EDITED TRANSCRIPT

Dr Martens FY23 Q4 Update

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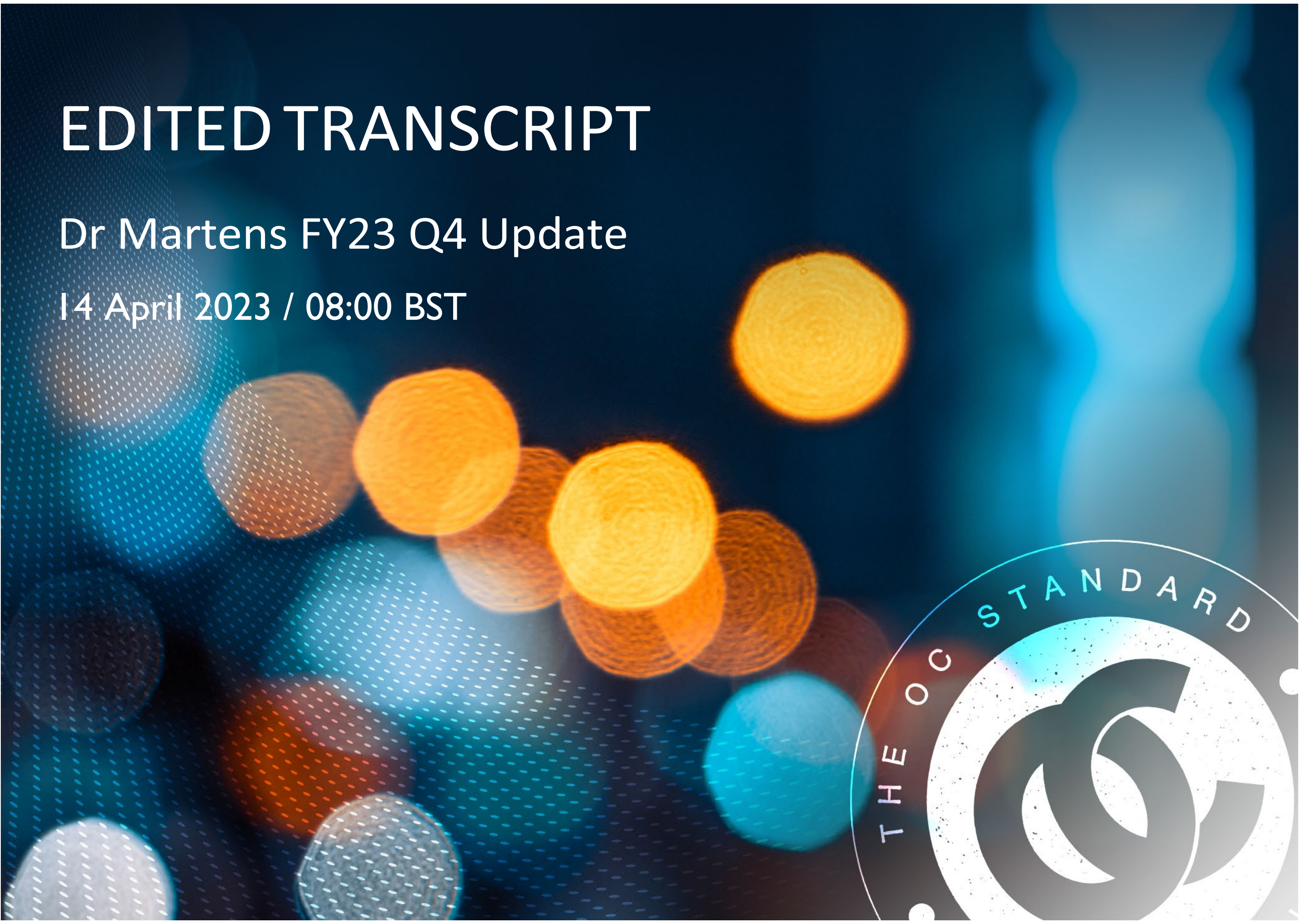

CORPORATE PARTICIPANTS

Kenny Wilson – *Dr Martens – CEO*

Jon Mortimore – *Dr Martens – CFO*

PRESENTATION

Kenny Wilson – *Dr Martens – CEO*
Good morning everyone and thank you for joining our FY23 Q4 update call. The focus of today's call will be to update you on our Q4 trading ahead of our full year announcement in June and also demonstrate the strong progress we have made in resolving the issues at our Los Angeles Distribution Centre.

