



9 December 2021

## Dr. Martens plc

### First half results for the period ended 30 September 2021

#### **STRONG FIRST HALF PERFORMANCE; CONFIDENT IN FULL YEAR EXPECTATIONS**

*"Our strong performance in the first half is testament to the strength of our business model, the under penetration of our brand globally, our agility in adapting to changing conditions and the passion and dedication of our people. We continue to take a long-term custodian approach to growing the brand, prioritising DTC channels and our seven priority markets. At the start of the period we took Italy and Iberia back under direct control and we are very pleased with their performance to date.*

*"We took the decision to enter the year with higher inventory levels, made possible by the continuity and carryover nature of our product and our partnership approach to supplier relationships. This meant that DTC availability levels remained relatively high and gross margin was not impacted, despite the supply chain disruption and global shipping delays experienced across the industry. Our Americas performance was again particularly strong, notwithstanding our wholesale business here being most impacted by these delays.*

*"Our strong first half performance combined with the continued momentum in DTC trading into the second half gives us confidence in achieving market expectations for the full year. I remain hugely excited about the growth potential of the Dr. Martens brand."* **Kenny Wilson, Chief Executive Officer**

£m	H1 FY22	H1 FY21	% change Actual	% change CC <sup>3</sup>
Revenue	369.9	318.2	16%	24%
EBITDA <sup>1</sup>	88.8	86.3	3%	17%
PBT	61.3	41.9	46%	
Adjusted <sup>2</sup> PBT	61.3	44.9	37%	
Profit After Tax	48.6	29.5	65%	
EPS (p)	4.8	3.0	60%	
Adjusted <sup>2</sup> EPS (p)	4.8	3.3	45%	

<sup>1</sup> EBITDA - Earnings before exchange gains/losses, finance income/expense, income tax, depreciation, amortisation and exceptional items.

<sup>2</sup> Before exceptional items of £nil (H1 FY21: £3.0m). See pages 34 and 35 for alternative performance measures.

<sup>3</sup> Constant currency applies the same exchange rate to the H1 FY22 and H1 FY21 non-GBP results, based on FY22 budgeted rates.

- Revenue grew 16% and Profit before Tax was up 46%
- DTC mix of 40%, up 6pts:
  - Retail recovering strongly, with revenue up 92%, to 18% mix (up 7pts), and up 2% on a two-year basis ("LY-1")
  - Ecommerce revenue continued to grow double-digits, up 10% and up 117% LY-1
- Wholesale revenue up 6%, with c.£20m of revenue delayed from Q2 into the second half, predominantly in relation to the Americas
- Regional performance as expected, with continued strong Americas growth, up 57% CC, EMEA up 12% CC and APAC up 4% CC, as Covid-19 restrictions continued to impact this region
- Gross margin grew 2.8pts to 61.3%, driven by the shift to DTC, with increased freight costs offset by delivery of supply chain efficiencies
- EBITDA<sup>1</sup> margin was 24.0% (H1 FY21: 27.1%) and was in line with our expectations. As guided, the period was impacted by the annualization of PLC related costs, increased marketing spend and the return to business as usual operating costs. In line with our usual trading patterns EBITDA margins are stronger in the second half
- PBT of £61.3m up 46% or 37% on an adjusted basis
- As part of our commitment to be net zero by 2030, we have further expanded our sustainability team and in October we committed to a 1.5°C trajectory with the Science Based Targets initiative
- Declaration of our inaugural interim dividend, at 1.22p per share, equating to a 25% earnings payout ratio

## **Current trading and outlook**

The momentum seen in retail in the first half has continued to strengthen during October and November. Ecommerce trading trends remain positive and in line with the first half performance. While we have seen a gradual improvement, our USA wholesale business continues to be impacted by shipping delays and uncertainty around the timing of shipments being processed through ports; we expect these to continue into the next financial year. We remain confident in achieving market expectations for FY22. Further guidance is provided on page 5.

From FY23 and over the medium-term we continue to anticipate mid-teens revenue growth and are targeting ecommerce to grow to at least 40% mix, with total DTC, including retail, to at least 60% mix, together with a medium-term target of a 30% EBITDA margin.

### **Enquiries**

#### **Investors and analysts**

Bethany Barnes, Director of Investor Relations	+44 7825 187465 bethany.barnes@drmartens.com
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#### **Media**

Maitland	+44 20 7379 5151
Clinton Manning	+44 7711 972 662
Joanna Davidson	+44 7827 254 567
Gill Hammond, Director of Communications	+44 7384 214248

## **Presentation of results**

Kenny Wilson, CEO and Jon Mortimore, CFO will be presenting the first half results at 09:30 (UK time) on 9th December. The presentation will be streamed live, and the link to join the webcast is below:

<https://webcasting.brrmedia.co.uk/broadcast/619b9bd256c12f2f143149bd>

A playback of the presentation will be available on our corporate website after the event, at <https://www.drmartensplc.com/investors/>

## **Financial calendar**

The next scheduled announcement is the Q3 trading statement on 27<sup>th</sup> January 2022.

## **About Dr. Martens**

Dr. Martens is an iconic British brand founded in 1960 in Northamptonshire. Originally produced for workers looking for tough, durable boots, the brand was quickly adopted by diverse youth subcultures and associated musical movements. Dr. Martens have since transcended their working-class roots while still celebrating their proud heritage and, six decades later, “Docs” or “DMs” are worn by people around the world who use them as a symbol of empowerment and their own individual attitude.

The Company successfully 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.

## Performance summary

The first six months of FY22 resulted in DTC growing to 40% of revenue, up 6pts, driven by a good retail recovery and strong ecommerce performance with continued double-digit growth despite the reopening of retail. Whilst wholesale revenues grew by 6% (13% CC), they were impacted in the second quarter by supply chain disruption which delayed approximately £20m of revenue into the second half. We benefitted from our decision to enter the year with relatively high inventory levels, meaning that availability was less affected overall. In addition, the continuity and carryover nature of the majority of our product range also reduced the impact from supply chain disruption.

Gross margin increased, up 2.8pts to 61.3%, driven by higher DTC mix, with higher freight costs offset by the delivery of further supply chain efficiencies. Our strong trading performance combined with the previously guided £10m of incremental operating costs (a combination of annualization of PLC costs together with a return to business as usual operating costs) and planned increased marketing spend resulted in EBITDA of £88.8m, up 3% (up 17% CC). EBITDA margin therefore declined year-on-year, as expected to 24.0% (H1 FY21: 27.1%).

At a regional level, we delivered 44% revenue growth in Americas (57% CC), driven by the USA, with strong growth across all channels. EMEA revenue grew by 5% (12% CC) driven by the recovery in our retail estate and continued ecommerce growth. We successfully completed the conversion of Italy and Iberia to wholly-controlled markets in June, and are very encouraged by the early trading results and improved presentation of the brand in the marketplace. APAC revenue was down 2% (up 4% CC) as the region continues to be most impacted by Covid-19 restrictions and lockdowns in Japan, Australia and China. APAC, particularly Japan and China, remain a significant growth opportunity for us in the medium to long-term.

Profit before tax was £61.3m, up 46%. Earnings per share were 4.8p, up 60%, with adjusted earnings per share up 45%. Operating cash flow after capex was £41.9m, with cash conversion of 47% (H1 FY21: 80%). When temporary changes to supplier payments terms are adjusted for, underlying cash conversion was 60% compared to 33% in H1 FY21. As at 30 September 2021 we had cash of £113.2m and undrawn facilities of £197.0m, with gross bank debt of £290.6m.

## The DOCS strategy

Across the entire organisation we act as brand custodians, focussing on protecting and enhancing the brand and the business for future generations. This long-term view guides everything we do and ensures that we make the right decisions and investments for the future.

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

- **D – Direct-to-consumer acceleration.** We aim to fuel growth through ecommerce, supported by stores as profitable brand beacons. By focusing on DTC we can control brand engagement with our consumers and ensure the best possible environment to showcase our products, both digitally and physically.
- **O – Operational excellence.** We are investing and improving our operational and IT infrastructure to enable growth and unlock value. Our supply chain and technology teams are the backbone of our business, and we strive to ensure our future capacity and data requirements are met to support our growth.
- **C – Consumer connection.** We are focused on creating deeper connections with more consumers, using insights to develop effective marketing strategies aimed at increasing engagement and broadening the Group's consumer base. Our sustainability strategy is a key element of our consumer connection, and we continue to accelerate our journey here.
- **S – Sustainable global growth.** This means growing our business in the right way. We focus predominantly on seven priority markets: UK, France, Germany, Italy, USA, Japan and China, as these have the biggest headroom for growth over the medium-term.

## **Executing against our strategy**

Against an exceptionally strong comparative, we continued to drive ecommerce revenue growth, of 10%, with revenue mix marginally declining, reflecting the rebound of retail, to 22% compared to 24% in H1 FY21. Retail experienced a strong recovery as stores re-opened or operated with fewer Covid-19 restrictions. Footfall has improved through the period, although remains below pre Covid-19 levels, however conversion is higher. Retail revenues grew 92% (101% CC) and compared to LY-1 grew by 2%. Retail accounted for 18% of mix, compared to 10% in H1 FY21. The recovery of retail combined with continued ecommerce strength resulted in DTC revenue mix growing by 6pts to 40%.

We opened 13 own stores during the first six months of the financial year, including four new stores in Germany, our first store in Spain in Barcelona, three new stores in USA, and one new store in APAC. Since the period end we have opened our second store in Italy.

The biggest operational challenge during the half was the closure, due to Covid-19, of three of our third-party factories in South Vietnam, for around three months, representing approximately 33% of production capacity, together with industry difficulties in booking containers and ships. In the prior year, we maintained purchasing volumes from factories, as we anticipated it would be prudent to build inventory levels, given the wider demand and supply uncertainties coming out of the pandemic. This decision proved very valuable, as it then enabled us to cover much of the supply shortfall from factory closures and shipping delays. The strength of our supply chain operation – particularly the geographic spread of our third-party factories, our long-standing relationships with them and the agility of our teams, also meant that we were able to move production between locations, again reducing the overall impact of the disruption.

