 each was consolidated into one ordinary share of £140 and that one ordinary share was converted into one B ordinary share of £140.

On 14 December 2020 following the reorganisation of the incorporation share, the Company acquired 100% of the beneficial title to ordinary shares and preference shares of Doc Topco Limited for a total fair value of £1,737m by way of a share for share exchange by issuing the following shares to the shareholders of Doc Topco Limited:

- 1,500,000 A ordinary shares of £140 each, 8,500,000 B ordinary shares of £140 each and three C ordinary shares of £1,500 each for a total fair value of £1,400.0m; and
- 37,626,266 A preference shares of £1.50 each and 128,171,815 B preference shares of £2.19 each for a total fair value of £337.1m.

As the Company issued equity shares to acquire 100% of the shares of Doc Topco Limited (i.e. acquiring both the ordinary and preference shares as part of a single arrangement), the provisions of merger relief set out in Section 612 of the Companies Act 2006 (CA2006) are applied. Where merger relief is applied, the Company is prohibited from recording share premium on the transaction.

The existing one B ordinary share formed part of the consideration received by IngreLux S.à.r.l. in exchange for its shares in Doc Topco Limited and therefore the existing one B ordinary share was considered fully paid up following the share for share exchange. Legal title to the shares in Doc Topco Limited was transferred to the Company on 23 December 2020.

On 17 December 2020, the entire three C ordinary shares of £1,500.00 each were cancelled and the Company owed a debt to the shareholders for a total of £4,500 for those shares.

On 17 December 2020, the Company reduced the nominal value of both the ordinary shares and preference shares as follows:

- A and B ordinary shares' nominal value was reduced from £140 each to £1 each. This reduced the share capital by £1,390.0m and this is transferred to retained earnings; and
- A and B preference shares' nominal value was reduced from £1.50 each and £2.19 each respectively to £0.00001 each. The reduction resulted in £337.1m to retained earnings and equivalent debit to equity that has been presented within retained earnings.

On 22 January 2021, the Company was re-registered as a public limited company under the Companies Act 2006.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

23. Share capital continued

Transactions in the year continued

On 28 January 2021, all of the 37,626,266 A preference shares of £0.00001 each and all of the 128,171,815 B preference shares of £0.00001 each were redeemed. All of the 1,500,000 A ordinary shares of £1 each and all of the 8,500,001 B ordinary shares of £1 each were converted into 10,000,001 ordinary shares of £1 each. The entire issued ordinary share capital of 10,000,001 shares of £1 each was sub-divided into 1,000,000,100 ordinary shares of £0.01 each.

On 3 February 2021, the entire issued ordinary share capital of 1,000,000,100 shares was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities.

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 an independently managed EBT and shares held by the Company as "treasury shares". The shares held by the EBT were held in order to satisfy share grants to key management personnel. At 31 March 2021 the Company held 0 ordinary 'A' shares (FY20: 120,000) and 0 ordinary 'C' shares (FY20: 1).
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 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 the 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 following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	FY21	
	EBT	
	No.	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)	-	-



25. EBT continued

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

Post IPO listing 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 Leadership Team (LT) and the Restricted Scheme Plan (RSP) for LT 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)

Shortly following admission to the London Stock Exchange, conditional awards of share options were granted to the Executive Directors and the other senior managers on 9 February 2021. These awards are capable of vesting over the period from admission to the 2024 results announcement, subject to the achievement of performance conditions and continued service. The performance conditions attached to the awards are Total Shareholder Return (TSR), which is a market-based performance condition, and EPS growth, which is a non-market-based performance condition. The fair value of the TSR element of the performance conditions is calculated and fixed at the date of grant using a Stochastic options pricing model. The fair value of the EPS element of the performance conditions is reviewed at each balance sheet date and adjusted through the number of options expected to vest.

The awards will generally vest to participants at the end of the vesting period subject to good and bad leaver provisions. There are no cash settlement alternatives and the Group accounts for the PSP as an equity-settled plan.

Long Term Incentive Plan - Restricted Scheme Plan (RSP)

Shortly following admission to the London Stock Exchange, service conditional awards of shares under the RSP were granted to certain employees of the Group on 9 February 2021. The awards vest in two tranches, with 50% vesting 18 months following the grant date and 50% vesting after 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 113 to 126.

	FY21 £m	FY20 £m
Expense arising from equity-settled share-based payments - LTIP	0.7	-
Total expense arising from LTIP share-based payment transactions	0.7	-

There were no cancellations or modifications to the awards during the year.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

26. Share-based payments continued

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:

	FY21	
	LTIP	
	No.	WAEP
Outstanding at the beginning of the year	-	-
Granted	2,665,803	-
Vested	-	-
Forfeited	-	-
Outstanding at the end of the year	2,665,803	-
Weighted average contractual life remaining (years)	2.9	-

Fair value measurement

The following table lists the inputs to the models used for the three plans for the year ended 31 March 2021:

	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

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 is a newly-listed entity it does not have sufficient information on historical volatility; 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 of the reporting date. The total employer payroll taxes for the year relating to all the awards was £0.1m.

27. Financial commitments and contingencies

Total future minimum lease payments (not discounted) under non-cancellable lease rentals are payable as follows:

	FY21 £m	FY20 £m
Not later than one year	22.7	21.5
Later than one year and not later than five years	54.3	56.5
Later than five years	20.0	22.5
	97.0	100.5

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 £65.1m (FY20: £70.0m).

Contingent liabilities exist in the form of a duty deferment guarantee to HMRC for a maximum amount of £0.9m (FY20: £0.9m) and rent guarantees to various landlords of £1.7m (FY20: £1.3m).