So firstly, let me talk about trading revenue. In the fourth quarter, it was up 6% on an actual currency basis and flat in constant currency. By channel, our direct-to-consumer business grew 20% or 13% in constant currency with wholesale down 4% year on year, which is 11% constant currency. This means overall, that full year revenue was up 10% on an actual currency basis and up 4% in constant currency, which was at the bottom end of our guidance range. The costs associated with resolving the inventory issues at our Los Angeles distribution centre and the wholesale underperformance in Q4 means the full year is likely to be around £245 million. Jon is going to provide more colour on these numbers and I want to talk about the LA DC situation.

Back in January, we told you that we had a major bottleneck at our LA DC and that we were taking four major actions to resolve it. The four actions were firstly, securing overflow distribution centres to store all of the inventory, adding a third shift to improve capacity, accelerating the expansion of our New Jersey DC, and lending our best distribution experts in LA to manage the problem. So, what has happened in the last 14 weeks? Well, some of our best people are still on the ground in LA and I'm pleased to say that the DC throughput is now back to normal levels in LA. We have fixed the operational problem. We opened the three temporary storage facilities, which has enabled us to release the excess shipping containers and get stock into storage.

The third shift has been added, helping us to unblock the bottleneck and transfer stock to the temporary warehouses. Work has also begun on enlarging and reconfiguring our New Jersey DC to enable it to pick, pack and ship inventory for both our direct consumer and wholesale channels in the United States. We also ran a successful trial wholesaler order from New Jersey in March. Therefore, we are on schedule to have this DC fully operational from the Autumn Winter 23 season, which starts in July. The actual costs of resolving the issues in LA have been higher than we initially thought, £15 million in this financial year versus the £8 million to £11 million which was anticipated in January. Our internal audit and legal teams have conducted a full review into what happened in LA and have recommended a number of changes that we are now working through. We will share some of the key themes reviewed at our results in June.

Finally, on LA, as I said in January, we have too much inventory in LA and that is what caused the initial problem, but it is now correctly stored. It is the right product and it is not a seasonal markdown problem. We've told you many times before of the continuity nature of Dr. Martens products and that four out of every five pairs which we sell are black. So, we are now into our Financial Year '24, which started on the 1st of April. We're going to provide more detailed guidance in June at our full year results. However, we are maintaining revenue growth guidance of mid to high single digit for financial year '24. We also now expect the incremental costs associated with inventory at LA will be around £15 million, driven primarily by the rent of additional space. So lastly from me, as you will have seen in a separate announcement this morning, Jon is retiring from his position as Chief Financial Officer. Jon will be staying in role until we find a successor to ensure continuity and an orderly succession to our new CFO. I'd like to take this opportunity to thank Jon publicly for his contribution to DMs over the last seven years, during which time revenues have grown from £230 million to breaking through to £1 billion this year. Jon has been a key member of our leadership team that has driven this growth and I just wanted to say a big thank you, Jon. And now over to you for some more financial colour.

Jon Mortimore – *Dr Martens – CFO*
Thank you, Kenny, and good morning. So, I am going to talk more about our Q4 performance and resulting full year numbers, which remain subject to audit. I'll then give a high-level summary of implications for FY24 with detailed guidance, particularly in relation to margins, scheduled as normal to be given at a year-end announcement on the 1st of June. So Q4 revenue in the fourth quarter was up 6% on an actual currency basis, but flat on a constant currency basis. DTC or direct to consumer revenues grew by 20% in the quarter, which is 13% constant currency driven by very strong retail, which is up 36%, 28% constant currency, with ecomm up 8%, 2% on a constant currency basis. The fourth quarter saw very strong acceleration of DTC growth trends compared to Q3 growth trends in both EMEA and Asia Pacific with continued soft America trading. These trends in aggregate were in line with our expectations.

