

Dr. Martens plc FY26 Results Presentation

[Brewer Street introduction video plays]

Ije Nwokorie - Chief Executive Officer

Thank you very much Liam, who I think is in the room, thank you. And welcome everybody to our full year results for FY26. I'm joined by Giles Wilson our CFO, Paul Mason our Chair, I believe you all know Bethany Barnes who leads corporate communications and investor relations.

We're also joined by our executive team who are in the room, and they'll be around for conversations afterwards. You can see the agenda on the screen. Giles in a minute will come and give us a financial update and then I will return to talk about our progress on the strategy.

The strategy we introduced last year shifts the business from a channel-first mindset to a consumer-first mindset to create more desire for Dr. Martens and the brand around the world. Creating that desire is what Brewer Street is about. We opened this store at 11am on a morning not dissimilar to this one, it was a cold, drizzly, wet, late November. At around 9am, even though the store was due to open at 11am, we spotted just in that corner an immaculately dressed lady who was just looking into the store and it was obvious she was waiting for the store to open and that was two hours away. So the team gave me a cup of tea from Doctor's Orders to take to her and I let her know that the store wasn't open for another couple of hours and she said I know, but I am determined to be the first customer in this new store and I am desperate to get my hands on the Kiki black boot. And so, she stood there and had a cup of tea, and at 11am Monique was the first customer in the store. She got her black Kiki boots in size 8 and she walked out with a bounce in her step.

While I can't promise that the CEO of Dr. Martens will make every consumer a cup of tea when they come, what I can promise is that as a team, Liam, the rest of us in this business are obsessed with creating that kind of desire with our consumers around the world. And the pivot we've been doing this year is fundamentally about creating that kind of desire and we're excited to move into a year where we start scaling that around the world. I'll talk a bit more about how we're doing that after Giles takes us through the financial update.

Giles Wilson - Chief Financial Officer

Thank you Ije and good morning, everyone. As Ije and Liam have said, it's great to welcome you to our Brewer Street beacon store. It's a pleasure to be here and to take you through our full year results for FY26.

It's been a year of significant change, some really tough calls and a lot of hard work as we pivot the business to be more consumer-led while continuing to strengthen the core financials, building on the work we did last year. As I said at H1 FY26, we've been focused on making the right long-term decisions while staying disciplined on cost in the short term so we can fund them. We've also worked hard to improve the quality of our revenue by driving

more full-price sales and reducing markdown. Over the next few slides, I'll talk you through some key highlights.

Let me turn to the key financials. Before I get into the detail, I want to be clear on how we've treated US tariffs, particularly as companies are approaching this in different ways following the US Supreme Court judgment in February.

We've reclassified the full cash amount incurred this year of the unlawful US tariff costs, both from cost of goods and what would have been included in closing inventory as an operating expense, and included that as an adjusting item to show a true performance comparison year-on-year and not to distort future years from these tariffs. We are in the process of reclaiming these and any refunds received will be recognised also as an adjusting item in future periods. All other lawful US tariffs incurred are included in cost of goods sold and closing inventory as usual.

On revenue, we're in line with guidance, down 1.4% on a constant currency basis. We saw strong gross margin progression and together with our strong cost control we delivered an adjusted PBT on a constant currency basis of £54.2 million, up 59%, and £55 million on a reported basis, up 61%. We have declared a dividend of 2.55p in line with last year, and finally, we continue our focus on reducing net debt, with net bank debt down a further £25 million. Our overall objective this year was to strengthen the financials and focus on decisions for the long-term while delivering significant profit growth.

Turning to revenue, this bridge shows performance by region and also calls out the full-price DTC performance in each region. The focus this year was on improving revenue quality not quantity.

We delivered that in Americas and APAC, and there is work to be done in EMEA. The first column is FY25 revenue. The second column adjusts for a one-off US off-price deal completed in Q4 last year. We get a cleaner year-on-year comparison and this shows revenue in FY26 was essentially flat. Starting with the Americas, we return to growth across both DTC and wholesale with total growth adjusted for that off-price deal of £13.3 million while significantly improving full-price DTC sales which are up 14% at the same time as pulling back on markdown. We are particularly pleased with the Americas wholesale and Ije will cover that in more detail later.

Looking ahead, we expect the wholesale momentum to continue with strong order books for AW26. On EMEA, as we talked about through the year, DTC has been tougher with the consumer backdrop weak, and the market has been highly promotional. Overall DTC was down £24 million year-on-year and full-price is back 13%. The brightest spot is wholesale. EMEA wholesale grew by £10 million and looking forward, the order book is again encouraging.