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:

	FY21 £m	FY20 £m
At 1 April 2020	88.4	85.3
Additions and remeasurement	20.4	19.6
Interest	3.7	3.9
Payments	(23.8)	(20.4)
Foreign exchange	(3.9)	–
At 31 March 2021	84.8	88.4
Current (<i>note 18</i>)	18.2	21.8
Non-current (<i>note 18</i>)	66.6	66.6

The following amounts were recognised in the Statement of Profit or Loss:

	FY21 £m	FY20 £m
Depreciation expense of right-of-use assets	21.5	17.9
Interest expense on lease liabilities	3.7	3.9
Expenses relating to short-term leases (included in cost of sales)	0.8	1.4
Variable lease payments (included in cost of sales)	0.7	1.8
Total operating expenses recognised in profit	1.5	3.2
Total amount recognised in profit	26.7	25.0

29. Pensions

Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £5.8m for the year ended 31 March 2021 (FY20: £4.8m) and at 31 March 2021 £0.9m (FY20: £0.4m) remained payable to the pension fund.

Defined benefit scheme

Airwair International Limited 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.

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. Other than the past service cost arising from the recent GMP equalisation judgement, there were no Plan amendments, settlements or curtailments during the period.

The weighted average duration of the defined benefit obligation is approximately 17 years (FY20: 16 years).

Key risks

The defined benefit section of the Plan exposes Airwair International Limited to a number of risks:

- Investment risk. The Plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide 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.



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

29. Pensions continued

Key risks continued

- 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 will emerge in the Plan.

Although the Lloyds Banking Group Pensions Trustees Limited v. Lloyds Bank PLC (and others) court judgement 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. The effect of the judgement regarding the equalisation of GMP benefits for past transfers has been accounted for as a past service cost during the period. There were no other Plan amendments, curtailments or settlements during the period.

Effect of the Plan on the Company's future cash flows

Airwair International Limited is required to agree a Schedule of Contributions with the Trustees of the Plan following a valuation, which must be carried out at least once every three years. Following the valuation of the Plan at 30 June 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 are determined as follows:

Amounts recognised in the Balance Sheet	FY21 £m	FY20 £m
Fair value of assets - defined benefit section	67.8	63.4
- defined contribution section	15.5	9.8
Fair value of plan assets	83.3	73.2
Present value of funded obligations - defined benefit section	(59.0)	(50.7)
- defined contribution section	(15.5)	(9.8)
Present value of funded obligations - total	(74.5)	(60.5)
Surplus of funded plans	8.8	12.7
Impact of asset ceiling	(8.8)	(12.7)
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.

A reconciliation of the net defined benefit asset over the year is given below:

	FY21 £m	FY20 £m
Net defined benefit asset at beginning of year	-	-
Total defined benefit charge in the Statement of Profit or Loss	-	-
Remeasurements 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 (FY20: £nil). Costs in respect of the defined contribution section of the Plan, and other defined contribution arrangements operated by Airwair International Limited, are allowed for separately.

29. Pensions continued

Effect of the Plan on the Company's future cash flows continued

The remeasurements in respect of the defined benefit section of the Plan, to be shown in Other Comprehensive Income, are shown below:

	FY21 £m	FY20 £m
(Gains)/losses on defined benefit assets in excess of interest	(5.1)	1.7
Experience gains on defined benefit obligation	-	0.3
Losses/(gains) from changes to demographic assumptions	0.3	(0.8)
Losses/(gains) from changes of financial assumptions	9.0	(4.0)
Change in effect of asset ceiling	(4.2)	2.8
Total remeasurements to be shown in the OCI	-	-

The change in assets over the year was:

	FY21 £m	FY20 £m
At 1 April	73.2	75.1
Interest on defined benefit assets	1.4	1.5
Return on defined benefit section assets less interest	5.1	(1.7)
Benefits paid from the defined benefit section	(2.1)	(2.2)
Increase in defined contribution section assets	5.7	0.5
At 31 March	83.3	73.2

The change in the funded obligations over the year was:

	FY21 £m	FY20 £m
At 1 April	60.5	65.5
Past service cost	-	-
Interest cost on defined benefit obligation	1.1	1.3
Experience loss on defined benefit obligation	-	0.2
Changes to demographic assumptions	0.3	(0.8)
Changes to financial assumptions	9.0	(4.0)
Benefits paid from the defined benefit section	(2.1)	(2.2)
Increase in defined contribution section assets	5.7	0.5
At 31 March	74.5	60.5

The change in the effect of the asset ceiling over the year is as follows:

	FY21 £m	FY20 £m
At 1 April	12.7	9.6
Net interest charge on asset ceiling	0.3	0.2
Changes in the effect of the asset ceiling excluding interest	(4.2)	2.9
At 31 March	8.8	12.7



Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

29. Pensions continued

Effect of the Plan on the Company's future cash flows continued

A breakdown of the assets is set out below, split between those assets that have a quoted market value in an active market and those that do not. The assets do not include any investment in shares of Airwair International Limited.

