24 November 2022

Dr. Martens plc

Interim results for the six months to 30 September 2022

DOCS STRATEGY CONTINUES TO DELIVER, INVESTING FOR GROWTH AND INCREASED DIVIDEND

"I am pleased to report another strong set of results covering the first half of our financial year. Underlying revenue growth was 18% and the EBITDA margin was in line with our guidance. I'd like to thank all Dr. Martens people for their hard work and custodianship over the last six months in helping to deliver these results.

"Our growth is built on the successful execution of our DOCS strategy, led by the DTC-first approach, with DTC revenue up 21%. At the heart of our continued success is the strength of our brand, highlighted by underlying pairs growth and continually improving brand metrics. We have further pricing headroom for AW23 so we will offset cost inflation once again.

"Although there are economic challenges ahead, we are well positioned for future growth. We will continue to drive growth investment to deliver the DOCS strategy, mainly in new stores, marketing, people, technology and inventory. Reflecting our confidence in the future, our balanced global revenues and our strong balance sheet, the board has decided to increase the interim dividend by 28% to 1.56p per share."

Kenny Wilson, Chief Executive Officer

£m	H123	H122	% change Actual	% change CC[4]
Revenue	**418.6**	369.9	*13%*	*7%*
Underlying[1] revenue	**418.6**	356.2	*18%*	*11%*
EBITDA[2]	**88.8**	88.8	-	
PBT	**57.9**	61.3	*-5%*	
Profit after tax	**44.7**	48.6	*-8%*	
Basic EPS (p)	**4.5**	4.8	*-6%*	
Dividend per share (p)	**1.56**	1.22	*28%*	
Net leverage[3]	**1.2x**	1.2x	-	

1. In the prior year, we ended supply to Russia following the invasion of Ukraine and ended our South America distributor agreements in the Autumn, as we re-directed inventory into America. On a full year basis these agreements didn't have a material impact but for H1 pairs and revenue they do. On a fully costed basis, these contracts didn't have a material impact on profitability. This does not impact DTC pairs and revenue.
2. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation
3. Net bank debt (Last 12 months (LTM) average cash, actual bank debt and lease liabilities) at the balance sheet date divided by LTM EBITDA
4. Constant currency applies the same exchange rate to the FY23 and FY22 results, based on FY23 budgeted rates

Financial highlights:

- Revenue up 13% to £418.6m
- Underlying[1] revenue up 18% to £418.6m
    - Growth in all channels; Direct-to-Consumer (DTC) up 21% to £179.8m and wholesale up 15% to £238.8m
    - Retail up 38% and Ecommerce up 8%, driving DTC mix
- Growth in all regions; led by America with underlying[1] revenue up 31% to £179.7m
- Gross margin improved 0.3%pts to 61.6%; mainly channel mix
- EBITDA was in line with H1 last year at £88.8m, as we increased investment in new stores, marketing and people to drive future growth; EBITDA margin was therefore lower by 2.8%pts at 21.2%
- Inventory investment to restock DTC for improved peak availability; at P6, 84% of inventory is continuity product with minimal markdown risk
- The Board is proposing an interim dividend of 1.56p, up 28%, taking the payout ratio to 35% of earnings

Strategic highlights:

- DTC First
  - DTC mix up 3%pts to 43%
  - Opened 21 new own stores across all three regions
  - Transfer of 14 franchise stores in Japan on track for Q4
- Organisational and Operational Excellence
  - Recovered from last year's Covid-19 related supply challenges
  - New, larger third-party logistics (3PL) distribution centres (DCs) in LA and the Netherlands to support Ecommerce 'pick and dispatch' and the increased number of Retail stores
  - Order management system implemented; Q423 UK testing of 'click and collect' and 'return to store'
- Consumer Connection
  - Continued brand strength; 'familiarity'[1] up 4%pts to 45% and 'last 24 months purchased'[2] up 1%pt to 8%
  - Implemented AW22 price increase successfully and latest survey confirms headroom to offset future inflation
  - Good progress on sustainability strategy; UK 'ReSouled' repair and resale initiative and Dr. Martens Foundation
- Support brand expansion through B2B
  - Planned P6 wholesale revenue of £10m slipped into P7: mainly labour shortage at Netherlands DC and Felixstowe port strikes
  - Wholesale revenue up 15% on 13% fewer accounts; better quality partners
  - Orderbook in excess of FY estimate; headroom for increased cancellation risk

1. 'How familiar are you with the following brands of footwear?'
2. 'When was the most recent time you purchased footwear from the following brands?'

Current trading and outlook

We are maintaining revenue guidance of high-teens growth for the full year, on an actual currency basis.

Through H1, the consumer environment weakened and, from Q2, DTC growth was slower than anticipated. Since the end of H1, DTC trading has been variable on a week-to-week basis. Our peak trading weeks are ahead of us and last year they were impacted by Covid-19 restrictions in EMEA and poor availability in America and Japan. Wholesale has been strong in H2 so far, including the benefit of the £10m revenue shift in EMEA from September to October, and is underpinned by the orderbook.

As well as slower DTC growth, we made a proactive decision to continue with targeted investment for the future rather than reducing investment for short-term profit. In addition, while our natural currency hedge protects EBITDA and cash, an appreciation of the USD dilutes the margin. We now expect the full year EBITDA margin will be 100-250bps lower than last year.

From FY24 and over the medium term, we continue to guide to mid-teens revenue growth, DTC to be at least 60% mix with Ecommerce at least 40%, and a medium-term EBITDA margin milestone of 30%, with price continuing to offset inflation.

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Presentation of interim results

Kenny Wilson, CEO and Jon Mortimore, CFO will be presenting the H123 results at 09:30 (UK time) on 24 November 2022. The presentation will be streamed live and the link to join is https://www.drmartensplc.com. A playback of the presentation will be available on our corporate website after the event, at https://www.drmartensplc.com/investors/results-centre.

Financial calendar

The next scheduled events are:

- Q3 trading statement – 26 January 2023
- Preliminary results – 1 June 2023

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 listed on the main market of the London Stock Exchange on 29 January 2021 (DOCS.L) and is a constituent of the FTSE 250 index.

CEO review

Performance summary

We have delivered another strong performance in H1 achieving revenue of £418.6m, up 18% on an underlying[1] basis and 13% on a total basis. This growth was driven by underlying[1] pairs up 6%, the benefit of our price increase at the start of Q2, a 3%pt mix shift to 43% for our DTC channel and an exchange benefit from the balanced global nature of our business and the strength of the US dollar (USD).

Our DTC channel grew revenue by 21% to £179.8m, up 15% in constant currency, led by a strong performance from Retail, which was up 38% to £91.0m, and up 33% in constant currency. Growth in Retail was supported by the accelerated new store opening programme and a consistent recovery in footfall across both EMEA and USA, with a slightly slower recovery profile in Japan. All our stores, once mature, are profitable with positive like-for-like trading across the period. We added a net 16 new stores in H1, taking the total number of own stores to 174. This was made up of 21 new stores and five closed stores, as we continue to expand and improve the overall quality of our own store estate.

Ecommerce grew 8% to £88.8m, up 1% in constant currency, as consumers rediscovered the enjoyment of physical shopping post the lifting of global Covid-19 restrictions. Ecommerce was also impacted negatively by lockdowns in Shanghai in Q1 where our DC is located. To support future growth, we relocated to two new and larger 3PL DCs in LA and the Netherlands, which both support more efficient 'pick and dispatch'.

On an underlying[1] basis, after removing the impact of exiting Russia and ending our South American distributor agreements in H2 last year, our wholesale channel grew revenue by 15% to £238.8m, or 8% in constant currency. Our half-year end is during our busiest wholesale shipping time of the year and it is therefore not unusual for shipments close to the period end to get recorded in H2. This year, we had the combined impact of strikes at the Port of Felixstowe in the UK and weekend labour shortages at our Netherlands DC, which meant c.£10m of expected P6 sales were recorded in P7. Our wholesale channel growth was also achieved with 13% fewer wholesale accounts, highlighting the continued improvement in partner quality within this channel. Looking ahead to the rest of the financial year, our FY23 orderbook is in excess of our full year estimate and we have headroom for order cancellations.

All three regions grew revenue.

EMEA – underlying[1] growth was 9%, driven by DTC, up 22%. Both Germany and Italy, our largest EMEA conversion markets, saw DTC mix improve 8%pts in H1.

America – we achieved underlying[1] growth of 31%, aided by USD strength, with constant currency growth of 15%. DTC growth in Q2 was slower than Q1, due partly to tougher comparatives and the late delivery of some SS22 shoes and sandals.

APAC- revenue was up 9%, held back in part by the slower recovery from Covid-19 in the region. Japan is now our third most important market and contributed c.40% to APAC revenues and c.55% to EBITDA. Once we have transferred 14 franchise stores to own stores in Q4, Japan will be at 80%+ DTC mix. China is c.1% of global revenues. The legacy distributor contract in China is due to expire in June 2023 and we will not renew this contract and instead trial a full DOCS strategy, focused on Shanghai and Hangzhou.

Gross margin was up 14% to £257.8m and up 0.3%pts to 61.6%. This margin expansion was driven by the DTC mix improvement more than offsetting the net negative impact of the timing of our price increase at the start of Q2, with inflation across the full period. It is expected that price will offset inflation across the full year.

Operating expenses were up 23%. This was driven by our planned, long-term growth investment in marketing, new store openings and people.

H123 EBITDA was £88.8m, in line with the first half last year. The EBITDA margin was in line with our guidance at 21.2%, down 2.8%pts, due to the investments described above.

Profit before tax was £57.9m, down 5%, due mainly to higher new store and IT related depreciation. Profit after tax was £44.7m, down 8% while basic EPS was down 6% to 4.5p.

Reflecting the Board's confidence in the future performance and cash generation of the business, the proposed interim dividend per share is 1.56p, up 28%, taking the payout ratio to 35% of earnings.

1. In the prior year, we ended supply to Russia following the invasion of Ukraine and ended our South America distributor agreements in the Autumn, as we re-directed inventory into America. On a full year basis these agreements didn't have a material impact but for H1 pairs and revenue they do. On a fully costed basis, these contracts didn't have a material impact on profitability. This does not impact DTC pairs and revenue.

The DOCS strategy – DM4

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, alongside our long-term sustainability commitments.

Our 'DM4' strategy is about selling more pairs of boots, shoes and sandals, to more people, through our own DTC channel, in our seven priority markets. The four pillars of our strategy, which are fine-tuned continuously are: 'DTC First' to build brand equity and drive margin expansion; 'Organisational and Operational Excellence' to enable growth and unlock value; 'Consumer Connection' to acquire new consumers and drive loyalty; and 'Support brand expansion with B2B' to have fewer and better B2B partners to reach more consumers and grow the brand further.

The Dr. Martens Brand

As a global consumer branded business, we believe it is brand equity that determines revenue and profit over time. That belief drives us to check-in on our brand equity every quarter, across all our priority markets, and with a comprehensive, annual brand survey. The latest quarterly check-in, carried out in early July, highlights continued brand strength across our priority markets.

Global brand 'awareness'[1] - in line with the July 2021 survey with 'familiarity' improving 4%pts and 'last 24 months purchased' increasing 1%pt. The benefits of market conversions to DTC were highlighted by the 8%pts and 5%pts improvement in brand familiarity in Germany and Italy respectively.