And finally, APAC. DTC delivered continued year-on-year growth with a standout performance in South Korea retail and full-price e-commerce across the whole region. Full-price is up 15% and there is a significant year-on-year pullback in markdown. Overall we're pleased with the progress made in the quality of the revenue.

Whilst there is still work to be done in EMEA DTC, what gives us confidence is the continued DTC growth in Americas, the strength in APAC, the better wholesale performance and order books and the progress we've made in reducing reliance on markdown sales.

Moving to gross margin we continue to see a good year-on-year progress with margin up 1.2%. Even with a mix shift from DTC to wholesale, which is a slightly lower gross margin channel creating a 0.2% headwind, the reduced discounting and continued cost control have more than made up for it. And of course, at an EBIT margin level wholesale performance was a benefit in FY26. Less markdown also fed straight through into our Average Selling Price. Even with a higher mix of shoes, which has a lower Average Selling Price than boots, overall ASP is still up 0.6%. And as we highlighted at H1 FY26, we also delivered a strong COGS outcome, with freight savings negotiated by the supply chain team one of the biggest drivers.

Turning to underlying EBIT bridge, the first thing to call out is the step up in EBIT margin from 7.7% to 10.4% in FY26. As a reminder, one of our medium-term targets is to deliver EBIT margin of mid to high teens, driven by better quality revenue, continued cost control, and operational leverage. This year you can see the benefits of the first two of these - better quality revenue and cost discipline coming through. And now we have the foundations in place to deliver operational leverage as we return to top line growth.

In total, adjusted EBIT increased from £60.7m to £78.7m, an improvement of 30%. This has been driven by better quality revenue and stronger margin adding £13.8 million, which was offset by the planned pull back in markdown volume of £12.6 million. OPEX and actions we have taken to reduce costs by £13.8 million and as we said at FY26 H1, we have increased brand investment putting an additional £1 million into demand generation. With fewer store openings and store closures as we execute against the retail strategy, which Ije will update on later, the depreciation is reduced. Along with other items, that delivered a net saving of £4 million. Finally, adjusting items were £24.4 million in total. That includes £9.9 million for the full cash cost of the unlawful U.S. tariffs explained earlier and a number of other adjusting items as set out in the statement.

Finally, cash flow and net debt. We have had another strong year here. Over the last two years, the balance sheet has improved significantly. Net bank debt has come down from a peak of £272 million at H1 FY24, to just under £70 million at the end of this year. This chart shows the key movements in cash flows in FY26 and it also includes the IFRS 16 lease debt to give the overall debt position.

Net debt reduced from £249.5 million in FY25 to £213.5 million, made up of an £11.6 million reduction in leases and £24.4 million in bank debt. We generated £70 million operating cash flow, the first four bars on the chart. We have invested £12 million into CAPEX. We have paid £24 million in dividends and we spent £7 million on the share purchases for the Employee Benefit Trust. Net debt to EBITDA finished at 1.4 times. That's comfortably below our covenant of three times and it's an improvement of 0.4 times year-on-year.

As I promised at FY26 H1, we are now setting out our capital allocation framework. The first point to make is this is a highly cash generative business. Operating cash flow conversion is over 70% and it's been much higher in recent years as we focused on reducing inventory.

After two years in the role I've got a much clearer view of the cash needs of the business and how cash requirements move through the year. The conclusion I've come to is that a healthy balance sheet is net debt to EBITDA of 1.5 times or below throughout the year. That gives us a sensible, prudent covenant headroom and flexibility for what is needed.

In terms of how we deploy capital we think about it in four boxes. They can overlap and while there's a preferred order, we don't follow them rigidly or by formula. In the first two rows, firstly, we will look to invest into the business - into our brand, into CAPEX, systems, and other value driving projects.

We will then look to make a payment of a regular progressive dividend. Our dividend policy is 25 to 35% earnings payout, and you will have seen from our past decisions here that we are committed to payment of a dividend. The second row of boxes are more choices for additional capital. Here we look at strategic investment opportunities. By way of example, the investment the business made a few years ago of circa £1 million into the Gen Phoenix Leather Company. Alongside this, when we have excess capital assessed against our leverage requirements, we would also look to return excess cash to shareholders. You will have also seen this morning we announced the second tranche of our share purchase for our Employee Benefit Trust.