The experience of supply chain disruption and shipping delays also reinforced some of the strengths of our business model. These include the simplicity of our product range; the ability for customers to cross shop across the range, reducing the impact on demand in cases of reduced availability; and the high level of non-seasonal continuity lines within our product offering.

Our approach when dealing with supply chain disruptions is to prioritise inventory towards our own channels first and our seven priority markets whenever possible, whilst maintaining good communication with our wholesale customers.

Our “Tough as You” campaign has evolved into an initiative for empowering and inspiring underrepresented and emerging creative individuals. We have launched a “Tough as You” year-long mentorship programme, enlisting mentoring collaborations with names such as Grammy nominated singer-songwriter, Mahalia, and Ivor-Novello nominated rapper, Kojey Radical. Through this programme we hope to influence the future of music culture by providing creative opportunities for up and coming artists.

Since launching our ambitious sustainability targets at our full year results, we have been focused on building detailed sustainability roadmaps, metrics and KPIs to track our progress against these targets. As part of our commitment to be net zero by 2030, we have further expanded our sustainability team and are working with the Carbon Trust on carbon footprint mapping. In October we also committed to a 1.5°C trajectory with the Science Based Targets initiative. By aligning our net zero strategy to a warming limit of 1.5°C we can play a small part to help prevent the most severe impacts of climate change. We also continue to invest and work towards our 2040 goals: all footwear being made from sustainable materials without compromising quality; all products having a sustainable end of life option and 100% of the natural materials in products coming from regenerative agriculture.

## **Product**

Our product strategy continues to be centred around our icons and innovation. Our iconic product, led by the 1460, has been relevant through the decades, adopted by grassroots cultural pioneers and fashion leaders alike. Continuity product, that is product which is carried over across multiple seasons, continues to represent the vast majority of our Group revenue, at 84%. Innovation around this core is key for us, in order to continually present consumers with new adaptations and cutting-edge design.

We built on the success of the 60<sup>th</sup> anniversary of the 1460 last year, this year highlighting the same anniversary of the 1461, emphasising our shoe proposition to consumers. This programme incorporated collaborations with designers including Supreme, Bodega, Clot and A-Cold-Wall.

Our sandals business continues to grow strongly, with revenues up 45%, with the Voss and Blaire performing particularly strongly. We continue to invest in our sandals proposition, ensuring that, in relevant markets, sandals are a year-round offering.

During the half we launched a new sole construction, Quad Neoteric, which first launched with the Heaven by Marc Jacobs collaboration before being rolled out within our Fusion category with the Audrick collection. Our new casual innovation, Tarian, designed to appeal to the sneaker-wearing male, was rolled out with the Tarik utility boot. Again we used collaborations, with Yohji Yamamoto and Atmos, to first introduce the range.

Over the summer we carried out a detailed study across all seven priority markets to assess brand strength and consumer pricing perception. This included consumer testing and validation of potential pricing changes to calculate elasticity of demand. As a result of this study we will be increasing price in Americas and EMEA from AW22, maintaining current pricing architecture and we anticipate no impact on demand. These pricing changes are in line with our medium-term approach of raising prices in line with inflation, and our volume-led growth strategy remains unchanged.

#### **Quarterly revenue performance**

As previously highlighted, Q2 was against a materially stronger comparative than Q1. Compared to LY-1 the growth rate in Q2 accelerated from Q1, driven by strong momentum in retail. Ecommerce continued to deliver good growth. Wholesale performance in Q2 was impacted by supply chain disruption and global shipping delays, particularly in Americas, which pushed some revenue into the second half.

	<b>Q1</b>	<b>Q2</b>	<b>H1</b>
<b>Group revenue</b>	<b>£147.3m</b>	<b>£222.6m</b>	<b>£369.9m</b>
% change yoy	+52%	+1%	+16%
% change yoy CC	+64%	+6%	+24%
% change LY-1	+31%	+43%	+38%
<b><u>Revenue by channel</u></b>			
Ecommerce: % change yoy	+11%	+8%	+10%
: % change LY-1	+155%	+94%	+117%
Retail: % change yoy	n/a	+49%	+92%
: % change LY-1	(6%)	+8%	+2%
Wholesale: % change yoy	+50%	(10%)	+6%
: % change LY-1	+19%	+44%	+33%

On a regional basis, Americas revenue grew 106% in Q1 (132% CC) and 17% in Q2 (24% CC), against a significantly tougher comparative, with LY-1 growth rate accelerating quarter on quarter. EMEA revenue was up 30% in Q1 (36% CC) and down 5% in Q2 (broadly flat in CC); against LY-1 the growth rate more than doubled quarter on quarter driven by retail recovery. APAC revenues grew 17% in Q1 (30% CC) and declined by 14% in Q2 (down 8% CC), and were up double-digit against LY-1 in both quarters.

#### **Guidance**

We remain confident in achieving market expectations for FY22. This assumes that we do not experience material country-wide lockdowns on either the demand or supply side for a significant period of time. From FY23 and over the medium-term we continue to anticipate mid-teens revenue growth and are targeting ecommerce to grow to at least 40% mix, with total DTC, including retail, of at least 60% mix. Our medium-term target of a 30% EBITDA<sup>1</sup> margin is also unchanged.

For FY22 specifically, we anticipate:

- New own store openings of 20 to 25 stores
- Depreciation and amortisation of £42m to £44m, including the impact of IFRS16
- Net finance costs of £15m to £17m
- Underlying tax rate of c.21%
- Capital expenditure of around 3.5% of revenue
- Year-end leverage of around 1x, including IFRS16 leases
- Operating cash conversion of 65% to 75% of EBITDA
- We will pay our first interim dividend of 1.22p in February 2022. Our dividend policy remains unchanged, targeting a progressive dividend with a payout ratio of between 25% to 35%.

## Finance Review

We made good progress in the first half - revenue grew strongly by 16% to £369.9m (up 24% on a constant currency ("CC") basis), EBITDA<sup>1</sup> was up 3% to £88.8m (up 17% on a CC basis), and profit before tax grew by 46% to £61.3m.

Covid-19 continued to have an impact on trading in the first half of the year. However, this was predominantly around the recovery to pre Covid-19 trading as our priority markets emerged from lockdowns and restrictions, with particularly strong demand in USA, UK and Continental Europe.

In the prior period nearly all of our own retail stores were closed during Q1 (as were a number of our wholesale partner stores) and therefore to provide a better picture of underlying performance we have also compared trading to H1 2020 ("LY-1").

## Results - at a glance

£m						Two-year basis ("LY-1")	
		H1 FY22	H1 FY21	% change Actual	% change CC <sup>4</sup>	H1 FY20	% change Actual
Revenue	Ecommerce	82.6	75.3	10%	16%	37.9	117%
	Retail	65.9	34.3	92%	101%	64.5	2%
	DTC	148.5	109.6	35%	43%	102.4	45%
	Wholesale <sup>3</sup>	221.4	208.6	6%	13%	166.3	33%
		369.9	318.2	16%	24%	268.7	38%
Gross margin		226.6	186.3	22%	31%	155.2	46%
EBITDA <sup>1</sup>		88.8	86.3	3%	17%	66.6	33%
Profit before tax		61.3	41.9	46%		26.2	134%
Key statistics	Pairs sold (m)	6.3	5.6	13%		4.8	32%
	No. of stores <sup>2</sup>	147	130	13%		112	31%
	DTC mix %	40%	34%	+6pts		38%	+2pts
	Gross margin %	61.3%	58.5%	+2.8pts		57.8%	+3.5pts
	EBITDA % <sup>1</sup>	24.0%	27.1%	-3.1pts		24.8%	-0.8pts

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

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

3. Wholesale revenue including distributor customers.

4. Constant currency applies the same exchange rate to the H1 FY22 and H1 FY21 non-GBP results, based on FY22 budgeted rates.

**Total revenue grew by 16% from £318.2m to £369.9m and was up 24% on a CC basis.** The principal driver of growth was volume with 6.3m pairs sold, up 13% (H1 FY21: 5.6m pairs) with revenue also benefiting from improving footfall towards pre Covid-19 levels. As a result our more profitable DTC channels grew revenue by 35% (43% on a CC basis) and increased mix by 6pts to 40% of revenue. Compared to LY-1 total revenue was up 38%.

- **Ecommerce revenue was up 10% to £82.6m (H1 FY21: £75.3m) and up 16% on a CC basis against a particularly strong period in the prior period.** Compared to LY-1, ecommerce was up 117% representing 22% revenue mix versus 14% revenue mix in LY-1. During the half we opened a new third-party DC in LA to support more efficient ecommerce pick and dispatch for the US market and are looking to extend our third-party DC in Continental Europe to also facilitate higher ecommerce volume.
- **Retail revenue recovered very strongly in the period as consumers in EMEA and USA began to return to stores, with total revenue growing 92% to £65.9m from £34.3m (up 101% on a CC basis) and up 2% vs LY-1.** Our stores in USA were open for the full period, UK stores reopened from mid-April and Continental Europe stores steadily reopened through May and June. Retail in Japan was the most impacted, experiencing capacity and opening restrictions throughout the period. Outside the major global cities of London and NYC (which are continuing to track below LY-1, although improving steadily), we have seen more positive weeks than negative weeks for our like-for-like stores in UK and USA led by growing footfall and better conversion, with stores in France and Germany following similar patterns of recovery to UK non-London, albeit being a few months behind in recovery due to the later reopening of stores.

- **Wholesale revenue grew by 6% to £221.4m from £208.6m and was up 13% on a CC basis.** Our wholesale channel was impacted by supply chain delays and in line with our DTC strategy, we prioritised our more profitable own ecommerce and retail channels. This mainly impacted Q2 shipments and approximately £20m of wholesale revenue originally planned to ship in the August/September period is now expected to ship in H2 (c.£15m Americas and c.£5m EMEA). Compared to LY-1 revenue was up 33%.

**Gross margin improved by 2.8pts to 61.3% from 58.5% and was mainly driven by the positive impact of increased direct to customer revenue mix which improved by 6pts to 40%.** In addition, we were able to offset significantly higher in-bound freight costs and other inflationary costs with further supply chain efficiencies such that the average cost per pair was approximately level versus prior period. Finally, in the prior period, working together with wholesale customers, we agreed not to ship certain seasonal products to manage clearance activity through our own ecommerce channel which was not repeated in the current period. Gross margin percentage therefore benefitted from more full price revenue in the period.