Global 'unprompted awareness'[2] - we saw improvements in both score and ranking across our product categories. We rank first in boots and our rankings in shoes (10th) and sandals (15th) highlight the scale of the opportunity in these product categories.

We plan to increase marketing spend as a percentage of revenue by c.0.5%pts per year to become more commensurate with other global consumer brands. This was achieved in H1 as marketing spend grew 23% with much of our spend directed at building our social media communities. We now have 10.3m followers across all channels, up 15% on the corresponding period last year. A significant majority engage with us through Facebook (4.9m) and Instagram (4.3m) while we are close to 0.4m followers on TikTok, with 2.7m likes to date. Instagram engagement levels are 7%, higher than all our key competitors.

During H1, there were two primary marketing campaigns – 'All Access Summer' in Q1 and 'Unpolished', which was launched in September.

'All Access Summer' was aimed at getting people out and about and wearing DOCS in the first 'proper' summer since 2019. It was a product-led campaign, focused on growing both shoes and sandals. It highlighted newness in these categories, we activated the campaign at festivals and other key cultural moments over the summer, and amplified the campaign with localised 'how to style' digital content. The campaign helped to drive H1 sandals revenue growth of 43%.

'Unpolished' is the first of three campaigns for the AW22 season. This campaign is focused on the promotion of our original Icons - It has been launched on our own channels and through paid social, we have a new TikTok partnership around '#storiesmakeicons' and this is linked to live events through the campaign.

During the summer of 2022, we carried out another detailed pricing study across our seven priority markets, including consumer testing and validation of potential pricing changes to calculate perceived value for money and elasticity of demand. The pricing study showed that consumers believe our products represent compelling value for money given their durability and quality and that there is further headroom globally to raise prices. To support our volume-led strategy, we will raise prices by 6% on average to cover cost inflation from AW23. We believe our pricing headroom will increase further as we continue to invest in the brand and our product proposition.

1 'How familiar are you with the following brands of footwear?'
2 'When you think of each of the following types of footwear, which three brands first come to mind?'

Product

Our product strategy is rooted in our Originals, our most renowned styles, and anchored within the 'big three' of the 1460 boot, the 1461 shoe and the Chelsea boot. Our Originals are iconic, durable and timeless products and remain the inspiration for most of our products and innovation in Fusion, led by the Jadon boot. Originals and Fusion combined generated 85% of revenue over the last 12 months. They are predominantly black in colour and continuity in nature, meaning they are sold across both Spring/Summer and Autumn/Winter season, year after year.

> **Boots** - we saw continued success of our platform soles, including our Quad range. Platform boots that performed well with Quad soles included the Audrick, the Jetta in APAC and the Jarrick in EMEA. Within our casual range, we launched the new Boury utility boot in September ahead of AW22.
>
> **Shoes** - we saw success across the Adrian loafer range, supported by our relationship with Blondie McCoy, Mary Janes and limited edition 1461 offerings such as the City Pack, which included a shoe from each region based on London, New York, LA and Tokyo.
>
> **Sandals** –growth was again led by our Voss and Blaire styles, and products using the innovative Zebrillus lightweight platform sole. Strong growth was seen in Mules, led by the Carlson and Jorge styles, with particular success for our Made in England line.

Collaborations were again a key part of our Originals strategy. Firstly, our 'inline' collaborations linked to music, art and fashion, where we use continuity products to drive volume through 'seasonal story-telling'. An example in H1 would be our collaboration with Warner Bros. Secondly, we partner with iconic artists and forward-thinking designers to create limited edition one-off designs for our Original silhouettes to drive brand heat. Successful launches in H1 included a three-way collaboration with Supreme and Yohji Yamamoto and a fifth collaboration with Engineered Garments, paying tribute to the timeless manufacturing techniques of our Northamptonshire factory.

Supply chain and IT

Our global supply chain has broadly caught up following the covid-related disruption throughout much of FY22. All our factories were open for the period and operated at our target capacity. In the period, we extended our manufacturing base to Cambodia and now make our products in seven countries. China is now just 5% of production. Shipping lead times improved: EMEA is almost back to pre-covid times, while shipping times to the US West Coast have halved since the peak experienced in Q322 although not yet back to pre-pandemic levels. We opened three new 3PL DCs in the period, including much larger facilities in the Netherlands and in LA, where we moved our primary warehousing from Portland towards the end of the period.

At the end of H1 last year, inventory was too low at 20 weeks cover. Following our decision to plan for success and improve availability especially for peak trading, we improved to 40 weeks cover at P6 this year. We believe this inventory has minimal markdown risk as at P6, 84% is continuity product and through H1, 90% of DTC revenue was sold at full price.

We have finalised COGS price increases recently with our third party factories and inflation for the AW23 season will increase 6% from AW22, which will be fully offset by price increases as previously described.

We completed a successful implementation of our global ERP platform in Japan (with 95% of global revenue now on this single platform) and within the UK we implemented an order management system and will soon be testing both 'click and collect' and 'return to store' from Q4.

Sustainability – Planet, Product, People

We have made timeless, durable products for six decades and in July this year, we launched our new sustainability strategy – Planet, Product, People – which encompasses our long-term sustainability Commitments. Those Commitments include zero waste going to landfill by 2028, 100% of products sold having a sustainable end of life option and, without compromising quality, all footwear being made from sustainable materials by 2040.

> **Planet** – we continue to work with The Carbon Trust to measure our carbon footprint across Scope 1, 2 and 3 to set science-based targets towards a Net Zero pathway. We will submit our targets to the Science Based Targets initiative in H2 and expect verification to take 6-12 months. We set up our internal TCFD steering group and will undertake climate-specific modelling before updating on

progress as part of our FY23 annual report. We continue to transition electricity supply to renewables and currently, c.80% of our EMEA electricity supply is from renewables.

Product - we continue to work to make our materials more sustainable. Leather remains our biggest opportunity area, working on enhancing the sustainability of, and alternatives to, leather. Key work streams include measuring traceability to farm and investigating partnerships with regenerative farms, piloting in the UK, to explore regenerative leather sourcing. We are also working with third parties to research and develop alternative materials to both leather and PVC. In terms of packaging, we have saved 65 tonnes of plastic per season by removing the protective plastic foam insert from 83% of our range from SS23. Following the successful April launch of 'ReSouled', our 'repair and resale' initiative, we have extended the pilot in the UK and are looking at the viability of a similar trial in USA. Since the UK trial started, 1700 pairs have been sold with 95% of reviews rated 5*.

People – we conduct regular CSR audits across our Tier 1 suppliers and during H1, most audited Tier 1 suppliers achieved the highest rating. The Dr. Martens Foundation has to date awarded 58 grassroots grants totalling c.£0.9m and three emergency grants totalling £150,000 supporting people affected by the war in Ukraine.

Quarterly revenue performance

While we have good visibility of wholesale on a full-year basis, the profile of wholesale revenues is never linear when viewed on a quarterly or half-yearly basis. Q3 is our biggest revenue quarter, led by the higher-margin DTC channel, while Q1 is our smallest.

	Q123	Q223	H123
Underlying[1] group revenue	**£154.1m**	**£264.5m**	**£418.6m**
Actual yoy change	11%	22%	18%
CC yoy change	5%	14%	11%
Channel			
Ecommerce: % change yoy	6%	8%	8%
Retail: % change yoy	54%	28%	38%
DTC: % change yoy	26%	18%	21%
Wholesale: % change yoy	-2%	25%	15%
Region			
EMEA: % change yoy	9%	9%	9%
America: % change yoy	23%	38%	31%
APAC: % change yoy	-14%	28%	9%

FY23 and medium-term guidance

For FY23, we anticipate: -

- High-teens revenue growth, actual currency basis
- FY EBITDA margins to be 100-250bps lower than FY22
- Net new own store openings of around 30 plus the transfer 14 franchise stores to own stores in Japan in Q4
- Depreciation and amortisation of £50m to £53m
- Net finance costs of c.£15m
- Blended tax rate of c.21% but from FY24 onwards, the tax rate will increase to 27% due to higher UK corporation tax
- Capital expenditure of c.4.5% of revenue
- Operating cash conversion of c.70% of EBITDA

Our medium-term guidance is unchanged. We expect mid-teens revenue growth, DTC to be at least 60% mix with Ecomm at least 40%, and a medium-term EBITDA margin of at least 30%. We expect price to continue to offset inflation. Longer term, we see potential to expand beyond these milestones.

1. In the prior year, we ended supply to Russia following the invasion of Ukraine and ended our South America distributor agreements in the Autumn, as we re-directed inventory into America. On a full year basis these agreements didn't have a material impact but for H1 pairs and revenue they do. On a fully costed basis, these contracts didn't have a material impact on profitability. This does not impact on DTC pairs and revenue.

Capital allocation philosophy

As well as moving to the top end of our dividend payout ratio range, at 35% of earnings, we will continue to monitor our cash position closely. As previously disclosed, we have an intra-year cash swing of around 0.5x EBITDA at H1, which means that our year-end net debt position represents the most favourable gearing ratio. The Board considers we will have excess cash flow when we have consistently less than 1x average leverage through the year, including leases. Any evaluation of further uses of cash will be made in the context of the broader market uncertainties and consumer spending environment at that time. Our first capital allocation priority is always to invest in the business. At the half-year, average leverage on this basis was 1x (March 22 1x).

Cautionary statement relating to forward-looking statements

Announcements, presentations to investors, or other documents or reports filed with or furnished to the London Stock Exchange (LSE) and any other written information released, or oral statements made, to the public in the future by or on behalf of Dr. Martens plc and it group companies ("the Group"), may contain forward-looking statements.

Forward-looking statements give the Group's current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as 'aim', 'ambition', 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated products, expenses, the outcome of contingencies such as legal proceedings, dividend payments and financial results. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The reader should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the LSE. All readers, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group's control or precise estimate. The Group cautions investors that a number of important factors, including those referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this report.

CFO Review

Our first half results were solid with good direct to consumer ("DTC") led revenue growth, gross margin expansion and a strong balance sheet. Underlying revenue[5], which exclude certain distributors that we exited in H2 last year, grew by 18% (11% CC[4]) to £418.6m and total revenue was up 13% (7% CC). EBITDA[1] at £88.8m was level with last year as we continued to invest in the business in line with our DOCS strategy to drive future growth, as a result EBITDA[1] margins were 2.8pts lower at 21.2%. Profit before tax was £57.9m.

Despite the weakening economic environment, we remain confident in our future growth prospects, the strength of the brand and the cash generative nature of the business such that we have increased our first half dividend by 28% to 1.56p per share, equivalent to a 35% earnings payout ratio.

Results – at a glance

£m		H1 FY23	H1 FY22	% change Actual	% change CC[4]
Ecommerce		**88.8**	82.6	*8%*	*1%*
Retail		**91.0**	65.9	*38%*	*33%*
DTC		**179.8**	148.5	*21%*	*15%*
Wholesale[3]		**238.8**	207.7	*15%*	*8%*
Underlying Revenue[5]		**418.6**	356.2	*18%*	*11%*
Russia and S. America		**-**	13.7	-	-
Revenue		**418.6**	369.9	*13%*	*7%*
Gross margin		**257.8**	226.6	*14%*	
Opex		**(169.0)**	(137.8)	*-23%*	
EBITDA[1]		**88.8**	88.8	-	
Profit before tax		**57.9**	61.3	*-5%*	
Key statistics	***Underlying pairs sold (m)***	***6.3***	*5.9*	*6%*	
	Russia and S. America	***-***	*0.4*	*-*	
	Pairs sold (m)	***6.3***	*6.3*	*-*	
	No. of stores opened[2]	***21***	*13*	*+8*	
	DTC mix %	***43%***	*40%*	*+3pts*	
	Gross margin %	***61.6%***	*61.3%*	*+0.3pts*	
	EBITDA %[1]	***21.2%***	*24.0%*	*-2.8pts*	

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
2. Own stores on streets and malls operated under leasehold arrangements.
3. Wholesale revenue including distributor customers.
4. Constant currency applies the same exchange rate to the H1 FY23 and H1 FY22 non-GBP results, based on FY23 budgeted rates.
5. Underlying revenue and pairs – last year balances adjusted to exclude Russia and S. America distributors where we no longer supply.