To wrap up, and before I hand back to Ije - here are the key takeaways. We're pleased with the performance this year and we're positioning the business to get back to growth. We've prioritised revenue quality over volume, more full-price, less markdown, driven by the USA. We've kept a relentless focus on costs. That has driven cash generation that has strengthened the balance sheet and net debt has reduced further. We've also invested into the organisation and transformation, which Ije will cover next. We've done all of that while returning the business to profit growth, with adjusted PBT up 61%. With that I shall hand back to Ije.

[Ije Nworie - Chief Executive Officer]

Thank you Giles. You will recognise many of these slides. Let me use them to talk about the progress we're making executing our strategy.

First thing to say, we're building on strong foundations here. A much-desired global brand, strong financial fundamentals and significant headroom in markets around the world. The work we've done in the last year has strengthened our control over the business and proved that we can drive revenue quality as we shift growth.

Our ambition, as it says on that slide, is to be the world's most desired premium footwear brand. We've talked about the four levers that we will use to do that - consumer, product, markets, organisation - and as I said I will always update you on those and I'll do that in a moment. While there's still work to do in the pivot, we are happy with the progress, and we are beginning to scale the things that are ready to be scaled.

In some areas, notably Organisation, the pivot is complete. In other areas, particularly as Giles shared – full-price EMEA revenue - the pivot has further to go in FY27. But our progress gives us confidence in our medium-term financial targets which I'll come back to at the end. There is a lot more to go after in this brand.

When we announced the strategy a year ago, for each of the levers, we set out very clear objectives and I'm happy to say that we've delivered on every single one of them. In consumer, we reduced reliance on discounted pairs in America wholesale.

In Product, we drove sales growth in those new product families that we talked about, and I will touch on them a bit later. In Markets, we opened nine additional markets through a capital-like market structure. And as I'll share later, we have significantly simplified our operating model.

We're doing what we said we would do. I'll take each lever in a bit more detail, remind you of our medium-term objective, share the headlines of what we did in FY26, and cover where we still have work to do in the year ahead. When I get to the Market section, which is the third of those, I will also do a double-click on retail strategy as Giles said. But first, and as always, I want to start with the consumer.

The consumer lever is about engaging more consumers. That's the goal we've set ourselves. This includes building great post-purchase experiences, such as the repair and customisation bar that Liam shared and that you can look at downstairs, or the refurbished Dr. Martens offer. We call it ReWair, which grew 73% in the USA in FY26. But the focus for this pivot in FY26 was to evolve from a narrow trend-focused presentation of our brand to one that expresses what matters to more of our wearers - craft, comfort, confidence - with a real focus on the products that we sell. And you can see that in this compilation right here.

[Consumer video plays]

I think I caught Liam dancing. The focus on the craft, comfort, confidence, helps us attract a loyal consumer segment. We call them the Craft Curator, and we talked about that last year. These are less promotionally minded than the Style Seekers that the brand had previously focused on. And the messages that attract them, things like design, quality, craft, durability, have the advantage of being attractive to the other segments.

This pivot is helping us engage more consumers and drive high-quality revenue. I'm happy to say that our share of the Craft Curators in the market, having gone down from FY23, is now back up again, and in fact is higher than at any point in which we've kept records. And in addition to this, our Consumer Data Platform that we've talked about is helping us land more personalised messages to these different groups. There's still more to do here, but we continue to take benefits from these early advantages.

And this focus on the right consumer, on the Craft Curator, and this ability to reach consumers with what really matters to them beyond just a deal, is helping us drive this full-price growth and revenue quality. And you can see the results here, and Giles has talked to some of them.

In US DTC, again, full-price revenue was up 14%. In APAC, full-price revenue in DTC was up 15%. But it's not just in DTC.

We reduced off-price US wholesale by about a third, and as a result, the Average Selling Price in US wholesale is up 23%. Where we still have work to do is in EMEA, and as you can see here, EMEA DTC full-price revenue was down. A heavily promotional market in the second half, and the absence of stronger local executional muscle in EMEA meant that we went backwards, particularly in UK and Germany. This is a big area of focus for us in the year ahead, and we have a strong playbook because we've done this in other markets, and now we have market-level leadership to deliver improved results in FY27.