**Operating expenses increased by 38% to £137.8m (H1 FY21: £100.0m), as follows:**

£m		H1 FY22	H1 FY21	% change
Staff costs:	Underlying	<b>63.3</b>	48.7	30%
	PLC/LTIP	<b>4.7</b>	-	n/a
		<b>68.0</b>	48.7	40%
Other operating expenses		<b>69.8</b>	51.3	36%
		<b>137.8</b>	100.0	38%
% Revenue:	Staff	18.4%	15.3%	+3.1pts
	Other	18.9%	16.1%	+2.8pts
	Total	37.3%	31.4%	+5.9pts

Included in staff costs was £4.7m in relation to PLC related costs, including an IFRS2 charge in relation to the first LTIP grant of £1.8m (which is expected to annualise to £4.7m) and incremental headcount in relation to our new Independent NED's and the strengthening of our Group Finance and Legal functions. Other operating costs increased by 36%. This was the net impact of increased marketing spend (up 72% and in part due to the strategic decision to increase spend by 0.5pts of revenue per annum), timing of operating expenses as we moved back to pre Covid-19 business as usual (represented by travel, commissions, training and IT development activity of approximately £5m) and a net release in accruals within the period.

**EBITDA<sup>1</sup> grew by 3% to £88.8m from £86.3m and was up 17% on a CC basis.** The principal reason for the difference in growth rates between CC and actual currency is the impact of FX rates on revenues, cost of sales and operating costs. In line with expectations, our half year EBITDA<sup>1</sup> margin declined 3.1pts to 24.0% from 27.1% in part due to annualisation of costs incurred in H2 of the prior year and also the return to business as usual operating costs and is explained as follows:

EBITDA % margin	FY22	FY21	pts
First half	24.0%	27.1%	-3.1pts
Second half		30.3%	
H2 v H1		+3.2pts	
Full year		29.0%	

The first half variance of -3.1pts can be further explained as follows:

	% pts
Gross margin	+2.8pts
Annualisation <sup>1</sup>	-1.3pts
Return to business as usual <sup>2</sup>	-2.9pts
Inflation	-1.7pts
	<b>-3.1pts</b>

1. Represented by PLC related costs and IFRS 2 LTIP charge, incurred in H2 in the prior year.

2. Inclusive of marketing spend of -1.5pts of which 1.0pts annualisation and 0.5pts strategic increase.

Compared to LY-1 EBITDA margin was down 0.8pts represented by better gross margin (up 3.5pts), annualisation of PLC related costs and inflation (combined of 3.0pts) and increased marketing.

## Exchange translation

The profit and loss figures are prepared on an average actual currency basis for the period. These exchange rates are calculated monthly and applied to revenue and profits generated in that month such that the actual figures translated across the period are dependent upon monthly trading profiles as well as exchange movement. In addition, all distributor revenues are invoiced in US\$. To aid comparability of underlying performance we have also calculated constant currency performance. These are calculated by translating non-UK revenue and profits at the same exchange rate year on year.

The major exchange rates that impact the Group are £/\$, £/€ and £/¥. The following table summarises average exchange rates used in the period:

	£/\$			£/€			£/¥		
	FY22	FY21	%	FY22	FY21	%	FY22	FY21	%
H1	1.39	1.26	10%	1.17	1.12	4%	152	135	13%
H2		1.35			1.13			142	
FY		1.31			1.12			139	

## Region analysis

The results can be further analysed by region as follows:

£m			H1 FY22	H1 FY21	% change Actual	% change CC
Revenue:	EMEA		167.6	159.6	5%	12%
	Americas		147.5	102.6	44%	57%
	APAC		54.8	56.0	(2%)	4%
			369.9	318.2	16%	24%
EBITDA <sup>1</sup> :	EMEA		55.2	53.8	3%	15%
	Americas		40.0	28.9	38%	67%
	APAC		10.7	13.5	(21%)	(20%)
	Support costs <sup>2</sup>		(17.1)	(9.9)	(73%)	(73%)
			88.8	86.3	3%	17%
EBITDA margin by region:	EMEA		32.9%	33.7%	-0.8pts	+0.7pts
	Americas		27.1%	28.2%	-1.1pts	+2.2pts
	APAC		19.5%	24.1%	-4.6pts	-6.5pts
	Total		24.0%	27.1%	-3.1pts	-1.3pts

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

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.

## EMEA

Revenue grew by 5% to £167.6m (H1 FY21: £159.6m) and was up 12% on a CC basis. Ecommerce grew in the period against a particularly strong prior period with good growth across all our priority markets. As previously explained we also had higher full price revenues than in the prior period. Our retail stores re-opened during the period with UK stores opening through April and Continental Europe stores opening steadily in May and June. We opened 9 new stores including 4 in Germany, 2 in France, 2 in UK (and closed 1 store) and opened our first store in Spain in Barcelona. We successfully completed the conversion of Italy and Iberia to wholly owned markets, with trading positive and following a similar pattern to our experience in taking back the German market.

EBITDA<sup>1</sup> was up 3% to £55.2m (H1 FY21: £53.8m) and up 15% on a CC basis.

## Americas

The Americas region had very strong trading across all channels with revenue up 44% to £147.5m (H1 FY21: £102.6m) and up 57% on a CC basis. Ecommerce was strong (against very strong comparator) with our retail stores open across the full period. Outside NYC, our like-for-like stores had more positive than negative weeks of trading vs LY-1 (with stores in NYC steadily improving) despite in-store customer headcount being restricted to 75% capacity. During the period we opened 3 new stores, taking our total own stores estate to 37 stores. Wholesale in USA was particularly impacted by supply chain delays (previously described) and compounded by delays at port. This mainly impacted Q2 shipments with approximately £15m of wholesale revenue originally planned to ship in August/September now expected to ship in H2.

EBITDA<sup>1</sup> was up 38% to £40.0m (H1 FY21: £28.9m) and up 67% on a CC basis.



## APAC

Revenue was down by 2% to £54.8m (H1 FY21: £56.0m) and up 4% on a CC basis, with the region impacted by strict social distancing rules, lockdown and store capacity restrictions. This particularly impacted Japan, our largest retail market (due to the State of Emergency being in place throughout the period), together with Australia and also China. During the period we opened a new store in South Korea and net 3 new mono brand third-party distributors stores in China. We have also not fully implemented the DOCS strategy in China.

EBITDA<sup>1</sup> was down by 21% to £10.7m (H1 FY21: £13.5m) as we invested in people and capability in Shanghai and also in region support infrastructure in Hong Kong to prepare for the roll out of our global ERP system with Hong Kong the first country to go-live in APAC later this year.

## Support costs

Group support costs were up 73% to £17.1m from £9.9m in prior period. The majority of this increase was from PLC/LTIP costs and excluding these costs, support costs increased by 25% as we continue to scale and invest to support our growth ambitions.

## Retail development

During the period, we opened 13 (H1 FY21: 10) new own retail stores as follows:

		31 March 2021	Opened	Closed	30 September 2021
EMEA:	UK	34	2	(1)	35
	Germany	10	4	-	14
	France	11	2	-	13
	Italy	1	-	-	1
	Other	12	1	-	13
		68	9	(1)	76
Americas		34	3	-	37
APAC:	Japan	22	-	-	22
	South Korea	5	1	-	6
	Hong Kong	6	-	-	6
		33	1	-	34
Total		135	13	(1)	147

The Group also trades from 40 (H1 FY21: 49) concession counters in department stores in South Korea and a further 206 mono branded third-party franchise stores around the world, with 88 in China (85 at 31 March 21), 32 in Japan (32 at 31 March 21), 14 across Australia and New Zealand (11 at 31 March 21), and the majority of the balance across other South East Asia countries.

## Leases

The Group operates its own retail stores via arm's length leasehold arrangements (apart from two stores that are freehold) and also leases two warehouses and its offices. At 30 September 2021, the average lease term remaining across all property-related leases to end of term was 4.7 years (31 March 2021: 4.3 years) and only 2.9 years (31 March 2021: 2.9 years) to tenant-only break. The annual rent commitment was £23.4m (31 March 2021: £22.7m) and undiscounted total lease commitment was £110.4m (31 March 2021: £97.0m), reducing to £67.1m (31 March 2021: £65.1m) to lease break.

At 30 September 2021, under IFRS 16 accounting rules the Group has ROU assets of £92.7m (31 March 2021: £77.4m) and lease liabilities of £98.8m (31 March 2021: £84.8m).

## Earnings

The following table reconciles the results for the first half year from EBITDA<sup>1</sup> to profit before tax:

£m	H1 FY22	H1 FY21	% change
<b>EBITDA<sup>1</sup></b>	<b>88.8</b>	<b>86.3</b>	<b>3%</b>
Exceptional items	-	(3.0)	n/a
Depreciation and amortisation	(18.0)	(18.4)	2%
Foreign exchange losses	(2.1)	(0.1)	n/a
Net interest cost on bank debt	(5.1)	(3.1)	(65%)
Non-cash interest on preference shares	-	(17.2)	n/a
Unamortised loan costs/interest on lease liabilities	(2.3)	(2.6)	12%
<b>Profit before tax</b>	<b>61.3</b>	<b>41.9</b>	<b>46%</b>
Tax	(12.7)	(12.4)	(2%)
<b>Earnings</b>	<b>48.6</b>	<b>29.5</b>	<b>65%</b>

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

The Group grew profit before tax by 46% to £61.3m (H1 FY21: £41.9m) with profit after tax of £48.6m (H1 FY21: £29.5m).

No exceptional costs were incurred in H1 FY22. Exceptional costs in H1 last year were £3.0m for advisory fees and charges relating to the IPO which took place on 29 January 2021.

The Group's net interest cost on bank debt increased to £5.1m (H1 FY21: £3.1m) due to the refinancing and increase in bank loans which took place on 29 January 2021. Non-cash interest on preference shares was £nil (H1 FY21: £17.2m) as all preference shares were redeemed in full during the prior year refinancing.