Wholesale revenue declined by 4% compared to last year in the quarter, which was down by 11% on a constant currency basis and was mainly in America. With a planned reduction of shipments into the China distributor, following our decision not to renew the distributor contract, part offset by growth in EMEA. In America, wholesale shipments from the LA DC are now in line with plan, and as Kenny said, the DC is fixed operationally. However, it took longer to ramp up, pick, pack and dispatch capacity, which resulted in lower than expected revenue across the quarter.

Turning to the full year, revenue will be approximately £1 billion, representing growth of 10%, which is up 4% on a constant currency basis. DTC revenue was up 16%, 11% constant currency, driven by very good retail, which grew 30% in the year, up 25% on a constant currency basis, and was supported by steady ecomm growth of 6%, or 1%constant currency.

In the year, our DTC mix expanded by three percentage points to 52% from 49% last year. EBITDA will be around £245 million compared to £263 million in FY22. This is below previous guidance due to lower wholesale revenue together with higher LA DC costs. The higher costs are in relation to taking longer than expected to clear the container backlog with total costs now estimated around £15 million, being between £4 and £7 million higher. The container backlog has now been cleared. Inventory at the year-end balance sheet date will be approximately £258 million, being broadly similar to the inventory at the half-year balance sheet date. This figure is higher than optimal, but is predominantly continuity in nature with minimal markdown risk. Cash at the balance sheet date was £158 million.

For FY24, we will give more detailed, appropriate guidance of our year after our year end announcement. We maintain revenue guidance of mid to high single digit growth on a constant currency basis. In addition, in order to minimise risk and ensure continued smooth distribution, we intend to maintain the three temporary warehouses in Los Angeles through FY24 as a result of the annualisation of rent associated with these warehouses. We estimate an incremental £15 million of cost will be incurred in FY24 before normalising in FY25. Of this cost, approximately £10 million will be incurred in the first half. Finally, you'll have read that I've decided to retire from executive life. I've been at Docs seven years and feel it is now time to hand over to someone new. This is a great brand, has really high margins, has strong cash generative characteristics and loads of whitespace growth opportunity. Thank you. And we can now move on to Q&A.

Operator
Thank you. If you would like to ask a question, please press star, followed by one on your telephone keypad. If for any reason you would like to remove that question, please press star followed by two. Again to ask the question, please press star followed by one. As a reminder, if you are using a speakerphone, please remember to pick up your handset and please remember to unmute locally before asking your question. Our first question today comes from the line of Louise Singlehurst from Goldman Sachs. Please go ahead. Your line is now open.

Louise Singlehurst – *Goldman Sachs*
Morning, everyone. Morning, Jon and Kenny. Thank you very much for the details. So, a quick one from me just on DTC. I think, by region, you highlighted the acceleration in Europe and Asia. Can we just focus a little bit on the US and

if there's been any incremental softness during the period versus the commentary that you made back in January? And in addition to that, can you help contextualise the mood across the wholesale partners, specifically in the US? And then my second question, just to clarify on that inventory position, are we right to assume that last year was a little bit low and this year it's a little bit high, so it's obviously got to see some normalisation during FY24. When should we expect to see that inventory start to normalise? Is it more backend loaded in FY24 given the seasonality? And I take your point about it being mostly evergreen and limited risk to the P&L if that's correct? Thank you.

Kenny Wilson – *Dr Martens – CEO*
Morning, Louise. I'll take the DTC question in the US question and Jon can answer the inventory one. You are correct, in the fourth quarter we saw an acceleration in the DTC business in both Europe and Asia Pacific. We didn't see that in the US so the trends in the US for direct to consumer were broadly similar in Q4 to what they were in the third quarter. In terms of the US overall, in your question about wholesale versus DTC, we saw the same trend in the fourth quarter that we did in the third quarter. What I mean by that is pairs sold from our wholesale partners to consumers in the US were up high single digit, which was actually better than our DTC performance and was the only region in the world where wholesale sales to consumers were better than direct to consumer. Obviously, as Jon said, today's sales into our wholesale partners in the US were down, which is what we expected. They were down a little bit more than we expected because of the three month operational ramp up. So overall, DTC very good in EMEA and APAC and a bit slower in the US. We think the US consumer environment will be slow through the balance of this calendar year but wholesale sell out in the US, at high single digit, is actually pretty encouraging.