	FY21 £m	FY20 £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	1.1	0.2
Foreign	19.4	10.9
	20.5	11.1
Fixed interest bonds		
Unspecified	7.2	9.6
	7.2	9.6
Index linked gilts		
Domestic	34.6	35.1
Foreign	-	-
	34.6	35.1
Alternatives		
Unspecified	5.8	6.8
	5.8	6.8
Insured annuities		
Domestic	1.5	1.4
	1.5	1.4
Cash and other		
Domestic	2.6	2.7
Foreign	-	0.2
Unspecified	(4.6)	(3.5)
	(2.0)	(0.6)
Defined contribution section assets		
Unspecified	15.5	9.8
	15.5	9.8
Fair value of plan assets	83.3	73.2

29. Pensions continued

Effect of the Plan on the Company's future cash flows continued

A full actuarial valuation was carried out at 30 June 2019. The results of that valuation were updated to 31 March 2021 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:

	FY21	FY20
Discount rate	2.0%	2.3%
Inflation assumption (RPI)	3.3%	2.5%
Inflation assumption (CPI)	2.5%	1.7%
LPI pension increases subject to 5% cap	3.2%	2.5%
Revaluation in deferment	2.5%	1.7%
Post retirement mortality assumption	100% (males) and 102% (females) of S3PA tables, with allowance for future improvements in line with CMI_2019, 1.00% long-term rate	100% (males) and 102% (females) of S3PA tables, with allowance for future improvements in line with CMI_2018, 1.00% long-term rate
Tax free cash	Members are assumed to take 50% of the maximum tax free cash	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	21.7
Female	24.0	23.8
Retiring in 20 years' time:		
Male	22.8	22.7
Female	25.1	24.9

The key sensitivities of the defined benefit obligation to the actuarial assumptions are shown below:

	Approximate (decrease)/ increase to the defined benefit obligation	
	2021 £m	FY20 £m
Discount rate		
Plus 0.5% (FY20: plus 0.5%)	(4.7)	(3.8)
Minus 0.5%	5.3	4.3
Rate of inflation		
Plus 0.5% (FY20: plus 0.5%)	4.3	3.6
Minus 0.5%	(4.6)	(3.3)
Life expectancy		
Plus 1.0 year (FY20: plus 1.0 year)	2.8	2.6
Minus 1.0 year	(2.7)	(2.5)

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 of Loss are not sensitive to the actuarial assumptions used at the current time, due to the effect of the asset ceiling.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2021

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.

Prior to admission to the London Stock Exchange on 29 January 2021, the Group was backed by funds advised by Permira Holdings Limited and its subsidiary entities. Permira Holdings Limited was related to the Company due to common control; IngreLux S.à.r.l. (the Group's ultimate controlling parent party) is controlled by Permira V Fund, which is itself controlled by Permira Holdings Limited.

Transactions with connected parties are as follows:

	FY21 £'000	FY20 £'000
Permira Holdings Limited¹		
Amount incurred	-	51
Amount outstanding at year end	-	28
Alter Domus²		
Amount incurred	6	-
Amount outstanding at year end	6	-
TeamViewer²		
Amount incurred	6	-
Amount outstanding at year end	-	-

1. Permira Holdings Limited is related to the Group as it is a majority shareholder and has significant influence over the Group. In prior year, Permira Holdings Limited was related to the Group due to common control, IngreLux S.à.r.l. controlled by Permira V Fund, which is itself controlled by Permira Holdings Limited.

2. Alter Domus 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.

During the year, as part of the business reorganisation prior to listing, shares were issued to IngreLux S.à.r.l. as detailed in note 23. Additionally, all of the C ordinary shares of £1,500 each were cancelled and repaid to the shareholders, including senior management.

During the prior year, the Group traded with W M Griggs 1989 Settlement Trust, of which Mr S W Griggs is a trustee and held an interest in the preference shares. The rent and service charges below were in relation to a property on which the lease expired in February 2019. The costs in the year relate to the part year period to the ending of this lease and there will be no further costs.

	FY21 £'000	FY20 £'000
Rent and service charges paid to W M Griggs 1989 Settlement Trust	-	4

Key management personnel compensation

The compensation of key management (including Executive Directors) for the year was as follows:

	FY21 £'000	FY20 £'000
Salaries and benefits	26,623	6,367
Exceptionals: IFRS 2 (non-cash)	10,786	-
Pensions	201	92
Amounts owed by management	-	1,197

This includes the Directors of all Group companies.



PARENT



COMPANY

- 188 Parent Company Balance Sheet
- 189 Parent Company Statement of Changes In Equity
- 190 Notes to the Parent Company Financial Statements



Parent Company Balance Sheet

As at 31 March 2021

	Notes	Total FY21 £m
Non-current assets		
Investments	5	1,413.4
Current assets		
Trade and other receivables	6	10.2
Cash and cash equivalents	7	9.5
		19.7
Total assets		1,433.1
Current liabilities		
Trade and other payables	8	(26.6)
Total liabilities		(26.6)
Net assets		1,406.5
Equity attributable to the owners of the Parent		
Share capital	9	10.0
Capital redemption reserve	10	-
Retained earnings	10	1,396.5
Total equity		1,406.5

As permitted by Section 408 of the Companies Act 2006, the Company's Statement of Profit or Loss has not been included in these financial statements.

The Company incurred a loss for the six months to 31 March 2021 of £5.0m. The Directors consider £1,385.0m of retained earnings is distributable and £11.5m is non-distributable.

The notes on pages 190 to 194 are an integral part of these financial statements.

The financial statements on pages 188 to 194 were approved and authorised by the Board of Directors and signed on its behalf by:

Kenny Wilson
Chief Executive Officer
16 June 2021

Jon Mortimore
Chief Financial Officer
16 June 2021



Parent Company Statement of Changes in Equity

For the period ended 31 March 2021

	Notes	Share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
At date of incorporation on 19 October 2020		-	-	-	-
<i>Comprehensive expense</i>					
Loss for the period		-	-	(5.0)	(5.0)
Total comprehensive expense for the period		-	-	(5.0)	(5.0)
Shares issued	9	-	-	-	-
Share for share exchange	9	1,400.0	-	-	1,400.0
Capital reduction	9	(1,390.0)	-	1,390.0	-
Share-based payments	11	-	-	11.5	11.5
At 31 March 2021		10.0	-	1,396.5	1,406.5

The notes on pages 190 to 194 are an integral part of these financial statements.