For the consumer lever, as we think about the year ahead, we will complete the pivot by driving that full-price mix in the UK and Germany, where we had the biggest declines in FY26. Completing this pivot to full price high-quality revenue in our markets is the critical final component of this pivot. In the short term, it will create a revenue headwind, but it will improve revenue quality and give us a better basis for profitable growth. In terms of what we will scale, as we look across our markets, this focus on the Craft Curator is working, so we will be investing up to another 100 basis points in the brand to reach more consumers. When we've done that, and as we get to H1 FY27, we'll come back and tell you how we are using that investment.

That's consumer. Now let me talk about product. I'll give you an update on the new product families that we've talked about, and that were at the heart of our pivot in FY26. But before I do that, I want to say that's not all we did. We reinforced our premium. For example, the Rick Owen collection, which is that product up there, sells at between £340 to £390, depending on the silhouette. Across our products, while the £220-plus segment is our smallest segment, it is our fastest-growing segment. As I've said before, this brand can command an even higher premium.

So, to the new product families, and how they help us drive more purchase occasions. Lowell, which you see right here, Buzz, and Zebzag were all successful. Their contribution to the business went from 3% to 9% of pairs in FY26. The Craft Curator loves Lowell, but that's not all we did. Buzz continues to give wearers a uniquely Doc's fashion-led option. We have some of them in the back of the room here. And Zebzag, which you can see here, meets that everyday comfort need with its lightweight, easy-on design.

Importantly, we gained 4% on comfort versus the competition, based on our brand health index between October 2024 and October 2025. We will make sure that comfort is even more closely associated with the Dr. Martens brand as we grow.

Now, let me take the product categories one by one, starting maybe obviously with shoes. Shoe revenue is up 19% in the year as we focused on engaging more consumers with a wider range of our products, as I told you last year. And it's not only Lowell and Buzz, it's some of our longer-established core products that are doing this. The 1461 shoe, the Mary Jane that's right there, the Adrian Tassel Loafer have all done very well for us. Shoes is not a single product story, and the growth was across all our markets, led by the Americas, where shoes were up 32% in revenue.

Boots saw a decline of 8% in FY26, but we are beginning to see green shoots, especially in the USA, where full-price boots and our core 1460 boot were back in growth. The Kasey

boot, pictured here, was actually the number one product of all products in US DTC in FY26. We're excited about where we can take boots next.

Sandals requires a bigger reset, as I've previously shared, with performance down 11% in FY26. And while we've had successful lines like the Zebzag Dunnet slide that you see here, sandals recovery will not start in earnest until SS27. Growth will be driven by an innovative program that delivers on lightweight and comfort. Early pre-reads from our partners are very encouraging, so from late FY27 and into FY28, we expect to begin to deliver that sandals growth.

With bags, the growth is already coming. Revenue grew 15% in FY26. Now, this is from a small base, but bags is an important growth category, as I said last year, and it was encouraging to see the success in the first year of the strategy in bags.

Looking to FY27, we aim to make progress across all product categories. To complete the pivot, we will focus on full-price boots. As I said, we're beginning to see that turn, and we will focus on making sure that we deliver that full-price boots performance. And we will introduce a new sandals program at the end, towards the end of the financial year. We will continue to scale what's already working. We will continue the momentum in shoes across price points, and we will build on our early success in bags, particularly getting into more of our wholesale partners around the world. That's product.

Next is market, where we've made good progress partnering great multi-brand retailers around the world. This picture here is a wonderful partnership we have in South Korea with a partner there called Musinsa, where they present the 1461 shoe in such a wonderful way. A few of us managed to see that, and it's really inspiring to see. It's a powerful presentation of our brand, and I'll say more about how those partnerships work in a moment.

But as a reminder, our key objective that we said was to open in at least one market with a capital-light model. And I'm thrilled to say that we are now trading in Argentina, Chile, Colombia, Costa Rica, Mexico, Paraguay, Peru, Uruguay, and the UAE, all markets we were not in a year ago. We've also accelerated this model in markets that we're already in, like the Philippines. And even in markets where we have a DTC offering, like China and Italy, there are parts of the market where this is a great way to go, and we have also extended our presence in those places with similar capital-light models.

But the thing I want to spend a bit of time talking about is our focus on multi-year relationships with multi-brand retailers. And the headline here is that this is not just about distribution, this is about creating value together. When you work with the right retailers, who themselves are amazing curators of great products and great stories for their consumers, the amplified effect is powerful for both parties. We bring an iconic brand, crafted product, unique stories, which is their raw material. They bring incredible reach, a discovery engine for consumers, for diverse consumers, cross-sell opportunities, and rich consumer insight. The result is these great experiences that I shared with the Musinsa example, great experiences for the consumer which in turn create value for all parties. It's the right way to partner, and we've begun to see those results bear fruit in FY26.