Jon Mortimore – *Dr Martens – CFO*

On inventory. You're absolutely right, Louise. Predominantly evergreen so minimal P&L risk. This year we have higher levels of inventory than optimal. Last year, the comparable was too low so year on year, we've got too much this year, too little last year. So what we're looking at is obviously inefficient working capital rather than anything else. We'll give much more detail in terms of stock turn and weeks cover at the year end but in broad terms, we plan to have a much more optimal level of inventory by the exit period of FY24, so end of March 24. We will achieve that by essentially buying less than we plan to sell. Because of the lead times involved in the business, that optimisation will take place predominantly through the second half.

Louise Singlehurst – *Goldman Sachs*
Very clear. Thank you.

Operator
Thank you. The next question today comes from the line of Natasha Bonnet from Morgan Stanley. Please go ahead. Your line is now open.

Natasha Bonnet – *Morgan Stanley*
Good morning. Thank you for taking my questions. First could you please comment on the exit rates you've seen in March and current trading so far in April. On your guidance for FY24, of mid to high single digit growth at constant currency, could you please tell us what gives you confidence that sales will accelerate next year? And then just a third question, please, on the US specifically. Can you tell us what you've been seeing on the underlying trends and how wholesale orders are looking for the financial year ahead? Thank you.

Kenny Wilson – *Dr Martens – CEO*
So in terms of the exit running rate, I mean, fourth quarter, our direct to consumer business was up 20%and retail grew 36%. Both of those numbers were higher than the full year number so that says that overall, our trend was accelerating. I'll take the last question and then Jon can take the middle one. The question about the US and forward orders and the situation that we're in is that we haven't finalised the order book. So as we did last year, at our full year results in June, we'll give an overview on the order book for autumn winter 23. And I think as we said earlier this

morning, you know, what do we see as we look at the business is that we see EMEA and APAC stronger and we expect the US to be weaker next year and that thinking is built into our conservative guidance of mid to high single digit revenue for next year.

Jon Mortimore – *Dr Martens – CFO*
In terms of confidence in the revenue guidance of mid to high single digit on a constant currency basis, what we've said so far is we will have a price increase worth approximately 6% from autumn winter 23, which is in place. We have said that we are reducing sales into European e-tailer wholesale accounts that will cost approximately four percentage points of growth. You've then got the benefit of the annualisation of the stores that we've opened in this year and we've opened a high forties number of stores, including the Japanese franchise stores. The other benefit will be the DTC mix enhancement through next year, which is ones view on like for like retail and also ecomm. And then it would be your view of underlying volumes based on the economics of the of the countries that we operate in. As we said, we are happy with the guidance as given as mid to high single digit.

Operator
Thank you. The next question today comes from the line of Doriana Russo from HSBC. Please go ahead. Your line is now open.

Doriana Russo – *HSBC*
Thank you for taking my question. I just wanted to ask a little bit more in terms of the acceleration of retail and DTC revenues that you've seen in Europe and APAC.Can you elaborate a little bit more in terms of whether this acceleration is due to retail expansion or is it actually on a like for like basis in which countries? And also, whether you've seen the traffic in the stores accelerate and the conversion actually normalising that historically, if I'm not wrong, we're still behind pre-COVID. My second question relates to your price increases. I was wondering, at what point should we expect the new prices to hit the market and whether you can give us some colour in terms of the consumer reaction on the market so far of the price increases within last year for Autumn Winter and whether we can find something for that for the new season. Any feedback on that one please, the high single digit that you're putting for 2024 I am referring to.