Notes to the Parent Company Financial Statements

For the period ended 31 March 2021

1. General information

Dr. Martens plc (formerly Dr. Martens Limited) (the "Company") was incorporated in England and Wales on 19 October 2020 as Ampholdco Limited, a private company limited by shares in the United Kingdom, renamed Dr. Martens Limited on 22 December 2020 and re-registered as a public company limited by shares and renamed Dr. Martens plc on 22 January 2021 with its registered office situated in England and Wales. As of 18 December 2020, the Company's registered office is: 28 Jamestown Road, Camden, London NW1 7BY. Prior to this date the registered office was Cobbs Lane, Wollaston, Northamptonshire, NN29 7SW.

The Company's principal activity is that of a holding company. On 29 January 2021, the entire issued share capital of the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The Company has presented a period from incorporation on 19 October 2020 to 31 March 2021 and the policies have been 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 International Accounting Standards (Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) 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); and
- 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 2022 and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period.

The Directors also considered the Group funding arrangements at 31 March 2021 with cash of £113.6m, available undrawn facilities of £195.4m and bullet debt repayment of £300.0m not due until 2026.

The financial year to 31 March 2021 was dominated by Covid-19 and it is highly likely the majority of the going concern period will also be impacted by Covid-19 albeit to a lesser extent but reliant upon vaccination pace and vaccinations success in our core markets. The impact of Covid-19 on the Group during the year to 31 March 2021 is described on pages 16 and 17 (Covid-19 - Resilience through the pandemic).

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 2021, including the impact of Covid-19 on profitability, cash flow and covenant compliance. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts. Our distribution centres ("DC") remained operational throughout the period while operating with appropriate social distancing. In addition we opened a second DC in the US such that both EMEA and Americas have dual functionality to pick orders from either DC further reducing the risk of picking and dispatching orders.

The Directors remain vigilant and continue to monitor the effects of Covid-19 in all our core markets and across ecommerce, retail and wholesale channels in these markets and will react appropriately to further developments and associated risks.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a number of different scenarios including a severe but plausible downside scenario described in the Viability Statement set out on pages 80 and 81 with no planned cost or working capital mitigation (including the payment of dividends). Given the backdrop of Covid-19 and continued global economic uncertainty the principal risk for modelling purposes relates to the achievement of planned growth in revenue and accordingly we have sensitised our revenue assumptions versus our base case plan. To date we have had minimal experience of bad debts, lower margins or restricted supply.

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

2. Accounting policies continued

Going concern continued

In addition, we have also modelled a reverse stress test where we calculated the impact on revenue off setting covenant headroom to zero and also zero liquidity (with methodology described in viability statement) and assessed the likelihood of occurrence to be remote.

Should a more 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, and delay/cancellation of IT related capex and reduced future dividend payments. A more extreme downside scenario is not considered plausible.

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 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 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.

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).

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 the share-based transactions is recognised as an expense over the vesting period of the awards, with a corresponding increase in equity.

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.

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.

3. Staff costs

Other than the Directors, the Company had no employees during the period. Details of Directors' remuneration can be found in note 7 to the Consolidated Financial Statements and in the Remuneration report on pages 113 to 126.



Notes to the Parent Company Financial Statements continued

For the period ended 31 March 2021

4. Auditor's remuneration

The Company has incurred audit fees of £15,000 for the current period which are borne by Airwair International Limited.

5. Investments

	FY21 £m
Acquisitions	1,413.4
	1,413.4

On 14 December 2020, the Company issued ordinary and preference shares in a share for share exchange with the shareholders of Doc Topco Limited. Consequently, Dr. Martens plc directly owns 100% of Doc Topco Limited. Further details of the transaction can be found in note 6.

As the Company is reporting under FRS 102, under Section 615 of the Companies Act 2006, the Company opted to record its investment in the shares acquired at an amount equal to the aggregate share capital only.

A list of the Company's investments in subsidiary undertakings can be found in note 12.

6. Trade and other receivables

	FY21 £m
Social security and other taxes	0.7
Prepayments and accrued income	0.4
Amounts owed by subsidiary undertakings	9.1
	10.2

7. Cash and cash equivalents

	FY21 £m
Cash and cash equivalents	9.5

8. Trade and other payables

	FY21 £m
Amounts due to subsidiary undertakings	18.1
Accruals and deferred income	8.5
	26.6

9. Share capital

	FY21 No.	FY21 £m
Authorised, called up and fully paid		
Ordinary shares of £0.01 each	1,000,000,100	10.0
	1,000,000,100	10.0

The movements in the ordinary share capital during the period ended 31 March 2021 were as follows:

	Ordinary shares No.	Share capital £m
Issued on incorporation	1	–
Further shares issued	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 2021	1,000,000,100	10.0

The movements in the preference share capital during the period ended 31 March 2021 were as follows:

Preference shares	Preference 'A' shares No.	Preference 'B' shares No.	Total No.
On incorporation	–	–	–
Issued on share for share exchange	37,626,266	128,171,815	165,798,081
Redemptions	(37,626,266)	(128,171,815)	(165,798,081)
As at 31 March 2021	–	–	–

	Preference 'A' shares £m	Preference 'B' shares £m	Total £m
On incorporation	–	–	–
Issued on share for share exchange	56.3	280.8	337.1
Redemptions	(56.7)	(284.7)	(341.4)
Coupon interest	0.4	3.9	4.3
As at 31 March 2021	–	–	–

For details of share transactions during the year, refer to note 23 of the Group consolidated accounts.

10. Reserves

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
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 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 note 25 of the Group accounts for further details).

11. Share-based payments

Post IPO on 29 January 2021, the Company 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 Leadership Team (LT) and the Restricted Scheme Plan (RSP) for LT direct reports. The LTIP is a discretionary share plan under which awards are approved and granted at the discretion of the Remuneration Committee. Full details can be found in notes 25 and 26 to the consolidated financial statements and in the Remuneration report on pages 113 to 126.