Two examples illustrate this from two partners that we have. Both partners have roughly the same shape and offering in FY25, if you look at those assortments. In FY26, we worked closely with them on multi-year plans to tailor the assortment to their consumers. Partner A remains rooted in core boots with newness coming through. That's what their consumer wants. Partner B has shifted, as you can see in the graph here, to an assortment that aligns much more to their fashion-forward consumer. Its shoes, its brown footwear, not as much black, but all of it 100% Dr. Martens. As a result, both partners experienced growth in FY26, and the FY27 order books reflect that differentiation is driving continued growth. That's the power of this approach. By focusing on the consumer and giving them the assortment and the products they want, you drive growth. And of course, that result bears out, as Giles has said, that wholesale is back to growth in FY26 for the first time since FY23.

I should flag that, as Giles did, that that American wholesale figure has been adjusted to exclude a large one-off wholesale off-price deal. This chart shows underlying performance. You can see the sizable decline, particularly in the Americas in FY24 and 25, is reversed as a return to growth in FY26. And again, as Giles has said, we're encouraged by the order books and these multi-year plans, and they give us confidence that we'll continue to grow wholesale in FY27 and the years ahead.

As I promised, let me now dive a bit into the retail strategy, which is another key part of how we show up in the market. Between FY21 and FY24, our store estate doubled from about 122 stores to 239 stores, but retail revenue only grew 50%. Every store was essentially the same, whether it was in a college town on the East Coast or in one of Tokyo's fashion-led streets. In FY26, in our comprehensive review, we've aligned on a segmented estate to drive brand desire and customer engagement by having the right kind of store for the right kind of experience for the consumer.

In FY26, as part of that, we introduced two new formats. You're sitting in one of them right now. Brewer Street here in London is our beacon concept. The store has an Average Selling Price of about 15% higher than other London stores, even though, to create this kind of experience, it has about 60% of the SKUs of other stores in London. But the cafe, the weekly events programme that the team puts on, the repair centre, they really make this a beacon for our brand. People come, they hang out, they engage more deeply with Dr. Martens, and it's an important concept for us to have.

On the right is our brand centre concept, a format which we've introduced in Dosan Park in Seoul. It's a step down from the beacon, but it's also a new retail model that we're really excited about. Just two months in, Average Selling Prices here are 20% higher than the average store in South Korea. Bag sales are two and a half times what they are in typical stores because we really display the entire assortment. Again, you have a cafe, a customisation centre, a craft zone. A cafe there which is provided by a partner and so, again, that's a partnership that comes together. And consumers are able to come in and get the full range of experience from the Dr. Martens brand.

If you take those two new models, the beacon and the brand centre, and you combine them with the rest of the estate, you begin to get a differentiated estate. The beacons will be about 5% of our stores, immersive brand destinations. The brand centres will be about 10%

of our stores, destinations to explore the full range of the brand. And then the brand stores, the core offering elevated, would be about 70%. And, of course, we have our brand outlets, which offer an accessible entry to the brand at value, would be about 15% of our stores. These percentages are illustrative of where we're heading over the next three to five years. I want to make clear that the vast majority of our stores are already brand stores, this third concept, which means that we do not need significant capital expenditure to get there. The estate at that level is already pretty much fit for purpose.

For markets, to summarise, in FY27 completing the pivot will be about launching these new retail concepts in key cities around the world. There is much more that we can do for our consumer in this area. But we also have things to scale because they're already working. We will use our learnings from FY26 to upgrade 30 high-potential stores to become brand centres, similar to Dosan Park, over the next two years. We will continue to scale the low-capital model that we talked about that we've opened in new markets in the year ahead, and we will open more doors with great multi-brand retailers using that same partnering and mutual value creation approach in the year ahead. As we do that, we will come and share that back.

Finally, organisation, and I will keep this short. Our goal is to simplify the operating model, optimise the cost base, and build a culture of excellence, care, and, importantly, accountability.