Kenny Wilson – *Dr Martens – CEO*
Okay. Well, we'll take those questions. I'll start off and then Jon can add in. Yeah, you're right. Obviously, Europe and Asia Pacific did accelerate in retail in the fourth quarter. That was a combination of very strong like for like performance and incremental space. So, we've got more stores than we had a year ago but the underlying like for likes are up. I'm not going to go into all the country detail here, we'll give a bit more colour when we get to June. But fair to say that we've seen in Europe, like for like improvement pretty much across the board. If you take the UK which is obviously the company's most developed market, on a full year basis, we grew both pairs and revenue So we feel very good about both the like for like performance and also the new space that we've added in the European environment. In Asia Pacific, our biggest market is Japan and effectively there is a couple of things going on there. We're seeing good like for like growth in Japan. And obviously, we transferred successfully the 14 franchise stores that we said we would do in February and March. And those stores, after a couple of weeks, are now trading in line with the normal like for like estate. In terms of your question around traffic, traffic everywhere in the world is still behind pre-COVID levels, so that gives us confidence as we look forward to say fundamentally, you know, there's still an opportunity to grow traffic I think in FY24.

Obviously, we would expect that conversion comes back a bit because as traffic goes up, you tend to have more browsers, as a consequence, you lose a little bit on conversion.

In terms of price increases, which was your second question, the autumn winter price increases this year don't really flow through until July. We've taken an odd couple of products here or there where we've pushed price up because demand is high for those products. But the main price increase will flow through in July. And in terms of last year's price increases, we took price up in Europe, in all countries and we took price up in North America. As we've just discussed, we're seeing an accelerating trend in Europe so that kind of says even with the pressure the consumer is under, the price increases move through well.

In terms of North America, the picture looks more mixed, but I don't think it's just down to price, Doriana, because our pairs sold to consumers through wholesale, which is our biggest channel, are actually up with the price increase. DTC, as we said, the business is a little bit softer, so that one's a bit more nuanced. Did you want to add anything, Jon?

Jon Mortimore – *Dr Martens – CFO*
Just to build, in terms of stores opening, we've opened a gross 52 stores, including the 14 Japan transfer stores and closed six. So a net incremental store increase of 46 stores, which is pretty close to being double last year. So one of the earlier questions, confidence in next year, the annualisation of space will help drive numbers. And I think guidance would have been 25 to 35 stores, excluding Japan. We've done a net 32.

Kenny Wilson – *Dr Martens – CEO*
And just to be super clear, those Japanese stores came back at end Feb into March. So, there's very little benefit from them on a revenue basis for FY23. But obviously they give us a significant benefit as we move into FY24.

Doriana Russo – *HSBC*
Thank you. Can I ask a follow up question on the wholesalers? Obviously the shipments in the US have been affected by the LA issues, but what about the other regions? Can you give us a sense of what Q4 was like in EMEA and Asia, please?

Kenny Wilson – *Dr Martens – CEO*
Yeah, Jon mentioned this in his script. I mean, effectively US was down. We planned Asia Pacific down primarily because of the fact that we knew we were going to ship less to the Chinese distributor because if you remember that contract ends in June and then there was a little bit at the end of the year in Japan where franchise stores became owned and operated stores. And then European wholesale was up in shipments and in sell out to consumers.

Doriana Russo – *HSBC*
Okay. Thank you.

Kenny Wilson – *Dr Martens – CEO*
Thank you.

Alison Lygo – *Numis*
Good morning, guys. Thanks for taking my questions. A couple from me, so looking into next year and the colour you gave around expecting the US and DTC to be a bit soft, is that sort of changing or impacting how you feel about your store rollout programme in the US for next year? Or should we think about you continuing the plan there?

And then the second one is really around the moving parts in gross margin. I know you'll give us some more colour when you speak in early June, but conscious there are a lot of moving parts, we've probably got some tailwind from freight coming through as that normalises. There's also a DTC mix shift that we should probably be expecting to support there. But is it reasonable to be expecting some sort of full price mix pressure as well coming through given the elevated inventory and just having more stock to actually sell rather than restricted inventory at this point?