Underlying revenue[5] grew 18% from £356.2m to £418.6m and was up 11% on a CC basis with total revenue up 13% (7% CC). In the prior year we cancelled supply to the Russian market immediately after the invasion of Ukraine and in the autumn last year we did not renew a number of distribution contracts with South America distributors as we wanted to focus on America. On a full year basis this has minimal impact but is material for H1, and therefore to better reflect the half year trading performance trends we have excluded these revenues from the underlying revenue calculation. On a fully costed basis these distributor contracts did not have a material impact on EBITDA in H1.

We have materially recovered from the Covid-19 related supply side systemic shock from last year with all factories open and operating at target capacity and sailing lead times steadily improving, rebuilding our inventory accordingly. Within any year wholesale shipments are typically not linear. As a result, c£10m of wholesale revenue was shipped in early October rather than September in EMEA, due to the difficulty in attracting weekend labour at our Dutch DC and this was compounded by UK strike action at the Felixstowe port during the second half of September.

DTC, which represents trading via our own retail stores and ecommerce websites has steadily recovered from the Covid-19 impact last year resulting in revenue up 21% to £179.8m (15% CC). Due to the Covid-19 impact last year, year on year performance in DTC (stores and ecommerce together) improved due to a combination of consumers becoming habituated to shopping online when stores were closed, and then rediscovering the delights of physical shopping in-store when shops re-opened. **DTC revenue mix improved by 3pts to 43% from 40%.**

- **Ecommerce revenue was up 8% to £88.8m and up 1% on a CC basis against a particularly strong prior period where a number of retail stores were closed.** We had a good performance across all our priority markets with the exception of China due to the negative impact of the Shanghai lockdown during Q1 (which is where our third-party DC is located). During the half we opened a new third-party DC in Los Angeles and also a larger third-party facility in the Netherlands, both to support more efficient ecommerce pick and dispatch and also an increased the number of retail stores as we look to grow DTC in those markets.

- **Retail revenue grew 38% (33% on a CC basis) to £91.0m** mainly due to continued traffic led recovery in the UK, Continental Europe and USA, as consumers increasingly returned to stores. Retail in Japan also saw good traffic recovery but at a slower pace than EMEA and USA. In the period we opened 21 stores and closed five stores to 174 stores at period end. Three of the five closed stores represented a relocation to a nearby stronger location. We expect to open 13 to 15 stores in H2 resulting in full year opening gross of 34 to 36 stores, which is in line with expectation. The Japan franchise stores transfer is on track and we expect to transfer 14 stores in Q4 to own retail, located in Tokyo and Osaka. These are in addition to our new store openings.

- **Underlying wholesale revenue[2] grew by 15% to £238.8m (up 8% on a CC basis).** We had good growth in the US which was part offset by EMEA, mainly due to cut-off/timing issues in the UK and Dutch DC's. The orderbook is in excess of our full year estimate, providing ample cancellation risk headroom.

Gross margin improved by 0.3pts to 61.6% (FY22: 61.3%) and was driven by the positive impact of increased DTC revenue mix which improved by 3pts to 43%. Price increases were implemented as planned for the AW22 season from July and are expected to fully fund inflationary increases (of 6%) across the financial year. In H1 however, as expected price increases only funded approximately 50% of inflation. We also benefitted from continued strong full price mix in DTC at 90% of revenue.

Operating expenses increased by 23% to £169.0m (H1 FY22: £137.8m) and was predominantly due to increased marketing spend (which was up 23% or 0.5pts of revenue, in line with strategy), higher retail costs due to impact of new and maturing store opex in the period before corresponding uplift in revenue during peak Q3 trading period, and investment in ecommerce people and processes. IT costs were also higher as we successfully implemented our Global ERP solution in Japan (such that 95% of global revenues are now on a single platform) and also began work on a new order management system which will give us the platform to trial click and collect and return to store in the UK from Q4.

EBITDA[1] was flat at £88.8m. This was due to investment in the business as we continue to build infrastructure in line with our DOCS strategy to support future growth with a custodian mindset. EBITDA margin declined as expected by 2.8pts to 21.2%, mainly timing of the AW22 price increase implemented in Q2 (average of 10% increase) vs underlying inflation of 6% across Q1 and Q2 coupled with continued investment, as described above, to support growth. In addition, we typically have a stronger weighting of higher margin DTC revenue in H2 such that margins are stronger in H2 than H1 as follows:

	DTC mix			EBITDA % margin		
	FY23	FY22	FY21	FY23	FY22	FY21
First half	43%	40%	34%	21.2%	24.0%	27.1%
Second half	-	56%	50%	-	32.4%	30.0%
FY	-	**49%**	**43%**	-	**29.0%**	**28.8%**
H2 v H1	-	*+16pts*	*+16pts*	-	*+8.4pts*	*+2.9pts*

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
2. Underlying revenue and pairs – last year balances adjusted to exclude for Russia and S. America where we no longer supply.

The first half EBITDA margin variance of -2.8pts can summarised as follows:

	% pts
DTC mix (+3pts)	+1.1pts
Price net COGs	-1.3pts
Marketing spend	-0.5pts
DTC investment *(mainly new stores)*	-2.1pts
	-2.8pts

Exchange
We have a natural GBP/Euro vs USD hedge. The UK is our second largest market after the US but only represents 15% of global revenues. Due to our balanced global trading footprint with 43% of revenues in the USA, and 43% in EMEA we have a strong natural hedge which protects group EBITDA should the USD strengthen against GBP and Euro. Approximately 95% of COGS purchases are paid in USD such that an appreciation of USD compared to GBP and Euro leads to higher purchase costs in EMEA but is broadly offset by a corresponding translation benefit from US derived cash flows such that US revenue and EBITDA is higher and funds lower EMEA EBITDA. This hedge effect also operates, should the USD depreciate against GBP/Euro.

The main exchange rates that impact the Group are USD, Euro and Yen, and the principal reason for the difference in actual currency vs constant currency is the impact of exchange rate movements. The following table summarises weighted average exchange rates used in the period:

	£/$			£/€			£/¥		
	FY23	FY22	*%*	**FY23**	FY22	*%*	**FY23**	FY22	*%*
H1	**1.22**	1.39	*(12%)*	**1.17**	1.17	-	**163**	152	*7%*
H2		1.34			1.19			154	
FY		1.37			1.18			153	

Region analysis
The results can be further analysed by region as follows:

£m		H1 FY23	H1 FY22	*% change Actual*	*% change CC*
EMEA					
Revenue:	Underlying[3]	**179.0**	164.6	*9%*	*9%*
	Russia	**-**	3.0	-	-
	Total	**179.0**	167.6	*7%*	*7%*
America					
Revenue:	Underlying[3]	**179.7**	136.8	*31%*	*15%*
	S. America	**-**	10.7	-	-
	Total	**179.7**	147.5	*22%*	*7%*
APAC					
Revenue:	**Revenue**	**59.9**	54.8	*9%*	*6%*
EBITDA[1]:	EMEA	**52.8**	55.2	*(5%)*	
	America	**41.4**	40.0	*4%*	
	APAC	**13.1**	10.7	*22%*	
	Support costs[2]	**(18.5)**	(17.1)	*(8%)*	
		88.8	88.8	-	
EBITDA margin[1] by region:	EMEA	***29.5%***	*32.9%*	*-3.4pts*	
	America	***23.0%***	*27.1%*	*-4.1pts*	
	APAC	***21.9%***	*19.5%*	*+2.4pts*	
	Total	***21.2%***	*24.0%*	*-2.8pts*	

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
2. Support costs represent group related support costs not directly attributable to each regions operations and including Group Finance, Legal, Group HR, Global Brand and Design, Directors and other group only related costs and expenses.
3. Underlying revenue – last year balances adjusted to exclude for Russia and S. America where we no longer supply.

EMEA

Underlying revenue[3] grew by 9% to £179.0m, this was up 9% on a CC basis. The growth was led by good DTC trading, up 22%, with wholesale marginally lower due to cut-off/timing related issues which resulted in c£10m revenue being shipped in October rather than September. Retail traffic recovery was good and only part offset by lower in store conversion. Trading was stronger in London and larger cities in Continental Europe with slower, though positive trading in UK provincial stores. DTC mix increased by 5pts with Germany up 8pts, Italy up 8pts and UK down 2pts (with UK still growing). In the period we opened seven stores and closed four to 83 stores at period end. Of the stores closed, two were relocations to more superior nearby units (Dublin & London Stratford). Total revenue was up by 7%.

EBITDA[1] was down 5% to £52.8m (H1 FY22: £55.2m), due to timing of price increase from Q2 with inflation impacting Q1/Q2 coupled with new store opex and exchange impact on COGS.

America

Underlying revenue[3] was up 31% to £179.7m and up 15% on a CC basis. The region had good DTC growth of 26% and underlying[3] wholesale growth of 35%. Wholesale recovered from weak shipments in the prior year which were due to our decision to target inventory to higher margin DTC channels when Covid-19 related supply constraints arose from the closure of three factories in Vietnam and the significantly extended lead times which negatively impacted availability. DTC growth was strong in Q1, but growth slowed in Q2 due to a combination of a strong prior year base and the later delivery of summer season shoes and sandals than optimum. In the period we opened six stores and closed one store resulting in 46 stores at period end. Total revenue grew 22%.

EBITDA[1] was up 4% to £41.4m (H1 FY22: £40m). Growth was impacted by timing of price increases vs COGS inflation, new store opex and higher DC costs from the move and inventory transfer from Portland DC to a new 3PL facility in LA.

APAC

Revenue grew by 9% to £59.9m (H1 FY22: £54.8m) and was up 6% CC basis. Japan, our third largest market, which represents c40% APAC revenues and c55% EBITDA, had good growth as traffic steadily recovered through the period. We expect to transfer 14 franchise stores to own retail in Q4 and we also successfully implemented our Global ERP system in September. Regional growth was partially dampened by the negative impact of the Shanghai lockdown during Q1 which closed our DC resulting in zero ecommerce orders being dispatched and £nil revenue during the period. In Q1 we opened a further two stores in Shanghai to four own stores, allowing us to trial own retail, in effect testing the full DOCS strategy. We have also reviewed the economic and strategic effectiveness of the legacy distributor agreement and will not be continuing with the distributor from next summer. China represented approximately 10% of APAC revenue and just over 1% of global revenue in the period.

EBITDA[1] was up by 22% to £13.1m (H1 FY22: £10.7m) mainly due to good growth from Japan which has a superior margin structure to the APAC average.

Support costs

Group support costs were up 8% to £18.5m from £17.1m in prior period.