The tax charge was £12.7m (H1 FY21: £12.4m) with an effective tax rate of 20.7% which is higher than the UK corporate tax rate of 19.0%, mainly due to non-deductibility of certain expenses (mainly depreciation) and geographical mix of profits at different tax rates as follows:

	%
UK effective tax rate	19.0%
Non-UK tax mix	0.8pts
Non-deductibility of certain expenses	0.9pts
<b>Reported tax rate</b>	<b>20.7%</b>

Earnings per share was 4.8p (H1 FY21: 3.0p) and adjusted earnings per share (excluding exceptional items of £nil) was 4.8p (H1 FY21: EPS 3.3p). For future comparability purposes, we have also calculated a normalised adjusted EPS figure of 4.8p (H1 FY21: 5.0p), which excludes exceptional items (as described in adjusted EPS) together with legacy financing costs of preference shares, which were fully repaid at IPO (31 March 2021: £28.5m). The total number of diluted shares is detailed in note 7 in the interim financial statements. The following table summarises these EPS figures:

		H1 FY22 pence	H1 FY21 pence	% change
<b>Earnings per share</b>	Basic	<b>4.8</b>	3.0	60%
	Diluted	<b>4.8</b>	3.0	60%
Exceptionals per share		-	0.3	n/a
<b>Add back exceptionals per share</b>				
<b>Adjusted earnings per share</b>	Basic	<b>4.8</b>	3.3	45%
	Diluted	<b>4.8</b>	3.3	45%
Legacy financing per share		-	1.7	n/a
<b>Add back legacy financing per share</b>				
<b>Normalised adjusted earnings per share</b>	Basic	<b>4.8</b>	5.0	(4%)
	Diluted	<b>4.8</b>	5.0	(4%)

## Dividends

The Board has approved and the Company has declared an interim dividend of 1.22p per share (H1 FY21: nil pence) calculated as a 25% earnings payout which will be paid on 4 February 2022. 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 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 £12.2m.

## Operating cash flow

Operating cash flow is summarised below:

£m	H1 FY22	H1 FY21
EBITDA <sup>1</sup>	88.8	86.3
Change in net working capital <sup>2</sup>	(38.6)	(8.9)
Share-based payments	1.8	-
Capital expenditure	(10.1)	(8.2)
<b>Operating cash flow<sup>3</sup></b>	<b>41.9</b>	<b>69.2</b>
<b>Operating cash conversion<sup>3</sup></b>	<b>47%</b>	<b>80%</b>

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

2. Working capital per the consolidated statement of cash flows, less exceptional items of £7.5m (H1 FY21: £1.3m).

3. Alternative Performance Measures as defined in the Glossary on pages 34 and 35.

**Operating cashflow generated was £41.9m (H1 FY21: £69.2m)** representing a conversion of EBITDA<sup>1</sup> of 47% (H1 FY21: 80%). The increase in working capital was predominantly due to increased inventory ahead of peak trading and higher debtors resulting from higher levels of wholesale trading (with trade debtors days in line with the prior period at 42 days). Compared to the prior period, cash conversion was lower due to temporary adjustments to payment terms to factories; in the prior period we did not cancel any purchase orders with our factories and in return they temporarily extended payment terms from 60 days to 90 days, and in the first half we have temporarily accelerated payment terms to certain factories most impacted by Covid-19 from 60 days to 30 days. On an underlying basis cash conversion is as follows:

£m	H1 FY22	H1 FY21
Operating cash flow <sup>1</sup>	41.9	69.2
Extended payment terms	-	(41.1)
Accelerated payment terms	11.8	-
	<b>53.7</b>	<b>28.1</b>
<b>% EBITDA</b>	<b>60%</b>	<b>33%</b>

1. Alternative Performance Measures as defined in the Glossary on pages 34 and 35.

It is expected the acceleration of payment terms in the first half of FY22 will revert to standard payment terms by the end of the financial year.

**Capex was £10.1m (H1 FY21: £8.2m)** and represented 2.7% of revenue (H1 FY21: 2.6%) and was higher than the prior period mainly due to the resumption of retail store openings and certain larger IT related projects that had previously been delayed. Spend of £10.1m included £3.7m on new stores (H1 FY21: £3.5m) and IT and ecommerce spend of £4.9m (H1 FY21: £4.1m).

## Net cash flow after interest

Net cash flow after interest costs is summarised below:

£m	H1 FY22	H1 FY21
<b>Operating cash flow<sup>1</sup></b>	<b>41.9</b>	69.2
Net interest paid	(4.3)	(4.9)
Payment of lease liabilities	(11.5)	(10.7)
Taxation	(20.6)	(10.7)
<b>Free cashflow before exceptional items</b>	<b>5.5</b>	42.9
Exceptional items <sup>2</sup>	(7.5)	(1.3)
Other loans made	-	(3.4)
Net bank borrowings and facility repayments	-	(6.7)
<b>Net cash flow</b>	<b>(2.0)</b>	31.5
Opening cash	113.6	117.2
Net cash foreign exchange	1.6	(1.9)
<b>Closing cash</b>	<b>113.2</b>	146.8

1. Operating cash flow and free cash flow are Alternative Performance Measures defined in the Glossary on pages 34 and 35.

2. All exceptional items paid were in relation to the IPO and refinancing event.

At 30 September 2021 the Group had cash of £113.2m compared to cash at 31 March 2021 of £113.6m. During this six month period the Group had a cash outflow to the low point during July of approximately £28m. This was better than the typical cash profile due to the later shipping of product from factories to our DCs and hence the later timing of payments. If the delivery of product had not been impacted by supply chain delays, it is estimated that the cash outflow would have been approximately £100m, resulting in a lower closing cash balance.

## 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 US dollar revenue generated broadly funding US dollar purchase of inventory and GBP generated broadly funding GBP related costs).

The group financing arrangements have a total net leverage covenant test, with the first test being on 30 September 2021 and subsequent tests every 6 months. The total net leverage test is calculated with a full 12 months of EBITDA<sup>1</sup> with net debt being inclusive of IFRS 16 lease liabilities. At 30 September 2021 the Group had total net leverage of 1.2 times giving us significant headroom against our covenant test.

## Pensions

Airwair International Limited (a subsidiary of the Group) operates a defined benefit pension scheme in the UK, which was closed to new members in 2002, and provides both pensions in retirement and death benefits to members. At the most recent triennial valuation date (June 2019), on an actuarial funding valuation basis, 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 surplus under the scheme is not recognised as an asset benefiting the Group on the balance sheet on the basis that the Group is unlikely to derive any economic benefits from that surplus. At 30 September 2021 this scheme had assets of £71.1m (31 March 2021: £67.8m). The Group also operates a defined contribution scheme for its employees and during the period the Group contributions to this scheme were £1.6m (H1 FY21: £2.5m). At 30 September 2021 this scheme had assets of £18.2m (31 March 2021: £15.5m).

## 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 2021 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 74 to 79 of the 2021 Annual Report, a copy of which is available on the Company's website at [www.drmartensplc.com](http://www.drmartensplc.com).

## Balance sheet

The balance sheet is summarised below:

£m	30 September 2021	31 March 2021
Freeholds	6.1	6.1
Right-of-use assets	92.7	77.4
Other fixed assets	47.4	46.6
Working capital	78.9	25.5
Deferred tax	8.7	7.2
<b>Operating net assets</b>	<b>233.8</b>	<b>162.8</b>
Goodwill	240.7	240.7
Cash	113.2	113.6
Gross bank debt	(290.6)	(287.5)
Unamortised bank fees	5.3	5.9
Lease liabilities	(98.8)	(84.8)
<b>Net assets</b>	<b>203.6</b>	<b>150.7</b>

The working capital balance of £78.9m (FY21: £25.5m) predominantly reflects inventory of £119.8m (FY21: £101.5m), trade and other receivables of £74.3m (FY21: £59.4m), trade and other payables of £120.2m (FY21: £133.0m) and other items (derivatives, tax, and provisions). The increase in working capital was mainly due to a decline in creditors and an increase in inventories, resulting from timing of factory shipments to our DCs.

Equity of £203.6m at 30 September 2021 can be analysed as follows:

	£m
Share capital	10.0
Hedging reserve	0.1
Merger reserve	(1,400.0)
Non-UK translation reserve	4.9
Retained earnings	1,588.6
<b>Equity</b>	<b>203.6</b>

Included in the retained earnings of Dr. Martens plc (the Company) are distributable reserves of £1,380.5m (31 March 2021: £1,385.0m).

## Consolidated Statement of Profit or Loss

### For the six months ended 30 September 2021

	Notes	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
Revenue	3	369.9	318.2	773.0
Cost of sales		(143.3)	(131.9)	(302.5)
Gross profit		226.6	186.3	470.5
Selling and administrative expenses	4	(157.9)	(121.5)	(358.0)
Operating profit		68.7	64.8	112.5
EBITDA	3	88.8	86.3	224.2
Exceptional items	4	-	(3.0)	(80.5)
EBITDA (post exceptional items)		88.8	83.3	143.7
Depreciation, amortisation and foreign exchange (losses)/gain	4	(20.1)	(18.5)	(31.2)
Operating profit	4	68.7	64.8	112.5
Finance expense <sup>1</sup>	5	(7.4)	(22.9)	(41.6)
Profit before tax		61.3	41.9	70.9
Tax expense	6	(12.7)	(12.4)	(35.2)
Profit for the period		48.6	29.5	35.7

		Unaudited six months ended 30 September 2021	Unaudited six months ended 30 September 2020 (restated <sup>2</sup> )	Audited year ended 31 March 2021
Earnings per share				
Basic	7	4.8p	3.0p	3.6p
Diluted	7	4.8p	3.0p	3.6p
Adjusted earnings per share				
Basic	7	4.8p	3.3p	11.6p
Diluted	7	4.8p	3.3p	11.6p

1. Finance expense includes non-cash interest on preference shares of £nil (Sep 20: £17.2m, Mar 21: £28.5m) and on 28 January 2021 all preference shares were redeemed in full.
2. Following a reorganisation of the Group and share dilution on IPO, the Group has applied IAS 33 to restate earnings per share to reflect the sub-division of shares during the period but where there has been no inflow of resources due to shares being issued to existing shareholders for no consideration.