Kenny Wilson – *Dr Martens – CEO*
Okay. So I'll take the first question, Alison, around US DTC. We said that it was our softest business from the fourth quarter so therefore, we've made the assumption that it will continue to be the softest business going into next year. In terms of new stores, I think if I remember correctly, we've opened 14 new stores in the US this year and those stores

are trading well. In terms of next year, our plans are to open, let's say, broadly half the number of stores. It's around 7 to 8 stores for the US for next year. And that's really just about finding the right stores in the right locations but our number one priority in the US is focusing on existing DTC. That's our top priority for the US

Jon Mortimore – *Dr Martens – CFO*
The second question regarding any margin pressure next year, as we said earlier, the vast majority of our stock is evergreen. We do not anticipate any material markdown P&L pressure through next year, so we will give more gross margin guidance on the 1st of June, but we would not anticipate guiding margins down in relation to anything to do with markdown or lower full price mix.

Kenny Wilson – *Dr Martens – CEO*
And I think it's really super important. I mean, we've always said we manage this business for the long term and the stock that we've got in LA, we've got more inventory than we would want, but it's core black stock. And there is no way that we are going to mark that stock down because that undermines long term brand value. So this is just about cash, really. It's about an inventory carrying cost for a period of time, but it's not a seasonal markdown problem.

Alison Lygo – *Numis*
Great. That's super clear. Thank you very much.

Kenny Wilson – *Dr Martens – CEO*
Thank you.

Operator
Thank you. The next question today comes from the line of David Roux from BofA. Please, go ahead, your line is now open.

David Roux – *BofA*
Morning, Kenny and Jon. So just three questions from my side. The first two relates to the US. Just going back to DTC trends in the US could you please tell us if growth in March was better than February and January? Secondly, on the wholesale channel, could you just give us a sense of where you think inventories are within the channel at your key partners? And then my last question is on the LA DC. I think in January you had expected some knock-on impacts for H124, so are the £15 million costs that you flagged fully incremental from what you had expected in January? Thank you.

Jon Mortimore – *Dr Martens – CFO*
Okay, if I do the first one, won't be giving monthly trading performance, but across the quarter, there was no material difference in trading January, February or March. So pretty much the same across the quarter.

Kenny Wilson – *Dr Martens – CEO*
In terms of your second question, which is around wholesale inventories in the US. At a macro level, we don't have significant issues around wholesale inventory and we've said previously that there are two customers in the US that we think the inventories are higher than we would like and therefore, to an earlier question around the Autumn Winter 23 order book, as we manage forward orders with those two customers, will just manage that down. So we manage the inventory down gradually over time because just like Dr. Martens predominantly has core stock, obviously most of our key partners around the world also sell a lot of our core products. So therefore they'll manage that down in a sensible way in partnership with ourselves. We get inventory data on a weekly basis from all of our key accounts around the world. So, we know that there's only two accounts that we've got a little bit more stock than we would like.

Jon Mortimore – *Dr Martens – CFO*
In terms of the £15m next year. The £15m is all incremental before it normalises or majority mainly falls away in FY 25. We estimate that phasing is roughly £10m H1, £5m in H2.

David Roux – *BofA*
Okay. Thanks very much. So, Jon, just a follow up on that last question. So, in January, you hadn't expected £15 million in costs, right? Just to be clear. For next year.

Jon Mortimore – *Dr Martens – CFO*
When we spoke in January, we specifically didn't give EBITDA margin guidance. We hadn't finalized what the cost structure would be. I think we said we expected some costs to run in to FY24 but we hadn't at that time been able to quantify them. We're now able to quantify them and as Kenny said, it's mainly in relation to rent on the three extra warehouses we're now keeping for the full year.

Kenny Wilson – *Dr Martens – CEO*
Yeah, what we said in January, because obviously we were at the point of least visibility because we moved extremely fast to get numbers out to the marketplace. We said that the impact from LA would continue through until September of this calendar year. The reality is that the throughput part and operational part actually we fixed much faster, but the bit that will linger on will be the storage space for incremental inventory in the US. So one bit is faster than September, the other bit's a bit slower.

David Roux – *BofA*
Very clear. Thank you very much.