Retail development
During the period, we opened 21 new own retail stores and closed five as follows:

		31 March 2022	Opened	Closed	30 September 2022
EMEA:	UK	35	1	(3)	**33**
	Germany	15	-	-	**15**
	France	14	2	-	**16**
	Italy	3	2	-	**5**
	Spain	1	1	-	**2**
	Other	12	1	(1)	**12**
		80	7	(4)	**83**
America		41	6	(1)	**46**
APAC:	Japan	22	3	-	**25**
	China	2	2	-	**4**
	South Korea	7	3	-	**10**
	Hong Kong	6	-	-	**6**
		37	8	-	**45**
Total		**158**	**21**	**(5)**	**174**

The Group also trades from 29 (FY22: 37) concession counters in department stores in South Korea and a further 166 mono branded third-party franchise stores around the world, with 73 in China (87 at 31 March 22), 31 in Japan (31 at 31 March 22), 19 across Australia and New Zealand (18 at 31 March 22), and the majority of the balance across other South East Asia countries.

Leases
The Group operates its own retail stores via leasehold arrangements (apart from one store which is freehold) and also leases one warehouse and its offices. At 30 September 2022, the average lease term remaining across all property-related leases to end of term was 5.4 years (30 September 2021: 4.7 years) and only 3.4 years (30 September 2021: 2.9 years) to tenant-only break. The annual rent commitment was £29.7m (30 September 2021: £23.4m) and undiscounted total lease commitment was £161.4m (30 September 2021: £110.4m), reducing to £100.4m (30 September 2021: £67.1m) to lease break.

At 30 September 2022 the Group has right-of-use assets of £133.9m (30 September 2021: £92.7m) and lease liabilities of £142.8m (30 September 2021: £98.8m).

Earnings
The following table reconciles the results for the first half year from EBITDA[1] to profit before tax:

£m	H1 FY23	H1 FY22	% *change*
EBITDA[1]	**88.8**	**88.8**	***0%***
Depreciation and amortisation	**(23.3)**	(18.0)	*(29%)*
Exchange losses	**(0.2)**	(2.1)	*n/a*
Net interest cost on bank debt	**(4.7)**	(5.1)	*7%*
Amortised loan costs/interest on lease liabilities	**(2.7)**	(2.3)	*(17%)*
Profit before tax	**57.9**	**61.3**	***(5%)***
Tax	**(13.2)**	(12.7)	*(4%)*
Earnings	**44.7**	**48.6**	***(8%)***

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

Profit before tax declined by 5% to £57.9m (H1 FY22: £61.3m) with profit after tax of £44.7m (H1 FY22: £48.6m). This was primarily due to higher depreciation and amortisation costs as we have invested in new stores and IT systems.

The Group's net interest cost on bank debt decreased to £4.7m (H1 FY22: £5.1m) as a result of a reduction of the total interest expense during the period and increases in interest received on cash balances held. The average interest rate on the term loan in the period was 2.62% (H1 FY22: 2.75%).

The tax charge was £13.2m (H1 FY22: £12.7m) with an effective tax rate of 22.8% which is higher than the UK corporate tax rate of 19.0%, mainly due to non-UK tax rates and tax true ups in the period. The tax true ups are in relation to current and deferred tax true ups following a change in rules and a subsequent review of deferred tax asset recoverability in South Korea such that an element of provisionally calculated assets were no longer recoverable and other marginal updates resulting from submission of final tax returns. This is illustrated below:

	%
UK tax rate	**19.0%**
Non-UK tax rate	1.6%
Deferred tax / true ups	2.2%
Reported tax rate	**22.8%**

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 H1 FY23, this totalled £72.2m (H1 FY22: £58.8m), an increase of 23%.

Earnings per share was 4.5p (H1 FY22: 4.8p). The total number of diluted shares is detailed in note 7 in the interim financial statements. The following table summarises these EPS figures:

		H1 FY23 pence	H1 FY22 pence	*% change*	FY22 pence
Earnings per share	Basic	**4.5**	4.8	*(6%)*	18.1
	Diluted	**4.5**	4.8	*(6%)*	18.1
Underlying[2] earnings per share	Basic	**4.5**	4.8	*(6%)*	17.4
	Diluted	**4.5**	4.8	*(6%)*	17.4

2. Underlying earnings per share is calculated as earnings before exceptional items, preference share interest and prior year tax adjustments.

Dividends

The Board has approved, and the Company has declared an increased interim dividend of 1.56p per share (H1 FY22: 1.22p) which is up 28%. This is calculated as a 35% earnings pay-out which will be paid on 3 February 2023 to shareholders on the register at 6 January 2023. As previously guided the Board has adopted a progressive dividend policy taking into account our financial performance, market conditions and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows and our plans for organic investment in innovation, brand and our people. We intend to pay dividends twice a year following the normal in-year trading profile. The total cost of the declared dividend is £15.6m (H1 FY22: £12.2m).

£m	H1 FY23	H1 FY22	*% change*
Earnings	**44.7**	48.6	*-8.0%*
Proposed dividends (£m)			
Interim dividend	**15.6**	12.2	*+28%*
Dividends as a % of earnings	***35%***	*25%*	*+10pts*
Proposed dividend per share (pence)			
Interim dividend	**1.56**	1.22	*+28%*
Dividends paid (£m)			
Interim dividend	**-**	-	-
Final dividend	**42.8**	-	-
Total	**42.8**	-	-
Dividend paid per share (pence)			
Interim dividend	**-**	-	-
Final dividends	**4.28**	-	-
Total	**4.28**	-	-

Operating cash flow
Operating cash flow is summarised below:

£m	H1 FY23	H1 FY22
EBITDA[1]	**88.8**	88.8
Increase in inventories	**(120.9)**	(16.7)
Increase in debtors	**(7.2)**	(13.9)
Increase/(decrease) in creditors	**27.7**	(8.0)
Total change in net working capital	**(100.4)**	(38.6)
Share-based payments	**3.0**	1.8
Capital expenditure	**(19.3)**	(10.1)
Operating cash flow[2]	**(27.9)**	41.9
Operating cash conversion[2]	*(31%)*	*47%*

1. EBITDA – Earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
2. Alternative Performance Measures as defined in the Glossary on pages 39 and 40.

Operating cash outflow was £27.9m (H1 FY22 cash inflow: £41.9m) representing a conversion of EBITDA[1] of -31% (H1 FY22: 47%). The movement in working capital was predominantly due to our decision to increase inventory ahead of peak trading particularly in USA and Japan to improve our availability which was weak in those markets in the prior year. In addition, higher debtors resulted from higher levels of wholesale trading (with trade debtors at 48 days, marginally higher than prior year all due to customer mix). In the prior year cash generation was unusually strong due to supply chain delays (factory closure in Vietnam and extended sailing times) such that inventory was low.

Capex was £19.3m (H1 FY22: £10.1m) and represented 4.6% of revenue (H1 FY22: 2.7%) and was higher than the prior period mainly due to retail store openings, contribution to racking and fit out of new 3PL DC in LA and the Netherlands, and IT spend.

Net cash flow after interest

Net cash flow after interest costs is summarised below:

£m	H1 FY23	H1 FY22
Operating cash flow[1]	**(27.9)**	41.9
Net interest paid	**(2.1)**	(4.3)
Payment of lease liabilities	**(12.7)**	(11.5)
Taxation	**(14.1)**	(20.6)
Free cashflow before dividends & PY exceptionals	**(56.8)**	5.5
Exceptional items[2]	**-**	(7.5)
Dividends paid	**(42.8)**	-
Net cash outflow	**(99.6)**	(2.0)
Opening cash	**228.0**	113.6
Net cash exchange translation	**4.6**	1.6
Closing cash	**133.0**	113.2

1. Operating cash flow and free cash flow are Alternative Performance Measures defined in the Glossary on pages 39 and 40.
2. All exceptional items paid were in relation to the IPO and refinancing event.

At 30 September 2022 the Group had cash of £133.0m compared to cash at 31 March 2022 of £228.0m and £113.2m H1 FY22. During this six-month period the Group had a cash outflow of £99.6m (after a dividend payment of £42.8m), with the cash swing typical of our normal working capital intra year cycle.

Funding

The Group is funded by cash, bank debt and equity. Further details on the capital structure and debt are given in note 13 of the interim financial statements. The Group's bank debt is carried in Euros to reflect the excess Euros the Group generates from trading in Continental Europe to fund interest costs (with USD revenue generated broadly funding USD purchase of inventory and GBP generated broadly funding GBP related costs). The bank debt falls due for repayment in full on 2 February 2026. The Group also has a revolving credit facility of £200.0m which also expires on 2 February 2026 with £4.1m utilised in relation to certain guarantee arrangements at the balance sheet date.

The group financing arrangements have a total net leverage covenant test every six months. The total net leverage test is calculated with a full 12 months of EBITDA[1] and net debt being inclusive of IFRS 16 lease liabilities at the balance sheet date. At 30 September 2022 the Group had total net leverage of 1.1 times (30 September 2021: 1.2x) giving us significant headroom against our covenant test.

Pensions

Dr Martens Airwair Group Ltd and Airwair International Limited (subsidiaries of the Group) operate a defined benefit pension scheme in the UK, which was closed to new members in 2002, and provides both pensions in retirement and death benefits to members. At the most recently completed triennial valuation (June 2019), on an actuarial funding valuation basis, the scheme had assets with a value of £65.4m and estimated future liabilities (technical provisions) of £60.6m, resulting in a surplus of £4.8m. The scheme has also had a surplus for a number of years on an IAS 19 accounting basis. The IAS 19 surplus under the scheme is not recognised as an asset benefitting the Group on the balance sheet. This is because the Group believes there is uncertainty in relation to the recoverability of any surplus and is therefore unlikely to derive any economic benefits from that surplus.

The recent sharp increase in the UK government bond yields reduced the value of both the scheme's assets and liabilities but, as a result of certain derivatives to hedge movement in the UK government bond yields, the pension scheme surplus was materially preserved. In addition, the pension scheme has a relatively low level of leverage.

We are currently working closely with the independent trustees of the scheme on the 2022 triennial valuation and we expect to report the outcome of this valuation in the annual report and accounts for FY23. A surplus is anticipated. The Group also operates a defined contribution scheme for its employees and during the period the Group contributions to this scheme were £1.4m (H1 FY22: £1.6m).

Balance sheet
The balance sheet is summarised below:

£m	**30 September 2022**	30 September 2021	31 March 2022
Freehold property	**6.8**	6.1	6.1
Right-of-use assets	**133.9**	92.7	105.5
Other fixed assets	**65.3**	47.4	53.6
Inventory	**261.4**	119.8	123.0
Debtors	**111.9**	74.3	85.6
Creditors	**(181.0)**	(115.2)	(130.1)
Working capital	**192.3**	78.9	78.5
Deferred tax	**10.2**	8.7	9.6
Operating net assets	**408.5**	233.8	253.3
Goodwill	**240.7**	240.7	240.7
Cash	**133.0**	113.2	228.0
Bank debt	**(297.0)**	(290.6)	(285.6)
Unamortised bank fees	**4.1**	5.3	4.7
Lease liabilities	**(142.8)**	(98.8)	(112.9)
Net assets	**346.5**	**203.6**	**328.2**

Inventory
Given the high proportion of continuity products we sell (which represented 84% of September 2022 inventory) and our track record of strong full price DTC mix, we have minimal mark down risk. In light of this we were able to take the decision to plan for success and improve availability in all our markets compared to prior year, and particularly in America and Japan, which had weaker availability through H2 last year. This is summarised below:

	30 September 2022	30 September 2021
Inventory (£m)	261.4	119.8
Turn (x)[1]	1.3 x	2.6 x
Weeks cover[2]	40	20

1. Calculated as inventory divided by historic LTM COGs
2. Calculated as 52 weeks divided by stock turn

The weeks cover last year was very low given the Group mainly recognises ownership of inventory once loaded onto a boat and therefore weeks cover is inclusive of time to move the inventory from the port in Asia to the DC, which averaged c.10 to 13 weeks last year. This resulted in only 7 to 10 weeks cover in DC. In addition, inventory balances at half year are targeted at Q3 peak selling period whereas the inventory turn calculation is backward looking and therefore tends to overestimate weeks cover availability.