The first thing we've done is to streamline the executive team from 12 to 8, and build a team that blends deep institutional knowledge with an external perspective. They're all in the room today, and I hope you get to meet them again. Mike and Anna are here, who have been in the company for the best part of a decade, and if you cut them they bleed Dr. Martens. Giles, Bridget and Katherine joined two years ago, and they've been at the ground floor of the pivot that we've been engineering. Then, in the last year, Carla and Paul have joined us, even though it feels like they've been with us forever. They're all here today, and we're excited to operate as one executive team.

We've also simplified our operating model, effectively removing the regional layer between the centre and the markets. It created distance from our consumer and led to duplication of functions across the organisation. You had product, marketing, technology, HR, and so on replicated across each region. Instead, we've strengthened the group functions, giving us global centres of excellence in product, marketing, customer experience, supply chain, technology, finance, and HR. We've empowered experienced commercial teams in our biggest markets, led by general managers, or in the case of our biggest market the USA, led by Paul himself. The result is a leaner, more agile structure with the dual strengths of strong brand direction from the centre, and genuine consumer connection in each market, focused on delivering what the consumer desires. This change is what unlocks everything I've talked about today, because proximity to the consumer is at the heart of why we win.

Before I wrap up, a few words on the last organisational enabler - technology. Over the last few years, Dr. Martens has invested in a strong technology platform, and in the year since we last spoke, we've built out our global technology centre - the GTC - in Bangalore, with a smart and experienced team of engineers and data technologists. You can see some of them here. Actually, Giles and I are in this picture, and there will be prizes for whoever can spot

us! This is now impacting how our supply and demand planning system give us more control. It is helping embed AI and advanced analytics into people's everyday work, and it powers the consumer-first mindset: how we attract high-quality consumers, how we deliver consistent personalised experiences, and how we drive repeat purchases or reactivate those who may have gone somewhere else for a while. A year in, we're encouraged, I will be honest, we're excited and thrilled by the impact they have, and there is much more to come. The organisational pivot is, in effect, done. Leadership in place, structure executed, and enabling technology embedded. In the year ahead, the focus is on scaling what works. I look forward to coming back at H1 FY27 and sharing with you the benefits we're reaping from this operating model, and how technology is unlocking benefits for the entire business.

I will wrap up. I hope I've given you a sense of what we've been up to. In FY26, we did what we said we would do across all our growth levers. In FY27, we have set similarly clear objectives for you to judge us by. In consumer, our primary goal is to drive full-price revenue mix in UK and DACH. We have done this in the US and APAC, and we will do it here. In product, our goal is to successfully introduce an innovative new sandals range. Innovation is at the heart of this organisation and executing that in the year ahead is a critical focus. In markets, we will launch new retail concepts in key cities around the world, and we will come back and share those. In the organisation, as I just said, it is about unlocking the operating model and technology benefits.

We set these objectives because transparency matters to us. You should be able to judge our progress clearly, and when we next speak, we will tell you how we are getting on with each one of them.

Finally, let me come back to what this is all about for all of us - value creation. As I've said, ours is a much-desired, iconic global brand with significant headroom to grow, and the advantage of attractive British roots and heritage that I can personally tell you resonates around the world.

We are leveraging this brand, our strong financial fundamentals, and the operational control that we have implemented to move towards our medium-term objectives, which I will remind you of again. Profitable revenue growth above the rate of the relevant footwear market, operational leverage to drive mid-to-high teens EBIT margin - you can see that we've started moving in that direction from 7.7% to 10.4%. All underpinned by strong cash generation.

I get to stand up here and talk about this, but the truth is that this is only possible because of the talent, passion, and commitment of our people. It's an honour to lead them, and I'm grateful for the great work they do every day.

Giles and I will now sit down and take your questions. If you're asking a question, there's some mics going around. Please start with your name, where you're from, and we'd like to take those questions, and eventually we'll take some questions from the calls as well. Thank you.

John Stevenson – Peel Hunt

Good morning. John Stevenson at Peel Hunt. Two questions, or at least sort of discussion areas, I guess. First one on EMEA. You've talked about the very tough backdrop. You also alluded to areas where you can execute better. Can you dig a bit more into that in terms of how you're executing in the market and what you intend to do about EMEA?

Second question was on the store refresh. Again, can you talk a little bit about the detail behind it? So it sounds like - are we going to need new sites for the brand and beacon centres, or actually can they come from the existing estate? How much do you intend to spend in terms of CAPEX, and what's going into outlet as well would be quite interesting. Are you actually producing for outlet?