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 2021**

		Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
	Notes			
Profit for the period		48.6	29.5	35.7
Other comprehensive income/(expense)				
Items that may subsequently be reclassified to profit or loss				
Currency translation differences		2.2	(2.1)	(7.4)
Cash flow hedges		0.2	(1.7)	(1.6)
Tax in relation to unexercised share options	6	0.1	-	-
		2.5	(3.8)	(9.0)
Total comprehensive income for the period		51.1	25.7	26.7

# Consolidated Balance Sheet

## As at 30 September 2021

	Notes	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Non-current assets</b>			
Intangible assets	9	261.3	260.8
Property, plant and equipment	10	32.9	32.6
Right-of-use assets	10	92.7	77.4
Deferred tax assets	16	8.7	7.2
Pension fund surplus	18	-	-
		<b>395.6</b>	<b>378.0</b>
<b>Current assets</b>			
Inventories		119.8	101.5
Trade and other receivables	11	74.3	59.4
Income tax assets		6.3	-
Derivatives and other financial assets		0.4	0.3
Cash and cash equivalents		113.2	113.6
		<b>314.0</b>	<b>274.8</b>
<b>Total assets</b>		<b>709.6</b>	<b>652.8</b>
<b>Current liabilities</b>			
Trade and other payables	12	(120.2)	(133.0)
Borrowings - Lease liabilities	13	(20.0)	(18.2)
Income tax payable		-	(1.1)
		<b>(140.2)</b>	<b>(152.3)</b>
<b>Non-current liabilities</b>			
Borrowings - Bank <sup>1</sup>	13	(285.3)	(281.6)
- Lease liabilities	13	(78.8)	(66.6)
Provisions	14	(1.7)	(1.6)
		<b>(365.8)</b>	<b>(349.8)</b>
<b>Total liabilities</b>		<b>(506.0)</b>	<b>(502.1)</b>
<b>Net assets</b>		<b>203.6</b>	<b>150.7</b>
<b>Equity attributable to the owners of the Parent</b>			
Share capital		10.0	10.0
Hedging reserve		0.1	(0.1)
Merger reserve		(1,400.0)	(1,400.0)
Non-UK translation reserve		4.9	2.7
Retained earnings		1,588.6	1,538.1
<b>Total equity</b>		<b>203.6</b>	<b>150.7</b>

1. Included in bank debt is £5.3m (Mar 21: £5.9m) of unamortised bank fees.



## Consolidated Statement of Changes in Equity For the six months ended 30 September 2021

	Share capital £m	Hedging reserve £m	Capital reserve - own shares £m	Capital redemption reserve £m	Merger reserve £m	Non-UK translation reserve £m	Retained earnings <sup>1</sup> £m	Total equity £m
<b>At 31 March 2020</b>	-	1.5	-	(165.8)	-	10.1	224.7	70.5
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	-	-	29.5	29.5
Other comprehensive expense	-	(1.7)	-	-	-	(2.1)	-	(3.8)
<b>Total comprehensive income/(expense) for the period</b>	-	(1.7)	-	-	-	(2.1)	29.5	25.7
Own shares and other equity transactions	-	-	(0.9)	-	-	-	1.2	0.3
Share issues during the period	-	-	0.3	-	-	-	3.6	3.9
<b>At 30 September 2020</b>	-	(0.2)	(0.6)	(165.8)	-	8.0	259.0	100.4
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	-	-	6.2	6.2
Other comprehensive income/(expense)	-	0.1	-	-	-	(5.3)	-	(5.2)
<b>Total comprehensive income/(expense) for the period</b>	-	0.1	-	-	-	(5.3)	6.2	1.0
Own shares sold in the period	-	-	0.6	-	-	-	37.2	37.8
Share for share exchange	1,400.0	-	-	-	(1,400.0)	-	-	-
Capital reduction	(1,390.0)	-	-	-	-	-	1,390.0	-
Capital redemption reserve distributions	-	-	-	165.8	-	-	(165.8)	-
Share-based payments	-	-	-	-	-	-	11.5	11.5
<b>At 31 March 2021</b>	10.0	(0.1)	-	-	(1,400.0)	2.7	1,538.1	150.7
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	-	-	48.6	48.6
Other comprehensive income	-	0.2	-	-	-	2.2	0.1	2.5
<b>Total comprehensive income for the period</b>	-	0.2	-	-	-	2.2	48.7	51.1
Share-based payments	-	-	-	-	-	-	1.8	1.8
<b>At 30 September 2021</b>	10.0	0.1	-	-	(1,400.0)	4.9	1,588.6	203.6

1. Included within retained earnings Dr. Martens plc (the Company) has distributable reserves of £1,380.5m (Sep 20: £320.4m, Mar 21: £1,385.0m)

## Consolidated Statement of Cash Flows

### For the six months ended 30 September 2021

	Notes	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
Profit after taxation		48.6	29.5	35.7
Add back: income tax expense	6	12.7	12.4	35.2
finance expense	5	7.4	22.9	41.6
Operating profit		68.7	64.8	112.5
Depreciation and amortisation		18.0	18.4	35.0
Net foreign exchange rate gains		2.1	0.1	(3.8)
Share-based payments		1.8	-	11.5
Restricted cash		-	-	4.2
Increase in inventories		(16.7)	(39.0)	(18.1)
(Increase)/decrease in trade and other receivables		(13.9)	(24.3)	0.8
(Decrease)/increase in trade and other payables		(15.5)	56.1	51.2
Change in working capital		(46.1)	(7.2)	33.9
<b>Cash flows from operating activities</b>				
Cash generated from operations		44.5	76.1	193.3
Taxation paid		(20.6)	(10.7)	(33.1)
<b>Cash generated from operating activities</b>		<b>23.9</b>	<b>65.4</b>	<b>160.2</b>
<b>Cash flows from investing activities</b>				
Additions to intangible assets	9	(5.6)	(4.6)	(8.2)
Additions to property, plant and equipment	10	(4.5)	(3.6)	(10.4)
Other loans made		-	(3.4)	-
<b>Cash used in investing activities</b>		<b>(10.1)</b>	<b>(11.6)</b>	<b>(18.6)</b>
<b>Cash flows from financing activities</b>				
Finance expense	5	(4.3)	(4.9)	(12.8)
Payment of lease liabilities	17	(11.5)	(10.7)	(23.8)
Proceeds from new bank borrowings	13	-	-	300.0
Bank borrowings repayments	13	-	(6.7)	(92.7)
Preference share repayments		-	-	(341.4)
Sale of shares from EBT		-	-	37.8
<b>Cash used in financing activities</b>		<b>(15.8)</b>	<b>(22.3)</b>	<b>(132.9)</b>
Net (decrease)/increase in cash and cash equivalents		(2.0)	31.5	8.7
Cash and cash equivalents at beginning of period		113.6	117.2	117.2
Effect of exchange on cash held		1.6	(1.9)	(12.3)
<b>Cash and cash equivalents at end of period</b>		<b>113.2</b>	<b>146.8</b>	<b>113.6</b>

## Consolidated Non-GAAP Statement of Cash Flows

### For the six months ended 30 September 2021

	Notes	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
EBITDA <sup>1</sup>	3	88.8	86.3	224.2
Change in net working capital		(38.6)	(8.9)	27.8
Share-based payments		1.8	-	0.7
Capital expenditure	9,10	(10.1)	(8.2)	(18.6)
<b>Operating cash flow<sup>1</sup></b>		<b>41.9</b>	<b>69.2</b>	<b>234.1</b>
Net interest paid		(4.3)	(4.9)	(7.4)
Payment of lease liabilities	17	(11.5)	(10.7)	(23.8)
Taxation		(20.6)	(10.7)	(33.1)
<b>Free cash flow<sup>1</sup> before exceptional items</b>		<b>5.5</b>	<b>42.9</b>	<b>169.8</b>
Proceeds from new bank borrowings	13	-	-	300.0
Exceptional items <sup>2</sup>	4	(7.5)	(1.3)	(27.0)
Bank borrowings repayments	13	-	(6.7)	(341.4)
Other loans made		-	(3.4)	(92.7)
<b>Net cash flow</b>		<b>(2.0)</b>	<b>31.5</b>	<b>8.7</b>
Opening cash		113.6	117.2	117.2
Net cash foreign exchange		1.6	(1.9)	(12.3)
<b>Closing cash</b>		<b>113.2</b>	<b>146.8</b>	<b>113.6</b>

1. Alternative Performance Measures as defined in the Glossary on pages 34 and 35.

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 2021**

**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 2021.

The interim financial information is presented in Sterling and all values are rounded to the nearest million pounds (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 2021 and the comparatives for the six months ended 30 September 2020 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 2021 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 key sources of estimation uncertainty are consistent with those disclosed in the Group's latest audited financial statements.

**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 15-month period from the date of the signing of the consolidated financial statements (the going concern period) to 31 March 2023 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 2021 with cash of £113.2m, available undrawn facilities of £197.0m and bullet debt repayment of £300.0m not due until 2026.

The first half of the year saw a recovery from Covid-19 as trading rebounded in our core markets as they emerged from lockdowns and restrictions and as we begin to learn to live with Covid-19. Continued recovery is reliant upon vaccination pace and vaccinations success in our core markets. Further detail of the recovery profile is described in the Finance Review.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the period to September 2021, including the impact of Covid-19 on profitability, cash flow and covenant compliance. Trading in the period also identified that payments from wholesale customers remained good throughout with no material increase in bad debts.

## **Notes to the Consolidated Interim Financial Statements For the six months ended 30 September 2021**

### **2. Accounting policies (continued)**

#### **Going concern (continued)**

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

As part of the going concern assessment, management have modelled, and the Directors have reviewed a base case and a severe but plausible downside scenario. 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 Doc's growth strategy. In the base case and severe but plausible downside scenario modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

Given the backdrop of Covid-19 and continued global economic uncertainty, the risks for modelling purposes in the severe but plausible downside scenario related to disruption to supply chain, large website down during our peak period, and re-emergence of Covid-19 resulting in imposed lockdown in all regions for three months, significantly impacting Retail. These risks will impact on the revenue growth assumptions in the base case and have been sensitised downward to model the severe but plausible downside scenario with no planned cost or working capital mitigation actions (including the dividend payments of £12m in February 2022). The impact was represented by revenue 29pts lower than the base case across all channels and geographies. In both the base case and severe but plausible downside scenario, the Group continues to have satisfactory liquidity and covenant headroom throughout the 15-month period under review.