Equity of £346.5m at 30 September 2022 can be analysed as follows:

	£m
Share capital	10.0
Hedging reserve	(4.0)
Merger reserve	(1,400.0)
Non-UK translation reserve	24.3
Retained earnings	1,716.2
Equity	**346.5**

Included in the retained earnings are Dr. Martens plc (the Company) distributable reserves of £1,391.5m (31 March 2022: £1,389.8m).

Principal risks
The Board considers that the principal risks and uncertainties which could impact the Group over the remaining half of the financial year are unchanged from the risks presented in the 2022 Annual Report. The principal risks are summarised as: Brand and product; Social and environmental; People, culture and change; Supply chain; Information and cyber security; Financial; and Legal and compliance. These are detailed on pages 97 to 103 of the 2022 Annual Report, a copy of which is available on the Company's website at www.drmartensplc.com.

Consolidated Statement of Profit or Loss
For the six months ended 30 September 2022

	Notes	**Unaudited six months ended 30 September 2022 £m**	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Revenue	3	**418.6**	369.9	908.3
Cost of sales		**(160.8)**	(143.3)	(329.5)
Gross profit		**257.8**	226.6	578.8
Selling and administrative expenses	4	**(192.5)**	(157.9)	(349.5)
Finance expense	5	**(7.4)**	(7.4)	(15.0)
Profit before tax		**57.9**	61.3	214.3
EBITDA[1]	3	**88.8**	88.8	263.0
Depreciation, amortisation and exchange gains	4	**(23.5)**	(20.1)	(33.7)
Finance expense	5	**(7.4)**	(7.4)	(15.0)
Profit before tax		**57.9**	61.3	214.3
Tax expense	6	**(13.2)**	(12.7)	(33.1)
Profit for the period		**44.7**	48.6	181.2

		Unaudited six months ended 30 September 2022	Unaudited six months ended 30 September 2021	Audited year ended 31 March 2022
Earnings per share				
Basic	7	**4.5p**	4.8p	18.1p
Diluted	7	**4.5p**	4.8p	18.1p
Underlying[2] **earnings per share**				
Basic	7	**4.5p**	4.8p	17.4p
Diluted	7	**4.5p**	4.8p	17.4p

1. Alternative Performance Measure 'APM' as defined in the Glossary on pages 39 and 40.
2. Underlying earnings per share is calculated before taking into account prior year tax deductions in relation to staff IPO bonuses which were previously treated as non-deductible with the bonus paid treated as an exceptional item in the year ended 31 March 2021.

The results for the periods 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 six months ended 30 September 2022

	Notes	**Unaudited six months ended 30 September 2022 £m**	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Profit for the period		**44.7**	48.6	181.2
Other comprehensive income/(expense)				
Items that may subsequently be reclassified to profit or loss				
Currency translation differences		**17.3**	2.2	4.3
Cash flow hedges		**(3.9)**	0.2	-
Tax in relation to unexercised share options	6	**-**	0.1	-
		13.4	2.5	4.3
Total comprehensive income for the period		**58.1**	51.1	185.5

Consolidated Balance Sheet
As at 30 September 2022

	Notes	**Unaudited 30 September 2022 £m**	Unaudited 30 September 2021 £m	Audited 31 March 2022 £m
Non-current assets				
Intangible assets	9	**265.1**	261.3	262.1
Property, plant and equipment	10	**47.7**	32.9	38.3
Right-of-use assets	10	**133.9**	92.7	105.5
Deferred tax assets	16	**11.0**	8.7	9.6
Pension fund surplus	18	**-**	-	-
		457.7	395.6	415.5
Current assets				
Inventories		**261.4**	119.8	123.0
Trade and other receivables	12	**111.9**	74.3	85.6
Income tax assets		**10.8**	6.3	6.1
Derivatives and other financial assets	15	**6.5**	0.4	0.9
Cash and cash equivalents		**133.0**	113.2	228.0
		523.6	314.0	443.6
Total assets		**981.3**	709.6	859.1
Current liabilities				
Trade and other payables[2]	13	**(183.1)**	(118.1)	(133.9)
Borrowings – Bank interest[2]	11	**(3.3)**	(2.1)	(0.8)
Borrowings – Lease liabilities	17	**(25.1)**	(20.0)	(19.8)
Derivatives and other financial liabilities	15	**(3.6)**	-	(0.5)
Income tax payable		**(3.8)**	-	-
		(218.9)	(140.2)	(155.0)
Non-current liabilities				
Borrowings – Bank[1]	11	**(292.9)**	(285.3)	(280.9)
Borrowings – Lease liabilities	17	**(117.7)**	(78.8)	(93.1)
Provisions	14	**(3.6)**	(1.7)	(1.9)
Derivatives and other financial liabilities	15	**(0.9)**	-	-
Deferred tax liabilities	16	**(0.8)**	-	-
		(415.9)	(365.8)	(375.9)
Total liabilities		**(634.8)**	(506.0)	(530.9)
Net assets		**346.5**	203.6	328.2
Equity attributable to the owners of the Parent				
Share capital	19	**10.0**	10.0	10.0
Hedging reserve		**(4.0)**	0.1	(0.1)
Merger reserve		**(1,400.0)**	(1,400.0)	(1,400.0)
Non-UK translation reserve		**24.3**	4.9	7.0
Retained earnings		**1,716.2**	1,588.6	1,711.3
Total equity		**346.5**	203.6	328.2

1. Included in bank debt is £4.1m (Sep 21: £5.3m, Mar 22: £4.7m) of unamortised bank fees.
2. Borrowings – Bank interest was previously included within trade and other payables

Consolidated Statement of Changes in Equity
For the six months ended 30 September 2022

	Share capital	Hedging reserve	Capital reserve – own shares	Capital redemption reserve	Merger reserve	Non-UK translation reserve	Retained earnings[1,2]	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2021	**10.0**	**(0.1)**	**-**	**-**	**(1,400.0)**	**2.7**	**1,537.1**	**149.7**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	48.6	**48.6**
Other comprehensive income	-	0.2	-	-	-	2.2	0.1	**2.5**
Total comprehensive income for the period	-	0.2	-	-	-	2.2	48.7	**51.1**
Share-based payments	-	-	-	-	-	-	1.8	**1.8**
At 30 September 2021	**10.0**	**0.1**	**-**	**-**	**(1,400.0)**	**4.9**	**1,587.6**	**202.6**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	132.6	**132.6**
Other comprehensive income/(expense)	-	(0.2)	-	-	-	2.1	(0.1)	**1.8**
Total comprehensive income/(expense) for the period	-	(0.2)	-	-	-	2.1	132.5	**134.4**
Dividends paid	-	-	-	-	-	-	(12.2)	**(12.2)**
Share-based payments	-	-	-	-	-	-	3.4	**3.4**
At 31 March 2022	**10.0**	**(0.1)**	**-**	**-**	**(1,400.0)**	**7.0**	**1,711.3**	**328.2**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	44.7	**44.7**
Other comprehensive income/(expense)	-	(3.9)	-	-	-	17.3	-	**13.4**
Total comprehensive income/(expense) for the period	-	(3.9)	-	-	-	17.3	44.7	**58.1**
Dividends paid	-	-	-	-	-	-	(42.8)	**(42.8)**
Share-based payments	-	-	-	-	-	-	3.0	**3.0**
At 30 September 2022	**10.0**	**(4.0)**	**-**	**-**	**(1,400.0)**	**24.3**	**1,716.2**	**346.5**

1. Results for the year ended 31 March 2021 and six months ended 30 September 2021 have been retrospectively restated in relation to a change in accounting policy for the treatment of cloud based software. Retained earnings as at 31 March 2021 were restated from £1,538.1m and as at 30 September 2021 from £1,588.6m with a reduction of £1.0m. This resulted in £nil impact on cash. See Dr. Martens plc Annual Report for the year ended 31 March 2022 for further details.
2. Included within retained earnings Dr. Martens plc (the Company) has distributable reserves of £1,391.5m (Sep 21: £1,380.5m, Mar 22: £1,389.8m)

Consolidated Statement of Cash Flows
For the six months ended 30 September 2022

	Notes	**Unaudited six months ended 30 September 2022 £m**	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Profit after taxation		**44.7**	48.6	181.2
Add back: income tax expense	6	**13.2**	12.7	33.1
Add back: finance expense	5	**7.4**	7.4	15.0
Add back: depreciation and amortisation		**23.3**	18.0	36.9
Add back: net exchange rate gains		**0.2**	2.1	(3.2)
Add back: share-based payments		**3.0**	1.8	5.2
Increase in inventories		**(120.9)**	(16.7)	(18.3)
Increase in trade and other receivables		**(7.2)**	(13.9)	(23.3)
Increase/(decrease) in trade and other payables		**27.7**	(15.5)	(1.0)
Change in working capital		**(100.4)**	(46.1)	(42.6)
Cash flows from operating activities				
Cash (used in)/generated from operations		**(8.6)**	44.5	225.6
Taxation paid		**(14.1)**	(20.6)	(41.2)
Cash (used in)/generated from operating activities		**(22.7)**	23.9	184.4
Cash flows from investing activities				
Additions to intangible assets	9	**(6.4)**	(5.6)	(9.5)
Additions to property, plant and equipment	10	**(12.9)**	(4.5)	(15.5)
Cash used in investing activities		**(19.3)**	(10.1)	(25.0)
Cash flows from financing activities				
Finance expense paid	5	**(2.1)**	(4.3)	(10.8)
Payment of lease interest[1]	17	**(2.1)**	(1.7)	(3.5)
Payment of lease liabilities	17	**(10.6)**	(9.8)	(20.5)
Dividends paid		**(42.8)**	-	(12.2)
Cash used in financing activities		**(57.6)**	(15.8)	(47.0)
Net (decrease)/increase in cash and cash equivalents		**(99.6)**	(2.0)	112.4
Cash and cash equivalents at beginning of period		**228.0**	113.6	113.6
Effect of exchange on cash held		**4.6**	1.6	2.0
Cash and cash equivalents at end of period		**133.0**	113.2	228.0

1. Payment of lease interest was previously disclosed within payment of lease liabilities.

Consolidated Non-GAAP Statement of Cash Flows
For the six months ended 30 September 2022

	Notes	**Unaudited six months ended 30 September 2022 £m**	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
EBITDA[1]	3	**88.8**	88.8	263.0
Change in net working capital		**(100.4)**	(38.6)	(35.1)
Share-based payments		**3.0**	1.8	5.2
Capital expenditure	9,10	**(19.3)**	(10.1)	(25.0)
Operating cash flow[1]		**(27.9)**	41.9	208.1
Net interest paid		**(2.1)**	(4.3)	(10.8)
Payment of lease liabilities and interest	17	**(12.7)**	(11.5)	(24.0)
Taxation		**(14.1)**	(20.6)	(41.2)
Free cash flow[1] before exceptional items		**(56.8)**	5.5	132.1
Exceptional items[2]		**-**	(7.5)	(7.5)
Dividends paid		**(42.8)**	-	(12.2)
Net cash flow		**(99.6)**	(2.0)	112.4
Opening cash		**228.0**	113.6	113.6
Net cash exchange		**4.6**	1.6	2.0
Closing cash		**133.0**	113.2	228.0

1. Alternative Performance Measures as defined in the Glossary on pages 39 and 40.
2. All exceptional items paid were in relation to the IPO and refinancing event.