Operator
Thank you. The next question today comes from the line of Richard Taylor from Barclays. Please go ahead, your line is now open.

Richard Taylor – *Barclays*
Yeah, morning, all. Two questions, please. One is what's your consumer feedback on the brand at the moment and how do you see brand heat in your key markets from the checks and the surveys that you do? And then secondly, you've given us gross cash and inventory in the statement, can you give us the net debt number at year end as well, please? Thanks very much.

Kenny Wilson – *Dr Martens – CEO*
Great. Thank you, Richard. So, we did a smaller pulse survey in January. The big survey we do on consumers is in November. The consumer feedback overall for the US, the metrics between November and January are broadly flat, which I think is probably in line with what we're seeing trading wise. But brand awareness grew slightly and familiarity slightly improved. But overall, I'd say a relatively static picture in the US. We are seeing improvement November to January in Europe and specifically in some of the continental European countries where we've seen a significant move forward. One example of that is Germany, where the brand has really moved forward. And then in Asia-Pacific, our major market is obviously Japan. And actually we've seen brand move forward there also. And again, that's in line with what we're seeing in terms of trading performance.

So if I was calling it brand heat or, you know, top of mind, I would say Europe and Japan, we got good movements between November and January and the US was pretty static.

Jon Mortimore – *Dr Martens – CFO*
In terms of your net debt question. Net debt balance sheet date was approximately £287 million, Richard. That calculation is cash of £158m, bank debt of £293m, and then leases of £152m.

Richard Taylor – *Barclays*
That's great. Thank you. Just a response to the brand heat point. I think you said earlier that pairs and sales were up in the UK Could you quantify that to give us a sort of a range as to how that's doing at the moment?

Kenny Wilson – *Dr Martens – CEO*
Double digit, Richard. So the UK business, which you know, obviously is our most mature, is up double digit and that really gives us a lot of confidence because as we've talked many times before, you know, there's a bunch of white space in other territories and seeing our most mature market growing at those levels when probably the UK consumer is one of the most under pressure in the world. And that gives us a lot of confidence, if we get our execution right, which we've got a great iconic brand with a lot of space ahead of us. So long winded answer. UK's up double digit is the short answer.

Richard Taylor – *Barclays*
And that's pairs or revenue or both?

Kenny Wilson – *Dr Martens – CEO*
Both.

Richard Taylor – *Barclays*
Okay. Thank you very much.

Kenny Wilson – *Dr Martens – CEO*
Thanks, Richard.

Operator
Thank you. As a reminder, if you would like to ask a question, please press star, followed by one on your telephone keypad. The next question today comes from the line of John Stevenson from Peel Hunt. Please go ahead, your line is now open.

John Stevenson – *Peel Hunt*
Morning, both. A couple of questions for me as well, please. Just in terms of stock, just thinking about sort of the number of weeks cover you hope to settle at by the end of next year. I guess to get a sense of what sort of working capital inflow we should expect over the course of the coming 12 months. You can maybe comment on what you hope to get stock down to and how that sits versus sort of long-term aspiration.

And then another question on the US just around that sort of softer DTC performance. You know, how the new stores are landing. You mentioned, obviously, brand awareness, just what is it being that's not quite firing as well as some of the other markets and how you intend to give it a little boost over the coming year.

Jon Mortimore – *Dr Martens – CFO*
Okay, onto the stock one, I think we'll give much more detail on stock in terms of stock cover, stock weeks, and target at the year end. But I recall at the half year we said that we had historic weeks cover at the half year of high thirties and a number towards the bottom end of the thirties makes more sense. That's probably not unrealistic. We'll achieve that by buying less than we're selling. And now because the lead time on inventory in terms of placing orders to get

delivered is about seven months. This true up will occur predominantly through the second half, but we'll give more detail on that, John and the cash implications of that at the year-end announcement.

John Stevenson – *Peel Hunt*
Yeah, just in terms of their cash position and given the seven months lead time, you'd expect to be down at your long term run rate for stocks covered by next year end.

Jon Mortimore – *Dr Martens – CFO*
Yes, we exit the new financial year at the optimal level of stock cover, correct.