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 FY23. Under the covenant breach test it is concluded that the business could weather extreme growth reductions without mitigation, -42pts in FY23 before covenants are breached. Similarly, the business would have to experience -76pts growth reduction in FY23 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 assessed. The Directors have assessed the likelihood of occurrence to be remote.

The Directors will continue to monitor the effects of Covid-19 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.

Should a more extreme downside scenario occur then mitigating actions could be taken including, (but not limited to) cancellation of pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, 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 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 are satisfied that the Group will maintain an adequate level of resources to be able to continue to operate during the period under review.

#### **New standards and interpretations not yet applied**

There are no standards and interpretations that are relevant to the Group, in issue but not yet effective. Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the Group's Consolidated Interim Financial Statements.

## Notes to the Consolidated Interim Financial Statements (continued)

### For the six months ended 30 September 2021

#### 3. Segmental Analysis

IFRS 8 'Operating Segments' requires operating segments to be determined by the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be both the CEO and CFO, who receive information on this basis of the Group's revenue in key geographical regions based on the Group's management and internal reporting structure. The CODM assesses the performance of geographical segments based on a measure of revenue and EBITDA. To increase transparency the Group also includes additional voluntary disclosure analysis of global revenue within different operating channels. Included within EMEA is revenue attributable to Airwair International Limited, the principal UK trading subsidiary of Dr. Martens plc, with revenue from wholesale and export customers, and Americas revenue is mainly attributable to USA and Canada and APAC revenue is mainly attributable to Japan, China, South Korea and Australia.

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>Revenue by geographical market</b>			
EMEA	167.6	159.6	335.6
Americas	147.5	102.6	295.8
APAC	54.8	56.0	141.6
<b>Total revenue</b>	<b>369.9</b>	<b>318.2</b>	<b>773.0</b>

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>EBITDA by geographical market</b>			
EMEA	55.2	53.8	115.3
Americas	40.0	28.9	91.9
APAC	10.7	13.5	39.7
Support costs	(17.1)	(9.9)	(22.7)
<b>EBITDA</b>	<b>88.8</b>	<b>86.3</b>	<b>224.2</b>
Exceptional items (note 4)	-	(3.0)	(80.5)
<b>EBITDA (post exceptional items)</b>	<b>88.8</b>	<b>83.3</b>	<b>143.7</b>
Depreciation and amortisation	(7.5)	(6.7)	(13.5)
Depreciation of right-of-use assets <sup>1</sup>	(10.5)	(11.7)	(21.5)
Foreign exchange (losses)/gains	(2.1)	(0.1)	3.8
Depreciation, amortisation & foreign exchange (losses)/gains	(20.1)	(18.5)	(31.2)
<b>Operating profit</b>	<b>68.7</b>	<b>64.8</b>	<b>112.5</b>

1. Includes impairment charge of £nil (Sep 20: £1.1m, Mar 21: £1.1m) recognised on right-of-use assets (see note 10).

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>Revenue by channel</b>			
Ecommerce	82.6	75.3	235.4
Retail	65.9	34.3	99.7
Total DTC revenue	148.5	109.6	335.1
Wholesale	221.4	208.6	437.9
<b>Total revenue</b>	<b>369.9</b>	<b>318.2</b>	<b>773.0</b>

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 3. Segmental Analysis (continued)

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Non-current assets</b>		
EMEA <sup>1</sup>	99.6	85.5
Americas	37.6	34.6
APAC	9.1	10.0
Goodwill	240.7	240.7
Deferred tax	8.7	7.2
<b>Total non-current assets</b>	<b>395.7</b>	<b>378.0</b>

1. Included in the EMEA non-current assets is £54.5m (Mar 21: £52.0m) in relation to the UK market.

### 4. Expenses analysis

Operating profit is stated after charging:

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>Selling and administrative expenses</b>			
Staff costs	68.0	48.7	109.6
Operating costs	69.8	51.3	136.7
	<b>137.8</b>	<b>100.0</b>	<b>246.3</b>
Amortisation	2.9	2.0	4.5
Depreciation	4.6	4.7	9.0
Depreciation of right-of-use assets	10.5	11.7	21.5
Foreign exchange losses/(gains)	2.1	0.1	(3.8)
Depreciation, amortisation & foreign exchange losses/(gains)	20.1	18.5	31.2
Exceptional items	-	3.0	80.5
	<b>20.1</b>	<b>21.5</b>	<b>111.7</b>
<b>Total selling and administrative expenses</b>	<b>157.9</b>	<b>121.5</b>	<b>358.0</b>

Exceptional costs in the six months to 30 September 2020 were £3.0m and all related to the IPO which took place on 29 January 2021, which related to advisory fees and charges. Exceptional costs in the year to 31 March 2021 were £80.5m and all related to the IPO which took place on 29 January 2021. The main cost was in relation to an all employee "IPO bonus" of £49.1m which was in part funded by shares held by EBT (and sold at IPO date) and also cash held by the EBT totalling £42.0m. Also included within this charge (of £49.1m) was an employer's national insurance charge in relation to the cash payment of £7.1m. In addition, the Group incurred an IFRS2 share-based payment charge in relation to the IPO of £10.8m (which was non-cash). The balance of £20.6m was advisory fees and charges.

### 5. Finance expense

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
Bank debt - net <sup>1</sup>	5.1	3.1	6.5
Preference interest (non-cash)	-	17.2	28.5
Interest on lease liabilities	1.7	1.9	3.7
Amortisation loan issue costs - New funding (non-cash)	0.6	-	0.2
- Old funding (non-cash)	-	0.7	2.7
<b>Total financing expense</b>	<b>7.4</b>	<b>22.9</b>	<b>41.6</b>

1. Finance expense includes £5.1m (Sep 20: £3.1m, Mar 21: £6.5m) of bank debt costs. Interest paid in the period was £4.3m (Sep 20: £4.9m, Mar 21: £7.4m), with the difference of £0.8m (Sep 20: £1.8m, Mar 21: £0.9m) relating to movements in the bank interest and finance charges payable.

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 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 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>Current tax</b>			
Current tax on UK profit for the period	11.2	11.5	29.6
Adjustment in respect of prior periods	(0.3)	(0.8)	(1.0)
Current tax on overseas profits for the period	3.2	1.7	6.4
	14.1	12.4	35.0
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(1.8)	(1.0)	(1.0)
Adjustment in respect of prior periods	0.4	1.0	1.2
	(1.4)	-	0.2
<b>Total tax expense in the Consolidated Statement of Profit or Loss</b>	<b>12.7</b>	<b>12.4</b>	<b>35.2</b>
<b>Other Comprehensive Income</b>			
Tax in relation to unexercised share options	(0.1)	-	-
<b>Total tax expense in the Consolidated Statement of Comprehensive Income</b>	<b>12.6</b>	<b>12.4</b>	<b>35.2</b>
	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
<b>Factors affecting the tax expense for the period</b>			
Profit before tax	61.3	41.9	70.9
Profit before tax multiplied by standard rate of UK corporation tax of 19% (Mar 21 and Sep 20: 19%)	11.6	7.9	13.5
<i>Effects of:</i>			
Non-deductible expenses	1.0	4.1	21.2
Temporary differences not provided for	(0.5)	-	(0.2)
Adjustments in respect of prior periods	-	0.2	0.2
Effect of change in tax rate	0.1	(0.1)	(0.2)
Intangibles capitalised allowable for tax purposes	-	-	(0.6)
Non-UK tax	0.5	0.3	1.4
Other adjustments	-	-	(0.1)
<b>Total tax expense in the Consolidated Statement of Profit or Loss</b>	<b>12.7</b>	<b>12.4</b>	<b>35.2</b>
Tax in relation to unexercised share options	(0.1)	-	-
<b>Total tax expense in the Consolidated Statement of Comprehensive Income</b>	<b>12.6</b>	<b>12.4</b>	<b>35.2</b>
<b>Effective tax rate</b>	<b>20.7%</b>	<b>29.6%</b>	<b>49.6%</b>

### 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 2021

#### 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 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
Profit after tax	48.6	29.5	35.7
Exceptional items (note 4)	-	3.0	80.5
<b>Adjusted<sup>1</sup> profit after tax</b>	<b>48.6</b>	<b>32.5</b>	<b>116.2</b>

	Unaudited six months ended 30 September 2021 No.	Unaudited six months ended 30 September 2020 (restated <sup>2</sup> ) No.	Audited year ended 31 March 2021 No.
Weighted average number of shares for calculating basic earnings per share (millions)	1,000.0	980.0	1,000.0
Potentially dilutive share awards (millions)	2.6	-	0.4
Weighted average number of shares for calculating diluted earnings per share (millions)	1,002.6	980.0	1,000.4

	Unaudited six months ended 30 September 2021	Unaudited six months ended 30 September 2020 (restated <sup>2</sup> )	Audited year ended 31 March 2021
<b>Earnings per share</b>			
Basic earnings per share	4.8p	3.0p	3.6p
Diluted earnings per share	4.8p	3.0p	3.6p

#### Adjusted<sup>1</sup> earnings per share

Adjusted <sup>1</sup> basic earnings per share	4.8p	3.3p	11.6p
Adjusted <sup>1</sup> diluted earnings per share	4.8p	3.3p	11.6p

1. Adjusted earnings per share is calculated on adjusted profit after tax, being profit after tax before exceptional items.

2. Following a reorganisation of the Group on IPO, the Group has applied IAS 33; earnings per share has been restated to reflect the sub-division of shares in the year ended 31 March 2021 and six months ended 30 September 2020.