Notes to the Consolidated Interim Financial Statements
For the six months ended 30 September 2022

1. General information

Dr. Martens plc (the "Company") is a public listed company incorporated in England and Wales under the Companies Act 2006. The Company is domiciled in the United Kingdom and its registered office is: 28 Jamestown Road, Camden, London NW1 7BY.

The principal activity of the Company and its subsidiaries (together referred to as the "Group") is the design, development, procurement, marketing, selling and distribution of footwear, under the Dr. Martens brand.

2. Accounting policies

The principal accounting policies adopted in the preparation of the Consolidated Interim Financial Statements are the same as those set out in the Group's Annual Financial Statements for the year ended 31 March 2022.

The interim financial information is presented in Sterling and all values are presented in million pounds (rounded to one decimal place), unless otherwise noted.

Basis of preparation

The Consolidated Interim Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK adopted International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The interim results for the six months ended 30 September 2022 and the comparatives for the six months ended 30 September 2021 are unaudited but have been reviewed by the auditors. A copy of their review report has been included at the end of this report.

The financial information for the year ended 31 March 2022 has been extracted from the Group financial statements for that period and does not constitute statutory accounts as defined in section 434 of the Companies Act. These published financial statements were reported on by the auditors without qualification or an emphasis of matter reference and did not include a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for derivative financial instruments and pension scheme assets that have been measured at fair value.

Significant judgements and sources of estimation uncertainty

The Group's significant judgements and key sources of estimation uncertainty are consistent with those disclosed in the Group's latest audited financial statements. Furthermore, The Group does not recognise an asset in relation to the surplus on the UK defined benefit pension scheme. See note 18 for further details of this accounting judgement.

Going concern

The interim consolidated financial information has been prepared on the 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 a 16-month period from the date of the signing of the consolidated financial statements (the going concern period) to 31 March 2024 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 30 September 2022 with cash of £133.0m, term loan of £297.0m as well as available undrawn facilities of £195.9m. A bullet debt repayment of the term loan of £297.0m is not due until 2 February 2026.

The first half of the year saw a continued solid recovery from Covid-19 which impacted trading in prior year with good traffic recovery across our retail stores in EMEA and USA, but slightly slower recovery in Japan. Ecommerce has continued to grow but at a slower pace reflecting consumers returning to physical retail. The supply chain constraints experience through last year have now recovered, with product availability significantly better and shipping lead times nearly back to pre-Covid levels in EMEA and 50% lower than peak lead times experienced by USA last year. We have estimated COGs inflationary increases at +6% for AW22 and SS23 (to June 23) and are currently negotiating AW23 increases. Price increases were implemented for AW22 season and this will fund inflation through to the end of FY23 and we are repeating the pricing strategy now and expect AW23 price increases to also fund AW23 inflation. China is our only market which still has a 'zero Covid' policy and is therefore at risk of lockdown, however this market is only 1% of revenue. We sell approximately 80% continuity product with 4 of 5 pairs being black and therefore do not have a material markdown risk in any channel/market. We also monitor in-market wholesale account inventory and sell through on a weekly/monthly basis and, with the exception of two customers in USA, in-market inventory is broadly right sized. We have a plan to work with these two customers who have higher inventories and have headroom to cancel future orders if Q3 peak trading season is weaker than expected.

2. Accounting policies (continued)
Going concern (continued)

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the period to September 2022, including the impact of the continued current global economic uncertainty, high inflation on profitability, and cash flow and covenant compliance.

The Directors remain vigilant and continue to monitor the effects of weak consumer sentiment in all our core markets (across ecommerce, retail and wholesale channels), and will react appropriately to further developments and associated risks. To date we have had minimal experience of bad debts or lower margin.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a base case and a severe but plausible downside scenario with no planned cost or working capital mitigation (including the payment of dividends).

The base case assumes the Group continues to trade as now with no restrictions in core markets and trade continues to build in line with DOCs growth strategy.

Given the backdrop of continued global economic uncertainty, the current geopolitical landscape and increasing inflation, management considered the principal risks that would threaten the Group's future performance, solvency, liquidity, and reputation and how these were included in the severe but plausible scenario, which included reasonable quantification of these principal risks. The risks for modelling purposes in the severe but plausible downside scenario included a large website down during our peak period and factory closures for 3 months in one key production geographic area. In addition, a further scenario was modelled to reflect the impact of a further material downturn in consumer sentiment and demand. These risks will impact on the revenue growth assumptions in the base case and have been sensitised downward to model a severe but plausible downside scenario with no planned cost or working capital mitigation actions (including the dividend payments of £15.6m in February 2023). The impact of the severe but plausible downside scenario was represented by revenue growth being 47pts lower than the base case across all channels and geographies. Under this scenario, group revenues would be materially lower than prior year.

In the severe but plausible downside scenario, the Group continues to have satisfactory liquidity and significant covenant headroom throughout the 16-month period under review. Should this extreme downside scenario occur then mitigating actions could also be taken including, (but not limited to) cancellation of pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, reducing purchases in line with reduced sales, and delay/cancellation of IT related capex and reduced future dividend payments. A more extreme downside scenario is not considered plausible.

In addition, a reverse stress test has been modelled to determine what could break covenant compliance estimates and liquidity before any mitigating actions. To model these reverse stress tests the impact on revenue of zero covenant headroom and zero liquidity was calculated at the end of FY24. Under the covenant breach test, it is concluded that the business could weather extreme growth reductions without mitigation, -47pts of revenue growth in FY24 before covenants are breached. Similarly, the business would have to experience -73pts revenue growth reduction in FY24 before zero cash headroom is reached, which would be below our pre-Covid-19 numbers. Under both tests modelled, there were no mitigating actions (including dividend payments) modelled and the resulting revenues calculated and likelihood of occurring have been considered. The Directors have assessed the likelihood of occurrence to be remote.

The Directors will continue to monitor the effects of global economic uncertainty and inflation on our Group and the economies of the countries the Group operates and plan to maintain maximum flexibility to react on a market-by-market basis, taking into consideration the various national and local government regulations and policies as events unfold.

In adopting the going concern basis for preparing the consolidated 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 cashflow forecasts, the Directors have reasonable expectation that the Group has an adequate level of resources to continue in operational existence during the period under review.

New standards and interpretations not yet applied
There are no new or amended standards and interpretations that are relevant to the Group, in issue but not yet effective. Hence these are not expected to have a material impact on the Group's Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

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, America revenue is attributable to USA and Canada and APAC revenue is mainly attributable to Japan, China, South Korea and Australia.

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Revenue by geographical market			
EMEA	**179.0**	167.6	398.5
America	**179.7**	147.5	382.7
APAC	**59.9**	54.8	127.1
Total revenue	**418.6**	369.9	908.3

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
EBITDA by geographical market			
EMEA	**52.8**	55.2	143.8
America	**41.4**	40.0	120.0
APAC	**13.1**	10.7	32.6
Support costs	**(18.5)**	(17.1)	(33.4)
EBITDA	**88.8**	88.8	263.0
Depreciation and amortisation	**(9.7)**	(7.5)	(14.4)
Depreciation of right-of-use assets[1]	**(13.6)**	(10.5)	(22.5)
Exchange (losses)/gains	**(0.2)**	(2.1)	3.2
Depreciation, amortisation & exchange (losses)/gains	**(23.5)**	(20.1)	(33.7)
Finance expense	**(7.4)**	(7.4)	(15.0)
Profit before tax	**57.9**	61.3	214.3

1. Includes impairment charge of £nil (Sep 21: £nil, Mar 22: £0.2m) recognised on leasehold improvements (see note 10). In the year ended 31 March 2022 an impairment charge of £0.2m was recognised on leasehold improvements within property, plant and equipment in relation to one store we decided to exercise a break clause to relocate to a better location.

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Revenue by channel			
Ecommerce	**88.8**	82.6	262.4
Retail	**91.0**	65.9	185.6
DTC	**179.8**	148.5	448.0
Wholesale	**238.8**	221.4	460.3
Total	**418.6**	369.9	908.3

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

3. Segmental Analysis (continued)

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Non-current assets			
EMEA[1]	**125.5**	99.6	107.9
America	**68.4**	37.6	46.1
APAC	**12.1**	9.1	11.2
Goodwill	**240.7**	240.7	240.7
Deferred tax	**11.0**	8.7	9.6
Total non-current assets	**457.7**	395.7	415.5

1. Included in the EMEA non-current assets is £64.5m (Mar 22: £60.6m) in relation to the UK market.

4. Expenses analysis

Profit before tax is stated after charging:

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Selling and administrative expenses			
Staff costs	**75.6**	68.0	132.6
Other operating costs	**93.4**	69.8	183.2
	169.0	137.8	315.8
Amortisation	**3.4**	2.9	4.7
Depreciation	**6.3**	4.6	9.7
Depreciation of right-of-use assets	**13.6**	10.5	22.5
Exchange losses/(gains)	**0.2**	2.1	(3.2)
Depreciation, amortisation & exchange losses/(gains)	**23.5**	20.1	33.7
Total selling and administrative expenses	**192.5**	157.9	349.5

5. Finance expense

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Bank debt – net[1]	**4.7**	5.1	10.3
Interest on lease liabilities	**2.1**	1.7	3.5
Amortisation loan issue costs	**0.6**	0.6	1.2
Total financing expense	**7.4**	7.4	15.0

1. Interest paid in the period was £2.1m (Sep 21: £4.3m, Mar 22: £10.8m), with the difference of £2.6m (Sep 21: £0.8m, Mar 22: -£0.5m) a result of a reduction of the total interest expense during the period and increases in interest received on cash balances held.