Notes to the Parent Company Financial Statements

continued

For the period ended 31 March 2021

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
Doc Bidco Limited ¹	England and Wales	£1 ordinary shares	–	100%	Management company
Doc Debtco Limited ¹	England and Wales	£1 ordinary shares	–	100%	Management company
Doc Midco Limited ¹	England and Wales	£1 ordinary shares	–	100%	Management company
Doc Topco Limited ¹	England and Wales	Ordinary shares	100%	–	Management company
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 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 USA LLC ³	USA	Capital of no par value	–	100%	Footwear retail and distribution
Dr. Martens Airwair Spain S.L.U. ¹⁷	Spain	Ordinary	–	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
Dr. Martens Airwair Spain S.L.U. ¹⁷	Spain	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 Ltd ¹	Singapore	Ordinary	–	100%	Dormant
Dr Martens Airwair & Co Limited ¹	England and Wales	£1 ordinary shares	–	100%	Dormant
Dr Martens Airwair 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. 05, F28, Seat B, No. 2021, Jiuzhou Avenue West, Zhuhai 519000, 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 Square De L'Atomium 1 b165, 102 Brussels, Belgium.

9 36 Rue Des Petits Champs, 75002, Paris, France.

10 Luna Arena, Herikerberweg 238, Amsterdam, 1101 CM, Netherlands.

11 An Der Arch 3, 82402, Bayern, Germany.

12 Kilmore House, Park Lane, Spencer Dock, Dublin, Ireland D01 YE64.

13 Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany.

14 Blekingegatan 48, 116 62 Stockholm, Sweden.

15 Milano (MI) Corso, VerCELLI 40 CAP 20145.

16 No. 101-217, Floor 1, No.5 Building, Alley 128, Linhong Road, Changning, District, Shanghai.

17 C / Principe de Vergara, 112, 4 Floor, 28002, Madrid.

18 77 Robinsom Road, 13-00 Robinson 77, Singapore 068896.



NOTICE OF ANNUAL GENERAL MEETING 2021

**Held at 28 Jamestown Road, Camden, NW1 7BY
on Thursday 29 July 2021 at 9am**

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.



Letter from the General Counsel and Company Secretary



Emily Reichwald
General Counsel and Company Secretary

Dear Shareholder,

Dr. Martens plc will be holding its inaugural Annual General Meeting (AGM) on Thursday 29 July 2021 at 28 Jamestown Road, Camden, London, NW1 7BY. The meeting will commence at 9am. The formal Notice of Meeting follows this letter on pages 198 to 200. Detailed notes relating to the resolutions being put forward for shareholder approval can be found on pages 201 to 204.

Meeting attendance

The AGM is an important event in the Company's calendar and this year's meeting carries particular significance, being our first. In making arrangements for our first AGM we have been monitoring public health guidance and UK government legislation relating to the Covid-19 pandemic, particularly the progress of the government's "roadmap" out of lockdown and the gradual relaxation of restrictions. Whilst restrictions continue to be in place as at the date of this letter, it is anticipated that all legal limits on public gatherings and social contact will have fallen away by the date of the AGM. That said, guidance promoting the ongoing implementation of social distancing measures and a "common sense" approach to attendance at meetings, events and other gatherings is likely to remain for the foreseeable future. We have therefore planned for this AGM based on these prevailing circumstances and we strongly discourage shareholders from attending the meeting in person. That said, we ask that any shareholders who do wish to attend notify us in advance by emailing company.secretariat@drmartens.com. This will allow us to ensure that the meeting complies with prevailing government guidance and social distancing measures.

The health and wellbeing of shareholders and employees is of paramount importance and, as such, we will continue to monitor developments in government guidance and may revise arrangements for the AGM in the event of a material change in circumstances. Whilst we hope it will not be necessary to do so, we will communicate any changes to our AGM arrangements to shareholders in advance through our website, drmartensplc.com, and where appropriate by announcement via a Regulatory News Service.



How to vote

Your votes are important and we recommend that you can cast these 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 205 and 206.

For the reasons described on page 196, opposite, we strongly encourage shareholders not to attend the AGM in person. As a result, to ensure that all proxy votes are properly exercised at the AGM we recommend that shareholders appoint 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. Whilst you are entitled to appoint any other individual as your proxy, you should note that in the event of the Company having to alter arrangements for the day in response to a potential return of pandemic-linked restrictions, that individual may be refused admission to the AGM and, as a consequence, your vote may not be registered.

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.

Directors’ Remuneration Policy

The 2021 Remuneration Policy is based on the structure disclosed in the Company’s IPO Prospectus. The Policy was partially adopted on the Company’s admission to listing on the London Stock Exchange and fully implemented at the start of FY22. The Board is satisfied that the 2021 Remuneration Policy is designed such that it provides for remuneration outcomes that are appropriately motivating, aligns with the Company’s strategy and culture and is reflective of prevailing market trends.

Directors

All Directors will 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 86 to 89 of the Annual Report and at drmartensplc.com, whilst more information about the process we followed for recruiting our new Independent Non-Executive Directors prior to our IPO can be found on page 100 of the Annual Report. The Board considers each Director to be fully effective and committed to his or her role and recommends them all for re-election.

How to ask questions

We encourage you to submit your questions for the Board in relation to the resolutions being proposed at the AGM by email to company.secretariat@drmartens.com by 27 July 2021, which will enable the Board to answer as many shareholder questions as possible. We will publish a list of answers to questions relating to the business of the AGM on drmartensplc.com shortly after the meeting.