John Stevenson – *Peel Hunt*
Yep. Brilliant, okay. Thank you.

Kenny Wilson – *Dr Martens – CEO*
And in terms of your questions around the US, specifically on the new stores question, you know, we're overall -- we're happy with our new stores performance in the US; they're in line with the expectations when we signed those stores off. And, you know, as we said, we're committing to sort of a mid-single digit number of new stores for the US next year.

I think what we're seeing with the acceleration of performance in Europe and Asia Pacific is that we're very confident in the DOCS strategy. And, you know, in the US, we need to sharpen up some of our implementation to make sure that it's as good as it can be. And we've just invested in a new vice president of marketing for the US, which I think is really important because consumer demand generation, you know, getting brand news out there is super important. And we've also just invested in new vice president of digital for the US as well. So, you know, we've always said DOCS is our strategy, be clear about it and get the best people in the jobs to effectively get things done. I think those two heavyweight hires in the US are an important part of the implementation of DOCS in the US and I'm going to be out there next week for the whole week with the team.

John Stevenson – *Peel Hunt*
Okay and just on that point, I mean, has it been this sort of, engagement rates online that haven't come through strongly or is there any specific areas or KPIs that have been a little bit softer or that you're looking to focus on.

Kenny Wilson – *Dr Martens – CEO*
I think overall, I mean, what we said earlier is that we're seeing stronger performance in wholesale in the United States in terms of sales to consumers than we are seeing in our own DTC. And our strategy is DTC first. So therefore, you know, we need to make sure that just as we are doing in Europe and Asia Pacific, we're getting our own business growing faster, that's where our focus is. Brand heat and making sure our own DTC is performing as best as it possibly can.

John Stevenson – *Peel Hunt*
Okay. Cheers. Thanks, Kenny.

Operator
Thank you. The next question today comes from the line of Kate Calvert from Investec. Please go ahead, Kate. Your line is now open.

Kate Calvert – *Investec*
Morning, everyone. I'll try again. Just a clarification question. Could you talk about the timing of the cut off of volumes to the third party online partners in EMEA? When that, sort of, kicks in in the year ahead?

Kenny Wilson – *Dr Martens – CEO*
So, Kate, what we've what we've been doing is we've been you've been slowly bringing that down through the end of this year, the end of this financial year. We've been bringing down wholesale volumes to e-tailers during that period. And then we're affecting the really significant shift from the start of Autumn Winter 23, which is from July. But within that, overall, EMEA wholesale number growing in the fourth quarter, we did reduce volumes into some significant e-tailers. But the four points that Jon talked about earlier, that will be starting from July.

Kate Calvert – *Investec*
Great. Thanks so much.

Operator
Thank you. The next question today comes from the line of Richard Taylor from Barclays. Please go ahead. Your line is now open.

Richard Taylor – *Barclays*
Sorry. It's just to clarify. The UK double digit, was that Q4 or full year?

Kenny Wilson – *Dr Martens – CEO*
Full year, Richard. And obviously, as we said earlier, the EMEA business actually performed better in the fourth quarter than it did on a full year basis. So, I think you can take the implication from that that the UK also accelerated in the fourth quarter, but the double digit growth in revenue and pairs was for the full year.

Richard Taylor – *Barclays*
Okay, great. Thank you.

Operator
Thank you. There are no additional questions waiting at this time, so I'd like to pass the conference back over to Kenny Wilson for any closing remarks. Please go ahead.

Kenny Wilson – *Dr Martens – CEO*
Great. Thank you very much, everyone, for taking the time to attend the call. I think, you know, what we've seen is that we have fixed the operational issues that we had in LA. Obviously, there will be a knock-on cost impact of that into next year as we’ve tried to articulate. In terms of trading performance, you know, as we've discussed on many of the questions here, we've seen an acceleration in our European business in the fourth quarter, an acceleration in our Asia-Pacific business and the area where we still believe that we've got work to do is in the US. But overall, we look forward to next year where we'll give more guidance on the 1st of June, but we still believe in our mid to high single digit growth for next year.

Thank you very much for your time.

[end of transcript]