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

6. Taxation

The Group calculates the period tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of tax expense in the Consolidated Statement of Profit or Loss are:

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Current tax			
Current tax on UK profit for the period	**10.5**	11.2	40.0
Adjustment in respect of prior periods	**1.1**	(0.3)	(8.8)
Current tax on overseas profits for the period	**2.1**	3.2	4.3
	13.7	14.1	35.5
Deferred tax			
Origination and reversal of temporary differences	**(0.7)**	(1.8)	(2.5)
Adjustment in respect of prior periods	**0.2**	0.4	0.1
	(0.5)	(1.4)	(2.4)
Total tax expense in the Consolidated Statement of Profit or Loss	**13.2**	12.7	33.1
Other Comprehensive Income			
Tax in relation to unexercised share options	**-**	(0.1)	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**13.2**	12.6	33.1

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Factors affecting the tax expense for the period			
Profit before tax	**57.9**	61.3	214.3
Profit before tax multiplied by standard rate of UK corporation tax of 19% (Mar 22 and Sep 21: 19%)	**11.0**	11.6	40.7
Effects of:			
Non-deductible expenses	**0.1**	1.0	-
Temporary differences not provided for	**-**	(0.5)	-
Effect of change in tax rate	**-**	0.1	0.1
Share based payments	**-**	-	0.2
Intangibles capitalised allowable for tax purposes	**-**	-	-
Difference in non-UK tax rates	**0.9**	0.5	1.0
Other adjustments	**(0.1)**	-	(0.2)
Before prior year adjustments	**11.9**	12.7	41.8
Adjustments in respect of prior periods[1]	**1.3**	-	(8.7)
Total tax expense in the Consolidated Statement of Profit or Loss	**13.2**	12.7	33.1
Tax in relation to unexercised share options	**-**	(0.1)	-
Total tax expense in the Consolidated Statement of Comprehensive Income	**13.2**	12.6	33.1
Effective tax rate			
Before prior year adjustments	***20.5%***	*20.7%*	*19.5%*
After prior year adjustments	***22.8%***	*20.7%*	*15.4%*

1. The adjustments in respect of the prior year are in relation to current and deferred tax true-up's following a change in rules and a subsequent review of deferred tax asset recoverability in S. Korea such that an element of provisionally calculated assets were no longer recoverable and other marginal updates resulting from submission of final tax returns. For the year ended 31 March 2022 the £8.7m prior year adjustment is mainly in relation to bonus payments paid to all staff following the IPO which were treated as non-deductible exceptionals. However, following a similar tax case and subsequent tax counsel advice we have taken a deduction.

Factors that may affect future tax charges

On 3 March 2021, the 2021 UK Budget announced an increase to the corporation tax rate from 19% to 25% effective from April 2023. This was substantively enacted on 24 May 2021.

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

7. 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 period.

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Profit after tax	**44.7**	48.6	181.2

	Unaudited six months ended 30 September 2022 No.	Unaudited six months ended 30 September 2021 No.	Audited year ended 31 March 2022 No.
Weighted average number of shares for calculating basic earnings per share (millions)	**1,000.3**	1,000.0	1,000.1
Potentially dilutive share awards (millions)	**4.4**	2.6	2.8
Weighted average number of shares for calculating diluted earnings per share (millions)	**1,004.7**	1,002.6	1,002.9

	Unaudited six months ended 30 September 2022	Unaudited six months ended 30 September 2021	Audited year ended 31 March 2022
Earnings per share			
Basic earnings per share	**4.5p**	4.8p	18.1p
Diluted earnings per share	**4.5p**	4.8p	18.1p
Underlying[1] earnings per share			
Basic	**4.5p**	4.8p	17.4p
Diluted	**4.5p**	4.8p	17.4p

1. Underlying earnings per share is calculated before exceptional items and taking into account prior year tax deductions in relation to those exceptional items.

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

8. Dividends

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Equity dividends on ordinary shares paid during the period/year:			
Interim dividend for FY22	**-**	-	12.2
Final dividend for FY22	**42.8**	-	-
Total dividends paid during the period/year	**42.8**	-	12.2
Proposed dividends			
Interim dividend	**15.6**	12.2	12.2
Final dividend	**-**	-	42.8
Total dividends proposed during the period/year	**15.6**	12.2	55.0
Dividends as a % of earnings	**35%**	25%	30%
Dividend per share			
Interim dividend	**1.56p**	1.22p	1.22p
Final dividend	**-**	-	4.28p
Total dividend per share	**1.56p**	1.22p	5.50p

The Board approved and the Company has declared an interim dividend of 1.56p per share (H1 FY22: 1.22 pence) equating to a 35% (H1 FY22: 25%) earnings payout which is due to paid on 3 February 2023. As previously guided the Board has adopted a progressive dividend policy with payout from 25% to 35% of earnings, taking into account our financial performance, market conditions and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows and our plans for organic investment in innovation and productivity. We intend to pay dividends twice a year following the normal in-year trading profile. The total cost of the declared dividend is £15.6m (H1 FY22: £12.2m).

The Dr. Martens plc International Share Incentive Plan Trust has waived all dividends payable by the Company in respect of the ordinary shares it holds.

9. Intangible fixed assets

Movements since 31 March 2022 have only been in relation to software and predominantly relate to additions of £6.4m and amortisation charged of £3.4m.

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Net book value:			
Goodwill	**240.7**	240.7	240.7
Software	**24.4**	20.6	21.4
	265.1	261.3	262.1

10. Property, plant and equipment and right-of-use assets

Movements in property, plant and equipment since 31 March 2022 predominantly relate to additions of £12.9m and depreciation charged of £6.2m.

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Net book value:			
Freehold property	**6.8**	6.1	6.1
Leasehold improvements	**33.8**	22.9	28.1
Plant and machinery	**3.9**	1.6	1.4
Office equipment	**3.2**	2.3	2.7
	47.7	32.9	38.3

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

10. Property, plant and equipment (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Leasehold £m
Cost or valuation	
At 31 March 2021	**116.8**
Additions	**41.9**
Modification of leases	**5.9**
Reclassification from intangible fixed assets	**2.2**
Disposals	**(8.4)**
Exchange	**1.1**
At 31 March 2022	**159.5**
Additions	**29.8**
Reassessment of leases[1]	**4.3**
Disposals	**(0.8)**
Exchange	**13.6**
At 30 September 2022	**206.4**
Depreciation and impairment	
At 31 March 2021	**39.4**
Charge for the year	**22.5**
Disposals	**(8.4)**
Exchange	**0.5**
At 31 March 2022	**54.0**
Charge for the year	**13.6**
Exchange	**4.9**
At 30 September 2022	**72.5**
Net book value	
At 30 September 2022	**133.9**
At 31 March 2022	105.5

1. Lease reassessment in the period relate to measurement adjustments for rent reviews and lease extensions.

11. Borrowings

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Current			
Bank interest	**3.3**	2.1	0.8
Lease liabilities	**25.1**	20.0	19.8
Total current	**28.4**	22.1	20.6
Non-current			
Bank loans (including unamortised bank fees)	**292.9**	285.3	280.9
Lease liabilities	**117.7**	78.8	93.1
Total non-current	**410.6**	364.1	374.0
Total borrowings	**439.0**	386.2	394.6
Split of above (excluding lease liabilities):			
Non-current bank loans	**292.9**	285.3	280.9
Add back unamortised bank fees	**4.1**	5.3	4.7
Total gross bank borrowings	**297.0**	290.6	285.6

On 29 January 2021, the Group entered into a New Facilities Agreement replacing all legacy funding arrangements, comprising a new term B loan facility of €337.5m (equivalent to £300.0m at that date) and an ancillary multi-currency revolving credit facility of £200.0m. These new facilities have a maturity date of 2 February 2026. Under the ancillary facility £4.1m has been utilised in relation to bank guarantees and no amount has been drawn down under the revolving credit facility in the period.

The Group value of debt at 30 September 2022 (excluding unamortised bank fees) of £297.0m is £3.0m lower than the amount borrowed on 29 January 2021 due to exchange rate movement.

12. Trade and other receivables

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Trade receivables	**96.5**	65.0	76.6
Less: allowance for expected credit losses	**(0.7)**	(0.8)	(0.7)
Trade receivables – net	**95.8**	64.2	75.9
Other receivables	**7.6**	3.4	5.6
	103.4	67.6	81.5
Prepayments	**8.5**	6.7	4.1
	111.9	74.3	85.6

13. Trade and other payables

	Unaudited six months ended 30 September 2022[1] £m	Unaudited six months ended 30 September 2021[1] £m	Audited year ended 31 March 2022[1] £m
Trade payables	**105.7**	46.0	52.4
Taxes and social security costs	**12.8**	5.5	6.9
Other payables	**2.3**	7.4	5.5
	120.8	58.9	64.8
Accruals	**62.3**	59.2	69.1
	183.1	118.1	133.9

1. Borrowings – Bank interest was previously included within trade and other payables of £3.3m (Sep 21: £2.1m, Mar 22: £0.8m) now separately disclosed within Borrowings.

14. Provisions

Provisions as at 30 September 2022 of £3.6m (31 March 2022: £1.9m) consist of property provisions relating to the estimated repair and restoration 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.

15. 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. 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).

The fair values of all financial instruments in both periods are materially equal to their carrying values. All financial instruments are classified as amortised cost with the exception of derivatives and cash amounts held within Money Market Funds which are measured at fair value. These instruments are classified as Level 2 and Level 1 respectively under the fair value hierarchy which is consistent with that defined in note 20 of the Group's consolidated financial statements for the year ended 31 March 2022.

15. Financial instruments (continued)

	Unaudited 30 September 2022			
	Assets at amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit or loss £m	Total £m
Assets as per Balance Sheet				
Trade and other receivables excluding prepayments	103.4	-	-	**103.4**
Derivative financial instruments – Current	-	6.5	-	**6.5**
Derivative financial instruments – Non-current	-	-	-	**-**
Cash and cash equivalents	100.4	-	32.6	**133.0**
	203.8	6.5	32.6	**242.9**

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit or loss £m	Total £m
Liabilities as per Balance Sheet				
Bank debt	292.9	-	-	**292.9**
Bank interest – Current	3.3	-	-	**3.3**
Lease liabilities – Current	25.1	-	-	**25.1**
Lease liabilities – Non-current	117.7	-	-	**117.7**
Derivative financial instruments – Current	-	3.6	-	**3.6**
Derivative financial instruments – Non-current	-	0.9	-	**0.9**
Trade and other payables excluding non-financial liabilities	120.8	-	-	**120.8**
	559.8	4.5	-	**564.3**

	Audited 31 March 2022		
	Assets at amortised cost £m	Fair value through other comprehensive income £m	Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments	81.5	-	**81.5**
Derivative financial instruments – Current	-	0.9	**0.9**
Derivative financial instruments – Non-current	-	-	**-**
Cash and cash equivalents	228.0	-	**228.0**
	309.5	0.9	**310.4**

	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Total £m
Liabilities as per Balance Sheet			
Bank debt (excluding unamortised bank fees of £4.7m)	285.6	-	**285.6**
Bank interest – Current	0.8	-	**0.8**
Lease liabilities – Current	19.8	-	**19.8**
Lease liabilities – Non-current	93.1	-	**93.1**
Derivative financial instruments – Current	-	0.5	**0.5**
Derivative financial instruments – Non-current	-	-	**-**
Trade and other payables excluding non-financial liabilities	64.8	-	**64.8**
	464.1	0.5	**464.6**

Guarantees exist in the form of rent guarantees to various landlords of £2.8m (Mar 22: £2.1m) and £0.4m (Mar 22: £0.2m) of bank guarantees and letter of credit. A duty deferment guarantee to HMRC is also in place for a maximum amount of £0.9m (Mar 22: £0.9m).

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

16. Deferred taxation

The analysis of deferred tax assets and liabilities is as follows:

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Non-current			
Assets	**11.0**	8.7	9.6
Liabilities	**(0.8)**	-	-
	10.2	8.7	9.6

The gross movement on the deferred income tax is as follows:

	30 September 2022 £m	30 September 2021 £m	31 March 2022 £m
Charge for the period in the Statement of Comprehensive Income	**0.6**	1.5	2.2

The deferred tax asset provided in the financial statements is supported by budgets and trading forecasts and relates to the following temporary differences:

- Accelerated capital allowances are the differences between the net book value of fixed assets and their tax base
- Other temporary differences are the other differences between the carrying amount of an asset/liability and its tax base that eventually will reverse. Included in the deferred tax asset in other temporary differences is £3.9m in relation to unrealised profits in intra-group transactions and expenses; and
- Trade losses expected to be utilised in future periods
- Deferred tax on share-based payments in relation to the expected future tax deduction on the exercise of Granted share options spread over the vesting period.