#### 8. Dividends

	Unaudited six months ended 30 September 2021 £m	Unaudited six months ended 30 September 2020 £m	Audited year ended 31 March 2021 £m
Interim dividend	12.2	-	-
Dividend as a % of earnings	25%	-	-
<b>Dividend per share</b>			
Interim dividend	1.22p	-	-

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 8. Dividends (continued)

The Board has approved and the Company has declared an interim dividend of 1.22p per share (H1 FY21: nil pence) equating to a 25% earnings payout which will be paid on 4 February 2022. 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 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 £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

	Software £m	Goodwill £m	Total £m
<b>Cost</b>			
<b>At 31 March 2020</b>	<b>25.2</b>	<b>240.7</b>	<b>265.9</b>
Additions	8.2	-	8.2
Disposals	(0.9)	-	(0.9)
Reclassifications to tangible fixed assets	0.3	-	0.3
Foreign exchange	(0.5)	-	(0.5)
<b>At 31 March 2021</b>	<b>32.3</b>	<b>240.7</b>	<b>273.0</b>
Additions	5.6	-	5.6
Reclassifications to tangible fixed assets <sup>1</sup>	(2.3)	-	(2.3)
Foreign exchange	0.1	-	0.1
<b>At 30 September 2021</b>	<b>35.7</b>	<b>240.7</b>	<b>276.4</b>
<b>Amortisation</b>			
<b>At 31 March 2020</b>	<b>8.7</b>	<b>-</b>	<b>8.7</b>
Charge for the year	4.5	-	4.5
Disposals	(0.9)	-	(0.9)
Reclassifications to tangible fixed assets	0.2	-	0.2
Foreign exchange	(0.3)	-	(0.3)
<b>At 31 March 2021</b>	<b>12.2</b>	<b>-</b>	<b>12.2</b>
Charge for the year	2.9	-	2.9
<b>At 30 September 2021</b>	<b>15.1</b>	<b>-</b>	<b>15.1</b>
<b>Net book value</b>			
<b>At 30 September 2021</b>	<b>20.6</b>	<b>240.7</b>	<b>261.3</b>
<b>At 31 March 2021</b>	<b>20.1</b>	<b>240.7</b>	<b>260.8</b>

1. Relates to reclassification of assets to right-of-use assets

The aggregate carrying amount of goodwill allocated to each CGU<sup>1</sup> was as follows:

	30 September 2021 £m	31 March 2021 £m
EMEA	66.6	66.6
Americas	114.1	114.1
APAC	60.0	60.0
	<b>240.7</b>	<b>240.7</b>

1. The cash generating units ("CGUs") were agreed by the Directors as the geographical regions in which the Group operates. These regions are the lowest level at which goodwill is monitored and represent identifiable operating segments.

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 10. Property, plant and equipment

	Freehold property £m	Leasehold improvements £m	Plant and machinery £m	Office equipment £m	Motor vehicles £m	Total £m
<b>Cost or valuation</b>						
<b>At 31 March 2020</b>	<b>6.9</b>	<b>43.6</b>	<b>3.5</b>	<b>5.2</b>	<b>0.1</b>	<b>59.3</b>
Additions	0.4	7.9	0.7	1.4	-	10.4
Disposals <sup>1</sup>	-	(0.5)	-	(0.9)	-	(1.4)
Reclassifications between asset class	-	(0.5)	-	0.5	-	-
Reclassifications to intangible fixed assets	-	(0.3)	-	-	-	(0.3)
Foreign exchange	(0.5)	(2.6)	-	(0.1)	-	(3.2)
<b>At 31 March 2021</b>	<b>6.8</b>	<b>47.6</b>	<b>4.2</b>	<b>6.1</b>	<b>0.1</b>	<b>64.8</b>
Additions	-	3.4	0.2	0.9	-	4.5
Disposals <sup>2</sup>	-	(0.1)	-	-	-	(0.1)
Foreign exchange	0.1	0.2	-	0.1	-	0.4
<b>At 30 September 2021</b>	<b>6.9</b>	<b>51.1</b>	<b>4.4</b>	<b>7.1</b>	<b>0.1</b>	<b>69.6</b>
<b>Depreciation and impairment</b>						
<b>At 31 March 2020</b>	<b>0.9</b>	<b>20.4</b>	<b>1.6</b>	<b>3.6</b>	<b>0.1</b>	<b>26.6</b>
Charge for the year	0.1	7.0	0.7	1.2	-	9.0
Eliminated on disposal <sup>1</sup>	-	(0.5)	-	(0.9)	-	(1.4)
Reclassifications between asset class	-	(0.4)	-	0.4	-	-
Reclassifications to intangible fixed assets	-	(0.2)	-	-	-	(0.2)
Foreign exchange	(0.3)	(1.4)	-	(0.1)	-	(1.8)
<b>At 31 March 2021</b>	<b>0.7</b>	<b>24.9</b>	<b>2.3</b>	<b>4.2</b>	<b>0.1</b>	<b>32.2</b>
Charge for the year	0.1	3.4	0.5	0.6	-	4.6
Eliminated on disposal <sup>2</sup>	-	(0.1)	-	-	-	(0.1)
<b>At 30 September 2021</b>	<b>0.8</b>	<b>28.2</b>	<b>2.8</b>	<b>4.8</b>	<b>0.1</b>	<b>36.7</b>
<b>Net book value</b>						
<b>At 30 September 2021</b>	<b>6.1</b>	<b>22.9</b>	<b>1.6</b>	<b>2.3</b>	<b>-</b>	<b>32.9</b>
<b>At 31 March 2021</b>	<b>6.1</b>	<b>22.7</b>	<b>1.9</b>	<b>1.9</b>	<b>-</b>	<b>32.6</b>

1. The Group carried out a physical verification of assets during the period and identified assets with a total net book value that were no longer in physical existence but remained on the assets register. These assets were therefore written off during the period to £nil net book value.

2. Disposals represent assets that had a £nil net book value and were therefore written off during the period.

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

	Leasehold £m
<b>Cost or valuation</b>	
<b>At 31 March 2020</b>	<b>99.9</b>
Additions	23.0
Modification of leases <sup>1</sup>	(2.2)
Foreign exchange	(3.9)
<b>At 31 March 2021</b>	<b>116.8</b>
Additions	20.5
Modification of leases <sup>1</sup>	2.6
Reclassifications from intangible fixed assets	2.3
Foreign exchange	0.4
<b>At 30 September 2021</b>	<b>142.6</b>
<b>Depreciation and impairment</b>	
<b>At 31 March 2020</b>	<b>17.9</b>
Charge for the year	20.4
Impairment	1.1
<b>At 31 March 2021</b>	<b>39.4</b>
Charge for the year	10.5
<b>At 30 September 2021</b>	<b>49.9</b>
<b>Net book value</b>	
<b>At 30 September 2021</b>	<b>92.7</b>
<b>At 31 March 2021</b>	<b>77.4</b>

1. Lease modifications in the year relate to measurement adjustments for rent reviews and stores that have exercised lease breaks.

**Notes to the Consolidated Interim Financial Statements (continued)**  
**For the six months ended 30 September 2021**

**11. Trade and other receivables**

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
Trade receivables	65.0	52.0
Less: allowance for expected credit losses	(0.8)	(1.3)
Trade receivables - net	64.2	50.7
Other receivables	3.4	5.3
	67.6	56.0
Prepayments and accrued income	6.7	3.4
	74.3	59.4

**12. Trade and other payables**

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Current</b>		
Trade payables	46.0	52.6
Taxes and social security costs	5.5	5.3
Other payables	7.4	5.3
Bank interest and finance charges	2.1	1.3
	61.0	64.5
Accruals and deferred income	59.2	68.5
	120.2	133.0

**13. Borrowings**

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Current</b>		
Lease liabilities	20.0	18.2
Total current interest-bearing loans and borrowings	20.0	18.2
<b>Non-current</b>		
Bank loans (including unamortised fees)	285.3	281.6
Lease liabilities	78.8	66.6
Total non-current	364.1	348.2
<b>Total borrowings</b>	384.1	366.4
Split of above (excluding lease liabilities):		
Non-current bank loans	285.3	281.6
Add back unamortised fees	5.3	5.9
<b>Total gross bank borrowings</b>	290.6	287.5

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 a new multi-currency revolving credit facility of £200.0m. These new facilities have a maturity date of 2 February 2026. Under the ancillary facility £3.0m has been used in relation to HMRC deferment guarantee and landlord 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 2021 (excluding unamortised fees) of £290.6m is £9.4m lower than the amount borrowed on 29 January 2021 due to exchange rate movement.

## Notes to the Consolidated Interim Financial Statements (continued)

### For the six months ended 30 September 2021

#### 14. Provisions

	Other provisions £m	Property provisions £m	Total £m
At 31 March 2021	0.1	1.5	1.6
Arising during the year	-	0.2	0.2
Amounts utilised	(0.1)	-	(0.1)
At 30 September 2021	-	1.7	1.7

The property provisions relate to the estimated repair and restatement costs for retail stores at the end of the lease. The provisions are not discounted for the time value of money as this is not considered materially different from the current cost.

#### 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 equal to their carrying values, with the exception of derivatives which are considered to be at Level 2 and are disclosed separately below. The fair value hierarchy is consistent with that defined in note 20 of the Group's consolidated financial statements for the year ended 31 March 2021.

	Unaudited 30 September 2021		
	Receivables at amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Assets as per Balance Sheet</b>			
Trade and other receivables excluding prepayments and accrued income	67.6	-	67.6
Derivative financial instruments	-	0.4	0.4
Cash and cash equivalents	113.2	-	113.2
	<b>180.8</b>	<b>0.4</b>	<b>181.2</b>
	Liabilities at amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Liabilities as per Balance Sheet</b>			
Bank debt (excluding unamortised fees)	290.6	-	290.6
Lease liabilities - Current	20.0	-	20.0
- Non-current	78.8	-	78.8
Trade and other payables excluding non-financial liabilities	61.0	-	61.0
	<b>450.4</b>	<b>-</b>	<b>450.4</b>

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 15. Financial instruments (continued)

	Audited 31 March 2021		
	Receivables at amortised cost	Fair value through other comprehensive income	Total
	£m	£m	£m
<b>Assets as per Balance Sheet</b>			
Trade and other receivables excluding prepayments and accrued income	56.0	-	56.0
Derivative financial instruments	-	0.3	0.3
Cash and cash equivalents	113.6	-	113.6
	<b>169.6</b>	<b>0.3</b>	<b>169.9</b>

	Liabilities at amortised cost	Fair value through other comprehensive income	Total
	£m	£m	£m
<b>Liabilities as per Balance Sheet</b>			
Bank debt (excluding unamortised fees)	287.5	-	287.5
Lease liabilities - Current	18.2	-	18.2
- Non-current	66.6	-	66.6
Trade and other payables excluding non-financial liabilities	64.5	-	64.5
	<b>436.8</b>	<b>-</b>	<b>436.8</b>

Contingent liabilities exist in the form of a duty deferment guarantee to HMRC for a maximum amount of £0.9m (Mar 21: £0.9m) and rent guarantees to various landlords of £1.9m (Mar 21: £1.7m).