Ije Nwokorie - Chief Executive Officer

Thank you. I'll take both questions. On execution, it's about leadership. Execution is always about leadership, and the big change is that we now have general managers. These are senior leaders in our business who are now responsible for markets. It's 100% of their job to execute. That's the fundamental change from before. In the past, we had channel leaders. There was nobody who was responsible, or waking up every day thinking, how do I grow the German market? Now we have those leaders in place. That's the fundamental unlock, and these are all experienced multi-channel leaders in our industry who can drive that.

We'll probably share the next question. Let me talk beacon and outlet, and then Giles will talk about investment. As we said, we're not planning to launch a whole bunch of beacons. In the next three to five years, it's about 5% of our estate. So yes, I think the beacons will be new locations, but that's not a big part of the plan here. In terms of outlets, no, we do not make for outlets. Outlets are a really great way, though, to give the consumer an entry point. Sometimes it's about a product that has ended the season, and we're really now ready to offer that at a profitable discount through an outlet. It also helps us keep most of our other channels clean and focused on full price, but we are not manufacturing for outlets.

Giles Wilson - Chief Financial Officer

In terms of CAPEX, I think you've seen the guidance in the notes. We expect to do most of these - the 30 stores which we reference that are existing stores - so they will be more about upgrading those. There'll always be closures and openings in the year, but we talk about the next couple of years being probably broadly flat on the number of stores we have in the portfolio. What you will notice also just while we're on CAPEX, we have highlighted that our EMEA office and head office leases have come to an end. We're doing an office move, and there's some CAPEX we've put into the guidance which we've included within the numbers this year.

Anne Critchlow – Berenberg

Thanks, it's Anne Critchlow from Berenberg. You talked about the core 1460 boot being back in growth, so I'm just wondering if you're seeing any sign that fashion trends might be moving back towards boots, and can we expect growth in boots maybe next year or year after? And then secondly, I'm just wondering if you could comment a bit about your

wholesale order books, because you've got a bit of forward view there, and I think in your statement you talked about operating leverage and strong profit growth, so clearly expecting top-line growth. Wondering what's informing your confidence there? Thank you.

Ije Nwokorie - Chief Executive Officer

Full-price boots, the green shoots I spoke to, is full price boots growth in the US, and in the fourth quarter, the 1460 boot grew in the USA. I think the overall trend and decline in boots has flattened, but I don't see that boots as a category are yet in growth, but we have a tonne of opportunity. That's not about external trends, but when we look at our business and our ability to present great boot offerings, we still have a tonne of potential. And so, our guidance for the year ahead is that we're going to focus on full price boots and drive performance in that while the market recovers in boots.

Giles Wilson – Chief Executive Officer

As we said in the statement, and in both Ije and my presentation, we've seen a good order book for AW26, and then Ije just commented on some of the early signs in SS27. Absolutely, I talked about it in my statement that we've put the foundations in place on cost control, we've put the foundations in on quality of revenue. We're now in the position the cost base is in the right place, so to see profit growth will come through operational leverage. What we can control, we feel in a good place on. Obviously, there is macroeconomics that we state very clearly in the statement that we can't control, but what we can control, we feel we're in a good place to go forward and start to grow the top line.

Kate Calvert - Investec

Just coming back to John's question on EMEA and obviously the change to being more country managed, can you bring alive an example perhaps in terms of how your approach to pivoting the UK and Germany, how it might be different given the different nuances in the market?

Ije Nwokorie - Chief Executive Officer

That's a great question. The markets are different in many ways. What is common to the UK and Germany at the moment is that the consumer is often looking for a deal. That's a reality of the consumer. The USA consumer has been more resilient than the UK and German consumer. That's base fact, and that's real. The colour that we have, though, when you take a market-led approach is that you can go to where the consumer is. You're not trying to make retail do what e-commerce can do, or what wholesale is better to do. And it allows you, as I said earlier, to put the right assortment in front of the right consumer. The consumer that's coming into your retail, you can have a bit more of a full-price offering versus the consumer who might be going into a wholesaler, who might have a discount. It's really about understanding all the levers that you're pulling around the consumer. That's the power of this model. The playbook we have from the year that's gone by shows us that when we do present that full-price offering to the consumer, as I said, there is a revenue headwind because you don't get that clearance. With the right offering, our consumers are proven in all markets that they will pay a higher price. That's why the £220-plus range is doing really well. That's why full-price boots can get back into growth. It's really about

making sure that we have the market-level discipline as opposed to a distant channel discipline to present the right offering to the consumer. And they are empowered to make those calls at a market level.