The movement in deferred income tax assets and liabilities during the period is as follows:

	Accelerated capital allowances £m	**Other temporary differences £m**	**Tax losses £m**	**Share-based payments £m**	**Total £m**
At 31 March 2021	**(0.6)**	**7.8**	**0.2**	**-**	**7.4**
Statement of Profit or Loss (charge)/credit	(1.4)	2.7	0.4	0.7	2.4
Exchange	-	(0.2)	-	-	(0.2)
At 31 March 2022	**(2.0)**	**10.3**	**0.6**	**0.7**	**9.6**
Statement of Profit or Loss (charge)/credit	(0.5)	(0.2)	0.9	0.3	0.5
Exchange	-	0.1	-	-	0.1
At 30 September 2022	**(2.5)**	**10.2**	**1.5**	**1.0**	**10.2**

Deferred taxation not provided in the financial statements:

	Unaudited six months ended 30 September 2022 £m	Unaudited six months ended 30 September 2021 £m	Audited year ended 31 March 2022 £m
Tax losses	**9.2**	9.4	9.3

17. Leases

Set out below are the carrying amounts of lease liabilities (included under borrowings – lease liabilities) and the movements during the period:

	Unaudited six months ended 30 September 2022 £m	**Unaudited six months ended 30 September 2021 £m**	Audited year ended 31 March 2022 £m
At start of period	**112.9**	84.8	84.8
Additions	**27.0**	20.5	47.8
Reassessments	**4.1**	2.5	-
Disposals	**(0.8)**	-	-
Interest (note 5)	**2.1**	1.7	3.5
Payments	**(12.7)**	(11.5)	(24.0)
Exchange	**10.2**	0.8	0.8
At end of period	**142.8**	98.8	112.9
Current	**25.1**	20.0	19.8
Non-current	**117.7**	78.8	93.1

The following amounts were recognised in the Statement of Profit or Loss:

	Unaudited six months ended 30 September 2022 £m	**Unaudited six months ended 30 September 2021 £m**	Audited year ended 31 March 2022 £m
Depreciation expense of right-of-use assets	**13.6**	10.5	22.5
Interest expense on lease liabilities (note 5)	**2.1**	1.7	3.5
Variable lease payments and other lease expenses recognised in operating expenses	**1.4**	1.2	3.3
Total operating expenses recognised in Statement of Profit or Loss	**1.4**	1.2	3.3
Total amount recognised in Statement of Profit or Loss	**17.1**	**13.4**	**29.3**

18. Pensions

Defined contribution scheme
The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £1.4m for the six months ended 30 September 2022 (Sep 21: £1.6m) and at 30 September 2022 £1.2m (Mar 22: £0.8m) 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 being performed as at 30 June 2022 and is currently underway. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

During the period, 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 13 years (Mar 22: 17 years).

18. Pensions (continued)

Effect of the Plan on Company's future cash flows

Airwair International Limited is required to agree a Schedule of Contributions with the Trustees of the Plan following a valuation, which must be carried out at least once every three years. Following the valuation of the Plan at 30 June 2019, a Schedule of Contributions was agreed under which Airwair International Limited was not required to make any contributions to the defined benefit section of the Plan (other than payments in respect of administrative expenses). Accordingly, Airwair International Limited does not expect to contribute to the defined benefit section of the Plan, although it will continue to contribute to the defined contribution section in line with the Schedule of Contributions. The next valuation of the Plan is being performed as at 30 June 2022 and is currently underway. 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:

	Unaudited 30 September 2022 £m	**Unaudited 30 September 2021** £m	Audited 31 March 2022 £m
Amounts recognised in the Balance Sheet			
Fair value of assets – defined benefit section	**48.5**	71.1	68.6
– defined contribution section	**19.9**	18.2	20.4
Fair value of plan assets	**68.4**	89.3	89.0
Present value of funded obligations - defined benefit section	**(35.9)**	(60.1)	(55.3)
- defined contribution section	**(19.9)**	(18.2)	(20.4)
Present value of funded obligations - total	**(55.8)**	(78.3)	(75.7)
Surplus of funded plans	**12.6**	11.0	13.3
Impact of asset ceiling	**(12.6)**	(11.0)	(13.3)
Net pension asset	**-**	-	-

The Group acknowledges that the recognition of pension scheme surplus is an area of accounting judgement, which depends on the interpretation of the Scheme Rules and the relevant accounting standards including IAS 19 and IFRIC 14. The surplus under the scheme is not recognised as an asset benefiting the Group on the balance sheet, as the Group believes there is uncertainty in relation to the recoverability of any surplus, which is therefore unlikely to derive any economic benefits from that surplus. In the Group's view there is uncertainty over whether the Scheme Rules provide the Group with an unconditional right to a refund of the surplus from the Scheme due to third party discretionary investment powers which could use up any surplus prior to wind-up. Consistent with previous years, given this uncertainty, the Group has restricted the pension scheme surplus to zero. As such a restriction has been applied to the balance sheet, and the net surplus of £12.6m (Mar 22: £13.3m) has not been recognised on the balance sheet. The net surplus has been restricted to £nil (Mar 22: £nil).

19. Share Capital

	Unaudited six months ended 30 September 2022		Unaudited six months ended 30 September 2021		Audited year ended 31 March 2022	
	No.	**£**	No.	£	No.	£
Authorised, called up and fully paid						
Ordinary shares of £0.01 each	**1,000,557,598**	**10,005,576**	1,000,000,100	10,000,001	1,000,222,700	10,002,227

Notes to the Consolidated Interim Financial Statements (continued)
For the six months ended 30 September 2022

19. Share Capital (continued)

The movements in ordinary share capital during the half year ended 30 September 2022 were as follows:

	Unaudited 30 September 2022	
	No.	**£m**
As at 1 April 2022	1,000,222,700	10.0
Shares issued	334,898	-
As at 30 September 2022	**1,000,557,598**	**10.0**

	Unaudited 30 September 2021	
	No.	**£m**
As at 1 April 2021	1,000,000,100	10.0
Shares issued	-	-
As at 30 September 2021	**1,000,000,100**	**10.0**

	Audited 31 March 2022	
	No.	**£m**
As at 1 April 2022	1,000,000,100	10.0
Shares issued	222,600	-
As at 31 March 2022	**1,000,222,700**	**10.0**

20. Related party transactions

The Group's related party transactions are with key management personnel and other related parties as disclosed in the Group's Annual Report and Accounts for the year to 31 March 2022. There have been no material changes to the Group's related party transactions during the six months to 30 September 2022.

First half / second half financial summary

	H1			H2	FY
	FY23 £m	FY22 £m	Variance %	FY22 £m	FY22 £m
Revenue:					
Ecommerce	88.8	82.6	*8%*	179.8	262.4
Retail	91.0	65.9	*38%*	119.7	185.6
DTC	179.8	148.5	*21%*	299.5	448.0
Wholesale[3]	238.8	221.4	*8%*	238.9	460.3
	418.6	**369.9**	***13%***	**538.4**	**908.3**
Gross margin	257.8	226.6	*14%*	352.2	578.8
EBITDA[1]	**88.8**	**88.8**	**-**	**174.2**	**263.0**
Profit before tax	**57.9**	**61.3**	***(5%)***	**153.0**	**214.3**
Key statistics:					
Pairs sold (m)	6.3	6.3	-	7.8	14.1
No. of stores[2]	174	147	*18%*	11	158
DTC mix %	43%	40%	*+3pts*	56%	49%
Gross margin %	61.6%	61.3%	*+0.3pts*	65.4%	63.7%
EBITDA[1] %	21.2%	24.0%	*-2.8pts*	32.4%	29.0%
Revenue by region:					
EMEA	179.0	167.6	*7%*	230.9	398.5
America	179.7	147.5	*22%*	235.2	382.7
APAC	59.9	54.8	*9%*	72.3	127.1
	418.6	**369.9**	***13%***	**538.4**	**908.3**
Revenue mix:					
EMEA %	*43%*	*45%*	*-2pts*	*43%*	*44%*
America %	*43%*	*40%*	*+3pts*	*44%*	*42%*
APAC %	*14%*	*15%*	*-1pts*	*13%*	*14%*
EBITDA[1] by region:					
EMEA	52.8	55.2	(5%)	88.6	143.8
America	41.4	40.0	4%	80.0	120.0
APAC	13.1	10.7	22%	21.9	32.6
Support costs	(18.5)	(17.1)	(8%)	(16.3)	(33.4)
	88.8	88.8	0%	174.2	263.0
EBITDA[1] margin:					
EMEA	*29.5%*	*32.9%*	*-3.4 pts*	*38.4%*	*36.1%*
America	*23.0%*	*27.1%*	*-4.1 pts*	*34.0%*	*31.4%*
APAC	*21.9%*	*19.5%*	*+2.4 pts*	*30.3%*	*25.6%*
Total	*21.2%*	*24.0%*	*-2.8pts*	*32.4%*	*29.0%*

1. EBITDA – earnings before exchange gains/losses, finance income/expense, income tax, depreciation and amortisation.
2. Own stores on streets and malls operated under leasehold arrangements.
3. 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: America 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
Underlying revenue	Revenue adjusted to exclude for Russia and S. America where we no longer supply.	Presenting consistent, comparable revenue	No	Yes
Constant currency basis	Non-GBP results with the same exchange rate applied to the current and prior periods, based on the current budgeted rates	Presenting results of the Group excluding exchange volatility	Yes	Yes
Gross margin	Revenue less cost of sales (raw materials and consumables) Cost of sales is disclosed in the Consolidated Statement of Profit or Loss	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	Yes
Gross margin %	Gross margin divided by revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	Yes
EBITDA	Profit/(loss) for the year before income tax expense, financing income/(expense), exchange gains/(losses), depreciation of right-of-use assets, depreciation and amortisation	EBITDA is used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance	Yes	Yes
EBITDA %	EBITDA divided by revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	Yes

Glossary (continued)

KPIs including APMs (continued)

Metric	Definition	Rationale	APM	KPI
Operating cash flow	EBITDA less change in net working capital, IFRS2 share-based payment expense 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 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 and adjusted for (increased) for any interest or dividend in respect of the dilutive potential ordinary shares.	Used to gauge the quality of EPS if all convertible securities were exercised	No	Yes
Underlying EPS	EPS calculated as earnings before taking into account exceptional items, preference share interest and prior year tax deductions in relation to exceptional items.	Reconciliation of EPS from the Remuneration Committee report.	Yes	Yes
LTM	Last twelve months	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	No
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
Underlying Pairs	Pairs adjusted to exclude for Russia and S. America where we no longer supply.	Presenting consistent, comparable pairs	No	Yes

Company Information

Shareholders' enquiries
Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our registrar, Equiniti, using the telephone number or address on 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.

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Auditor
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Statement of directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Dr. Martens plc are listed in the Dr. Martens plc annual report for 31 March 2022. A list of current directors is maintained on the Dr. Martens plc website: www.drmartensplc.com.

By order of the board

Jon Mortimore, CFO
23 November 2022

Independent review report to Dr. Martens plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Dr. Martens plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Dr. Martens plc for the 6 month period ended 30 September 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income as at 30 September 2022;
- the Consolidated Balance Sheet for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Non-GAAP Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of Dr. Martens plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
23 November 2022