Recommendation

The Board considers that each resolution to be proposed at the AGM is in the best interests of the shareholders as a whole and recommends that shareholders vote in favour of all resolutions, as the Directors intend to do in respect of their own shareholdings.

Yours faithfully,

Emily Reichwald
General Counsel and Company Secretary

NOTICE OF ANNUAL GENERAL MEETING 2021



Notice of Annual General Meeting 2021

DR. MARTENS PLC

Company number: 12960219

Notice of Meeting 29 July 2021

Notice is hereby given that the Annual General Meeting of Dr. Martens plc (the "Company") will be held at, and broadcast from, 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY on Thursday 29 July 2021 at 9am (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 2021, together with the report of the auditor.

2. Directors' Remuneration report

To receive and to approve the Directors' Remuneration report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2021, as set out on pages 110 to 126 of the Annual Report, on an advisory basis.

3. Directors' Remuneration Policy

To approve the Directors' Remuneration Policy, as set out in the Directors' Remuneration report on pages 113 to 120 of the Annual Report.

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 pages 86 to 89 of the Annual Report or visit our website drmartensplc.com

12. Reappointment of auditors

To resolve that Ernst & Young LLP be, and is hereby, re-appointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

13. Auditors' remuneration

To resolve that the Audit and Risk Committee 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 2022 or until 1 October 2022, whichever is sooner.

14. Political donations continued

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 of 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 £3,333,333.67 (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 £6,666,667.33 (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 2022 or on 1 October 2022, 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 £500,000.05

and shall expire at the conclusion of the AGM of the Company to be held in 2022 or on 1 October 2022, 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.



Notice of Annual General Meeting 2021 continued

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 that 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 £500,000.05; 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 2022 or on 1 October 2022, 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 100,000,010 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 2022 or until 1 October 2022, 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, 16 June 2021

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 2021, 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 2021. This vote is advisory in nature and the Directors' entitlement to remuneration is not conditional on it.

3. Approval of the Directors' Remuneration Policy

Resolution 3 seeks shareholder approval for the Directors' Remuneration Policy (the "Policy"), which is set out on pages 113 to 120 of the Annual Report. It sets out the Company's policy on remuneration and potential payments to Directors going forward. The Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director unless that payment is in accordance with the Policy or has been approved separately by shareholders.

The vote on the Policy is binding on the Company. If approved, the Policy will remain in effect for the next three years effective from the date of this AGM, except in the event that a change of policy is proposed or the advisory vote on the Remuneration report is not passed in any year subsequent to the approval of the policy.

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 97 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 controlling shareholder, IngreLux S.à.r.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.à.r.l. and its concert parties).

For the purposes of the Listing Rules, IngreLux S.à.r.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.



Explanatory notes to the resolutions continued

4-11. Re-election of Directors continued

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 99 to 101 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 86 to 89 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. and 13. Appointment and remuneration of auditor

On the recommendation of the Audit and Risk Committee, the Board proposes in resolution 12 that Ernst & Young LLP be reappointed 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 2022 or on 1 October 2022, whichever is sooner.

15. Powers to allot shares

Paragraph (A) of this resolution 15 would give the Directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £3,333,333.67 (representing 333,333,367 ordinary shares of £0.01). This amount represents approximately one-third (33.33%) of the Company's issued share capital as at 16 June 2021, 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 £6,666,667.30 (representing 666,666,733 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 16 June 2021, 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 2022 or on 1 October 2022, 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. and 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 £500,000.05 (representing 50,000,005 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 16 June 2021, 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 £500,000.05 (representing 50,000,005 ordinary shares of £0.01), representing approximately 5% of the issued ordinary share capital of the Company as at 16 June 2021, 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 16 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 £1,000,000.10, which represents approximately 10% of the issued ordinary share capital of the Company as at 16 June 2021, 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 2022 or on 1 October 2022, whichever is sooner.

18. Authority for the Company to purchase its own shares

Resolution 18 seeks authority for the Directors to purchase up to 100,000,010 ordinary shares which, at 16 June 2021 (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.



Explanatory notes to the resolutions continued

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 86 to 89, 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 controlling shareholder, IngreLux S.à.r.l., pursuant to which IngreLux S.à.r.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 enclosed proxy form. 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 sharevote.co.uk, where there are full instructions, and submit your vote by no later than 9am on 27 July 2021. 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 27 July 2021 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 27 July 2021.
6. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 13 on page 206) 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 27 July 2021 (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 at an agreed time at the Company's registered office: 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY:
 - (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.