Kate Calvert – Investec

My second question is, can you give us an idea of how far along your journey you are to increase full-price sales across the business?

Ije Nwokorie - Chief Executive Officer

I think you've got to look at that at a market-by-market level, Kate. I'm really happy with what we've done in the USA. I'm really happy with what we've done in Asia. As I've said, the thing to focus on as we chat over the next few months and quarters is how we achieve that in the UK and Germany.

Piral Dadhania – RBC

Thank you, Piral Dadhania from RBC. Thanks for the presentation. Could you just help us understand from a pricing perspective how you're thinking about fiscal 27? Obviously, raw materials are going up because of oil prices. So what should we think about in terms of the price contribution to revenues? And I'll ask my other questions after that.

Ije Nwokorie - Chief Executive Officer

That's a supply chain question, really.

Giles Wilson - Chief Financial Officer

I think firstly, after three years, we took some price earlier in the year in the USA. We also took some tactical pricing across Europe and other parts of the world. At the moment, we have no planned price increases. We'll always review what the opportunities are. We're in line with our pricing policy. We don't comment on an overall view, but we have a pricing policy that we review. In terms of raw materials, we have price, we have sort of certainty over and up to the next cycle. We negotiate those on an annual basis. We're not seeing any real material movements at the moment. And actually, when you break down the various components, you've got to get to the point where actually the oil makes it. The one call I would say, which I'm sure you're hearing from lots of people, there will potentially be some fuel surcharges coming through on freight. But we'd expect to manage that within the overall cost base.

Ije Nwokorie - Chief Executive Officer

Just to finish up, because I think it's important. Pricing is about what's right for the consumer. And we feel really confident that we will only make those calls when we see a consumer opportunity; we can manage the cost issues.

Piral Dadhania – RBC

Thank you. And then just on those systems investments that you've made in the last few years, could you help us understand what the contribution has been to FY26 in terms of

demand forecasting and MS dynamics, and what we can expect for FY27? Will that be an accelerator to the way that you execute?

Ije Nwokorie - Chief Executive Officer

Yes, it will be an accelerator to the way we execute, but it's not something I'm going to quantify that it gives us X amount uplift. It's all part of the tools that our people use to run the business. But I can tell you that it's a key component of your ability to drive full price. The more you know what the consumer is motivated by, the more likely you are to present them an offer that motivates them that isn't about price. The reason you often depend on price is because you don't really know what else to motivate the consumer with. And so, it will help us drive that. But it's not something that we would quantify in a financial value.

Piral Dadhania – RBC

As you think about moving towards a mid to high teens EBIT margin - I think your gross margin is already at sort of peak levels, should we say - is it fair to assume that all of that additional EBIT margin expansion just comes from operating leverage by holding your OPEX costs stable, or as close to stable as possible?

Giles Wilson – Chief Financial Officer

Effectively, yes.

Adrien Duverger – Goldman Sachs

Thank you very much for taking my question. I think most of mine have already been asked. One on discounting - how would you describe the current promotional environment across markets? And where do you see most concern? Or where do you see the greatest opportunity? And the second question would be on the Middle East implications. Have you noticed any changes in spending patterns in recent months, maybe in Europe or in the USA and across the different markets? Thank you very much.

Ije Nwokorie - Chief Executive Officer

I'll take the discounting question and you take the last. I think I've said it, Adrien. It's really in the UK and Germany that we need to buck a discounting trend. That's really where our focus is. We've done the work in most of the markets. But the UK and Germany are really important markets for us. The completion of the pivot is in those markets - they are heavily promotional markets, and you don't have things like MAP pricing that you have in the US that allows you to control a bit of the pricing. It's work we have to do, but that's where that work is. The rest of the world, I'm fairly comfortable with where we are on discounting.

Giles Wilson - Chief Financial Officer

In terms of the Middle East implications, we have a very small business, actually a business just starting itself in the Middle East. In terms of current trading, period one is a small period for us anyway. We always make that statement. But the key for me, when we look forward, is the strength of those order books. And I think that's the real focus that we're looking at.

At the moment, that's the one we keep an eye on, and we're not seeing any changes to those.

Ije Nwokorie - Chief Executive Officer

I think that's all we have. I don't have a big close. I think we've said a lot this morning. Thank you all for coming. A few of us are still around and really happy to meet and catch up. Enjoy the rest of your day.