



14 April 2023

Dr. Martens plc

## Year-end trading and LA Distribution Centre updates

*“Full year revenue was up 10% with Q4 up 6%. In constant currency, full year revenue was up 4% with Q4 level with last year. By channel, Q4 growth was driven by strong DTC trading, led by retail growth of 36%, or 28% in constant currency, but this was offset partly by wholesale being behind last year. Within our regions, EMEA DTC accelerated in Q4 while America DTC remained soft. We took decisive action to tackle the operational issues at our LA DC with shipments now back to normal levels. However, costs associated with resolving these issues were higher than our initial estimates which, in conjunction with softer Q4 wholesale revenue, means we expect EBITDA for the year to be around £245m. We continue to adopt a custodian mindset, taking decisions in the best long-term interests of all our stakeholders, and I believe firmly in the DOCS strategy, the continued strength of the Dr. Martens brand and the medium to long-term growth potential of the business. I look forward to sharing more details at the full year results.”* **Kenny Wilson, Chief Executive Officer**

### Performance summary

Q4 revenue was up 6% (flat in constant currency (CC)) driven by strong direct-to-consumer (DTC) growth in EMEA and APAC, offset in part by continued soft DTC in America. Wholesale revenue was down in Q4 due mainly to the LA distribution centre (DC) operational issues and our planned shipment reduction to our China distributor, offset in part by growth in EMEA.

- Q4 total revenue grew 6% (flat CC) driven by strong overall DTC trading, which grew 20% (13% CC), with wholesale down 4% (-11% CC). Within DTC, retail grew 36% (28% CC) and ecommerce grew 8% (2% CC).
- For the full year, revenue growth was 10% (4% CC). DTC was up 16% (11% CC) and wholesale was up 4% (-3% CC). Within DTC, retail was up 30% (25% CC) and ecommerce was up 6% (1% CC).
- We now expect FY23 EBITDA to be around £245m due to higher costs at our LA DC and lower wholesale revenue.
- At 31 March, the company had cash of c.£158m and inventory of c.£258m.

### LA DC update

We have made good progress on resolving the operational issues at our LA DC, which began impacting our America wholesale channel from December.

- Our most experienced supply chain team were sent to LA to take control of operations and implement the recovery plan, and they remain heavily involved.
- We opened three temporary warehouses to release excess shipping containers and store stock away from the LA DC.
- A third shift was added to focus on the additional work required to unblock the bottleneck and transfer excess stock to the temporary warehouses.
- As a result, shipment volumes at the LA DC are now back to normal levels.
- Work commenced on enlarging and reconfiguring the New Jersey DC to allow it to store, pick and pack for both DTC and wholesale channels in America and, in line with our plans, a successful, initial test shipment took place in March.
- In FY23, total incremental costs associated with the LA DC were c.£15m, higher than the £8-11m expected initially, due mainly to higher than anticipated container costs.

### FY24

We are maintaining FY24 revenue growth guidance of mid to high single digits on a constant currency basis.

As with FY23, we expect FY24 incremental costs associated with the LA DC will be c.£15m, due mainly to rent annualisation as we now plan to maintain temporary warehouses for the full year, offset partly by lower year-on-year container and handling costs. These costs will be H1 weighted.

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### **Investor and analyst conference call**

Kenny Wilson, CEO, and Jon Mortimore, CFO, will host a conference call with Q&A for analysts and investors at 0800 BST. This can be accessed via <https://www.drmartensplc.com/>.

### **About Dr. Martens**

Dr. Martens is an iconic British brand founded in 1960 in Northamptonshire. Produced originally for workers looking for tough, durable boots, the brand was quickly adopted by diverse youth subcultures and associated musical movements. Dr. Martens has since transcended its working-class roots while still celebrating its proud heritage and, six decades later, “Docs” or “DM’s” are worn by people around the world who use them as a symbol of empowerment and their own individual attitude. The Company is a constituent of the FTSE 250 index.