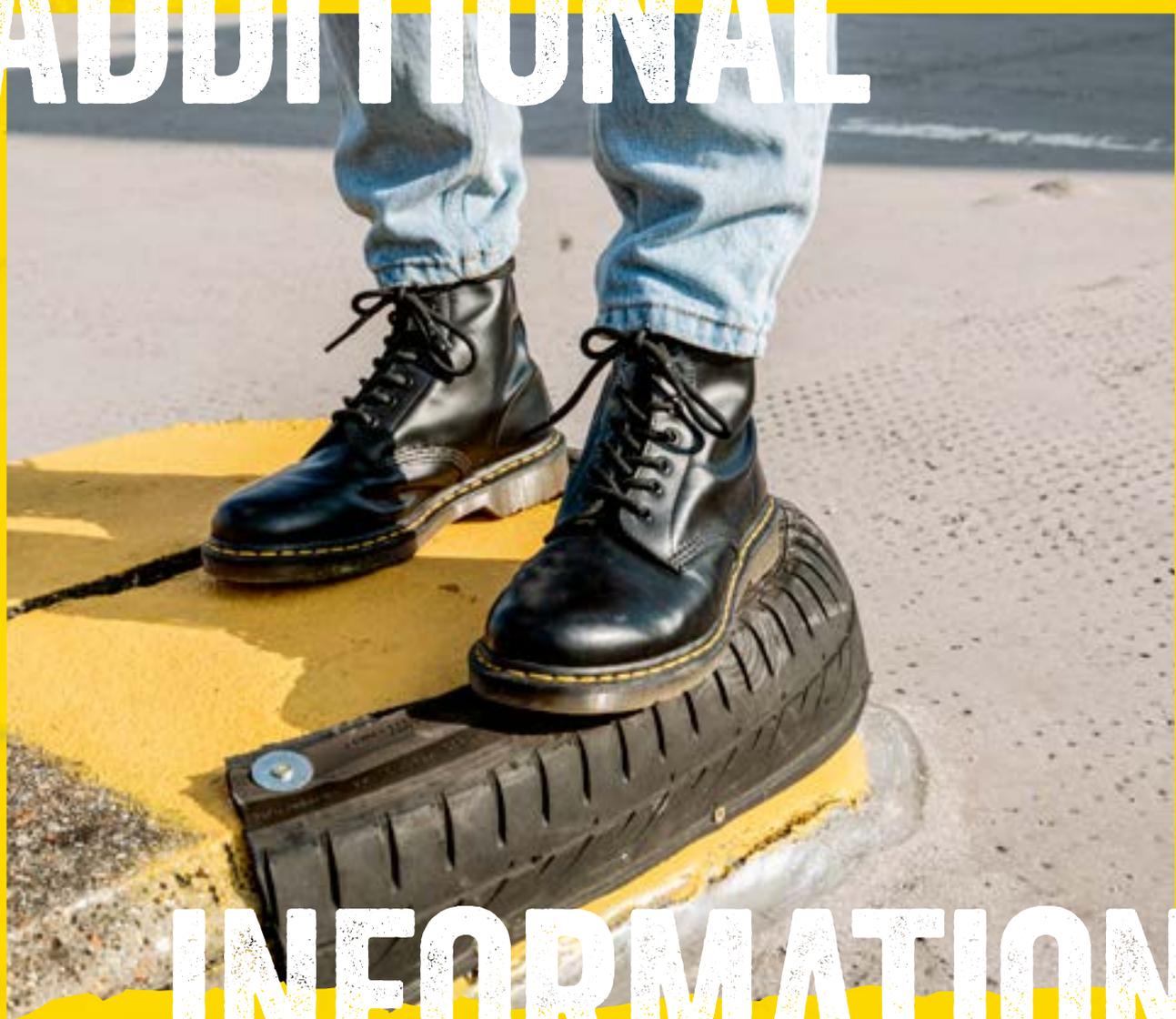


Important notes continued

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 16 June 2021 (the latest practicable date before the publication of this Notice) the Company's issued share capital consists of 1,000,000,100 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 16 June 2021 are 1,000,000,100.
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 27 July 2021. 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 16 June 2021 from the General Counsel and Company Secretary on pages 196 and 197 for further explanatory notes.



ADDITIONAL



INFORMATION

208	Five-year financial summary (unaudited)
209	Two-year financial summary (unaudited)
210	Glossary
212	Shareholder information
IBC	Company information



Five-year financial summary (unaudited)

For the year ended 31 March 2021

	FY21 £m	FY20 £m	FY19 ⁵ £m	FY18 ⁵ £m	FY17 ⁵ £m	CAGR %
Revenue:						
Ecommerce	235.4	136.4	72.7	43.6	32.4	49%
Retail	99.7	165.2	126.7	97.1	78.9	5%
DTC	335.1	301.6	199.4	140.7	111.3	25%
Wholesale ⁴	437.9	370.6	255.0	207.9	179.3	20%
	773.0	672.2	454.4	348.6	290.6	22%
Gross margin	470.5	401.5	260.5	186.0	148.7	26%
EBITDA ^{1,2}	224.2	184.5	85.0	50.0	37.5	43%
Operating profit before exceptionals	193.0	154.5	73.2	42.0	32.6	43%
Operating profit	112.5	142.5	68.0	40.2	31.0	29%
Key statistics:						
Pairs sold (m)	12.7	11.1	8.3	6.9	6.0	
No. of stores ³	135	122	109	94	71	
DTC mix %	43%	45%	44%	40%	38%	
Gross margin %	60.9%	59.7%	57.3%	53.4%	51.2%	
EBITDA %	29.0%	27.4%	18.7%	14.3%	12.9%	
Revenue by region:						
EMEA	335.6	287.9	195.1	149.6	113.7	24%
Americas	295.8	252.2	161.1	117.4	106.0	23%
APAC	141.6	132.1	98.2	81.6	70.9	15%
	773.0	672.2	454.4	348.6	290.6	22%
Revenue mix:						
EMEA %	44%	43%	43%	43%	40%	
Americas %	38%	37%	35%	34%	36%	
APAC %	18%	20%	22%	23%	24%	

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

2. Before exceptional items of £80.5m (FY20: £12.0m).

3. Own stores on streets and malls operated under arm's length leasehold arrangements.

4. Wholesale revenue including distributor customers.

5. From 1 April 2019, control of distributor revenue in relation to the Australia market was transferred from the EMEA geographic market to the APAC geographic market. The prior years have been restated to reflect comparable information for all periods presented. This has had no net profit impact on the Group.



Two-year financial summary (unaudited)

For the year ended 31 March 2021

	H1			H2			FY		
	FY21 £m	FY20 £m	Growth %	FY21 £m	FY20 £m	Growth %	FY21 £m	FY20 £m	Growth %
Revenue:									
Ecommerce	75.3	38.0	98%	160.1	98.4	63%	235.4	136.4	73%
Retail	34.3	64.5	-47%	65.4	100.7	-35%	99.7	165.2	-40%
DTC	109.6	102.5	7%	225.5	199.1	13%	335.1	301.6	11%
Wholesale ⁴	208.6	166.2	26%	229.3	204.4	12%	437.9	370.6	18%
	318.2	268.7	18%	454.8	403.5	13%	773.0	672.2	15%
Gross margin	186.3	155.2	20%	284.2	246.3	16%	470.5	401.5	17%
EBITDA ^{1,2}	86.3	66.6	30%	137.9	117.9	17%	224.2	184.5	22%
Operating profit before exceptionals	67.8	51.1	33%	125.2	103.4	21%	193.0	154.5	25%
Operating profit	64.8	47.4	37%	47.7	95.1	-50%	112.5	142.5	-21%
Key statistics:									
Pairs sold (m)	5.6	4.8	17%	7.1	6.3	13%	12.7	11.1	14%
No. of stores ³	130	110	18%	135	122	11%	135	122	11%
DTC mix %	34%	38%	-4pts	50%	49%	+1pts	43%	45%	-2pts
Gross margin %	58.5%	57.8%	+0.7pts	62.7%	61.0%	+1.7pts	60.9%	59.7%	+1.2pts
EBITDA %	27.1%	24.8%	+2.3pts	30.3%	29.2%	+1.1pts	29.0%	27.4%	+1.6pts
Revenue by region:									
EMEA	159.6	123.3	29%	176.0	164.6	7%	335.6	287.9	17%
Americas	102.6	97.0	6%	193.2	155.2	24%	295.8	252.2	17%
APAC	56.0	48.4	16%	85.6	83.7	2%	141.6	132.1	7%
	318.2	268.7	18%	454.8	403.5	13%	773.0	672.2	15%
Revenue mix:									
EMEA %	50%	46%	+4pts	39%	41%	-2pts	44%	43%	+1pts
Americas %	32%	36%	-4pts	42%	38%	+4pts	38%	37%	+1pts
APAC %	18%	18%	-	19%	21%	-2pts	18%	20%	-2pts

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

2. Before exceptional items of £3.0m for H1 and £77.5m for H2 (FY20: £12.0m).

3. Own stores on streets and malls operated under arm's length leasehold arrangements.

4. Wholesale revenue including distributor customers.

Glossary

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 Revenue: ecommerce Revenue: retail Revenue: DTC Revenue: wholesale	Revenue from Group's ecommerce platforms Revenue from Group's own stores (including concessions) Revenue from the Group's direct-to-consumer (DTC) channel (= ecommerce plus retail revenue) Revenue from the Group's business-to-business channel revenue to wholesale customers, distributors and franchisees	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	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
Operating profit	Profit for the year excluding financing and tax	Operating profit is a key profit measure that showcases the level of profits a company achieves once it deducts all the costs of running its core business operation	Yes	Yes
EBITDA	Profit/(loss) for the year before income tax expense, financing expense, foreign exchange 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 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
EBITDA (post-exceptional items)	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



Alternative Performance Measures (APMs) and other non-statutory measures continued

Metric	Definition	Rationale	APM	KPI
Adjusted profit before tax	Statutory profit before tax adjusted to exclude exceptionals	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
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 basic and adjusted diluted EPS	EPS calculated using 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
Normalised Adjusted EPS	EPS calculated using earnings before taking into account exceptional items and preference share interest	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

Shareholder information

Analysis of share register

Ordinary shares

As at 31 March 2021, the Company had 354 registered holders of ordinary shares. Their shareholdings are analysed below.

Range of shareholding	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
1 to 500	33	9.32%	6,868	0.00%
501 to 1,000	23	6.50%	19,186	0.00%
1,001 to 2,000	20	5.65%	28,290	0.00%
2,001 to 5,000	15	4.24%	45,173	0.00%
5,001 to 10,000	22	6.21%	152,797	0.02%
10,001 to 100,000	67	18.93%	2,849,386	0.28%
100,001 to 1,000,000	90	25.42%	33,781,179	3.38%
1,000,001 to Highest	84	23.73%	963,117,221	96.32%
Total	354	100.00%	1,000,000,100	100.00%

Shareholder enquiries

Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our registrar, Equiniti, using the telephone number or address on this page.

Electronic shareholder communications

Shareholders can elect to receive communications by email each time the Company distributes documents, instead of receiving paper copies. This can be done by registering via Shareview at no extra cost, at www.shareview.co.uk. In the event that you change your mind or require a paper version of any document in the future, please contact the registrar.

Access to Shareview allows shareholders to view details about their holdings, submit a proxy vote for shareholder meetings and notify a change of address. In addition to this, shareholders have the opportunity to complete dividend mandates online which facilitates the payment of dividends directly into a nominated account.

Financial calendar

Annual General Meeting	29 July 2021
Q1 Trading Update	29 July 2021
Announcement of half year results	9 December 2021

Shareholder security

Shareholders should be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free company reports. These are typically from purported “brokers” who target UK shareholders with offers to sell them what often turn out to be worthless or high-risk shares in USA or UK investments. These operations are commonly known as boiler rooms. If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before getting involved. This can be done by visiting www.fca.org.uk/register/. **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 9am on Thursday 29 July 2021. Shareholders are strongly encouraged not to attend the meeting in person and to send any questions they may have for the Board, that relate to the business of the meeting, in advance by email to company.secretariat@drmartens.com. Questions relating to the business of the meeting can be emailed to and will be responded to in full. We will also publish all answers to questions submitted and the full voting results for the 2021 AGM on drmartensplc.com shortly after the meeting.

More information can be found in the Notice of Meeting, starting from page 196 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

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ADDITIONAL INFORMATION



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Dr. Martens plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Revive 100 Offset, an FSC® certified material.

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