### 16. Deferred taxation

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

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	8.7	7.2

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

	30 September 2021 £m	31 March 2021 £m
Deferred tax asset to be recovered after more than 12 months	1.5	(0.2)

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

- temporary differences are the differences between the carrying amount of an asset/liability and its tax base that eventually will reverse and mainly comprise amounts for unrealised profits in intra-group transactions and expenses; and
- trade losses expected to be utilised in future periods, some of which were not recognised in previous periods.

# Notes to the Consolidated Interim Financial Statements (continued)

## For the six months ended 30 September 2021

### 16. Deferred taxation (continued)

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

	Accelerated capital	Temporary differences	Tax losses	Share-based payments	Total
	£m	£m	£m	£m	£m
At 31 March 2020	(0.2)	7.4	0.2	-	7.4
Statement of Profit or Loss (charge)/credit	(0.4)	0.2	-	-	(0.2)
At 31 March 2021	(0.6)	7.6	0.2	-	7.2
Statement of Profit or Loss (charge)/credit	(0.7)	1.5	0.1	0.5	1.4
Other comprehensive income credit	-	-	-	0.1	0.1
At 30 September 2021	(1.3)	9.1	0.3	0.6	8.7

Deferred taxation not provided in the financial statements:

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
Tax losses	9.4	7.3
	9.4	7.3

### 17. Leases

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

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
At start of period	84.8	88.4
Additions and remeasurement	23.0	20.4
Interest (note 5)	1.7	3.7
Payments	(11.5)	(23.8)
Foreign exchange	0.8	(3.9)
At end of period	98.8	84.8
Current	20.0	18.2
Non-current	78.8	66.6

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

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
Depreciation expense of right-of-use assets	10.5	21.5
Interest expense on lease liabilities (note 5)	1.7	3.7
Expenses relating to short-term leases (included in cost of sales)	0.7	0.8
Variable lease payments (included in cost of sales)	0.5	0.7
Total operating expenses recognised in profit	1.2	1.5
Total amount recognised in profit	13.4	26.7

## Notes to the Consolidated Interim Financial Statements (continued)

### For the six months ended 30 September 2021

#### 18. Pensions

##### Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £1.6m for the period ended 30 September 2021 (Sep 20: £2.5m) and at 30 September 2021 £0.8m (Mar 21: £0.9m) remained payable to the pension fund.

##### Defined benefit scheme

Airwair International Limited operates a pension arrangement called the Dr. Martens Airwair Group Pension Plan (the Plan). The Plan has a defined benefit section that provides benefits based on final salary and length of service on retirement, leaving service or death. The defined benefit section closed to new members on 6 April 2002 and closed to future accrual with effect from 31 January 2006. The Plan also has a defined contribution section that provides money purchase benefits to some current and former employees.

The Plan is managed by a board of Trustees appointed in part by Airwair International Limited and in part from elections by members of the Plan. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The defined benefit section of the Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. The last valuation was carried out at 30 June 2019 which confirmed that the Plan had sufficient assets to meet the Statutory Funding Objective. The next valuation is due at 30 June 2022. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts.

During the 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 17 years (Mar 21: 17 years).

##### 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 due as at 30 June 2022. If this reveals a deficit then Airwair International Limited may be required to pay contributions to the Plan to repair the deficit over time.

The amounts recognised in the Balance Sheet are determined as follows:

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Amounts recognised in the Balance Sheet</b>		
Fair value of assets - defined benefit section	71.1	67.8
- defined contribution section	18.2	15.5
Fair value of plan assets	89.3	83.3
Present value of funded obligations - defined benefit section	(60.1)	(59.0)
- defined contribution section	(18.2)	(15.5)
Present value of funded obligations - total	(78.3)	(74.5)
<b>Surplus of funded plans</b>	11.0	8.8
Impact of asset ceiling	(11.0)	(8.8)
<b>Net pension asset</b>	-	-

Although the Plan has a surplus, this is not recognised on the grounds that Airwair International Limited is unlikely to derive any future economic benefits from the surplus.

#### 19. 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 2021. There have been no material changes to the Group's related party transactions during the six months to 30 September 2021.



## Two-year financial summary

	H1			H2	FY
	FY22 £m	FY21 £m	Variance %	FY21 £m	FY21 £m
<b>Revenue:</b>					
Ecommerce	82.6	75.3	10%	160.1	235.4
Retail	65.9	34.3	92%	65.4	99.7
DTC	148.5	109.6	35%	225.5	335.1
Wholesale <sup>3</sup>	221.4	208.6	6%	229.3	437.9
	<b>369.9</b>	<b>318.2</b>	<b>16%</b>	<b>454.8</b>	<b>773.0</b>
Gross margin	226.6	186.3	22%	284.2	470.5
EBITDA <sup>1</sup>	88.8	86.3	3%	137.9	224.2
Profit before tax	61.3	41.9	46%	29.0	70.9
<b>Key statistics:</b>					
Pairs sold (m)	6.3	5.6	13%	7.1	12.7
No. of stores <sup>2</sup>	147	130	13%	135	135
DTC mix %	40%	34%	+6pts	50%	43%
Gross margin %	61.3%	58.5%	+2.8pts	62.7%	60.9%
EBITDA %	24.0%	27.1%	-3.1pts	30.3%	29.0%
<b>Revenue by region:</b>					
EMEA	167.6	159.6	5%	176.0	335.6
Americas	147.5	102.6	44%	193.2	295.8
APAC	54.8	56.0	-2%	85.6	141.6
	<b>369.9</b>	<b>318.2</b>	<b>16%</b>	<b>454.8</b>	<b>773.0</b>
<b>Revenue mix:</b>					
EMEA %	45%	50%	-5pts	39%	44%
Americas %	40%	32%	+8pts	42%	38%
APAC %	15%	18%	-3pts	19%	18%

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

2. Own stores on streets and malls operated under arm's length 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: Americas Revenue: APAC	Revenue per Group's geographical segments	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	Yes
Revenue by channel  Revenue: ecommerce Revenue: retail Revenue: DTC  Revenue: wholesale	Revenue from Group's ecommerce platforms  Revenue from Group's own stores (including concessions) Revenue from the Group's direct-to-consumer (DTC) channel (= ecommerce plus retail revenue)  Revenue from the Group's business-to-business channel revenue to wholesale customers, distributors and franchisees	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	Yes
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 foreign exchange volatility	Yes	Yes
Like for like revenue	A store is regarded as like for like where it has traded for a full financial year (April to March). So all stores which opened prior to 1st April 2020 are now like for like.	Presenting growth of the retail market excluding new and maturing stores	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	Yes	Yes
Gross margin %	Gross margin divided by revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	Yes
Operating profit	Profit for the year excluding financing and tax	Operating profit is a key profit measure that showcases the level of profits a company achieves once it deducts all the costs of running its core business operation	Yes	Yes
EBITDA	Profit/(loss) for the year before income tax expense, financing expense, foreign exchange losses, depreciation of right of use assets, depreciation, amortisation and exceptional items  Exceptional items are material items that are considered exceptional in nature by virtue of their size and/or incidence	EBITDA is used as key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance	Yes	Yes
EBITDA %	EBITDA divided by revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	Yes

## Glossary (continued)

### KPIs including APMs (continued)

Metric	Definition	Rationale	APM	KPI
EBITDA (post exceptional items)	EBITDA less change in net working capital and capital expenditure	Operating cash flow is used as a trading cash generation measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance	Yes	Yes
Adjusted profit before tax	Statutory profit before tax adjusted to exclude exceptional items	Adjusted profit before tax is used as a measure to represent the results for the business excluding exceptional items	Yes	Yes
Operating cash flow	EBITDA less change in net working capital and capital expenditure	Operating cash flow is used as a trading cash generation measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance	Yes	Yes
Operating cash flow conversion	Operating cash flow divided by EBITDA	Used to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditure and working capital requirements	Yes	Yes
Free cash flow	Operating cashflow less cash outflows for exceptional items, net interest paid, taxation, lease liabilities and net cash foreign exchange	Free cashflow 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
Underlying operating cash flow	Operating cash flow representing adjustments for optional, abnormal payment term changes in relation to specific events	Presenting consistent, comparable operating cash flow results	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. 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. Used to gauge the quality of EPS if all convertible securities were exercised.	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			
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			
Adjusted EPS	EPS calculated using earnings before taking into account exceptional items		Yes	Yes
Normalised Adjusted EPS	EPS calculated using earnings before taking into account exceptional items and preference share interest	Reconciliation of EPS from the Remuneration Committee Report	Yes	Yes
Ecommerce mix %	Ecommerce revenue as a percentage of total revenue	Helps evaluate progress towards strategic objectives	No	Yes
DTC mix %	DTC revenue as a percentage of total revenue	Helps evaluate progress towards strategic objectives	No	Yes
No. of stores	Number of "own" stores open in the Group	Helps evaluate progress towards strategic objectives	No	Yes
Pairs	Pairs of footwear sold during a period	Used to show volumes and growths in the Group	No	Yes

## 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](http://www.shareview.co.uk). In the event that you change your mind or require a paper version of any document in the future, please contact the registrar.

Access to Shareview allows shareholders to view details about their holdings, submit a proxy vote for shareholder meetings and notify a change of address. In addition to this, shareholders have the opportunity to complete dividend mandates online which facilitates the payment of dividends directly into a nominated account.

### Financial calendar

Ex-dividend date for interim dividend	13 January 2022
Record date for interim dividend	14 January 2022
Interim dividend payable	4 February 2022

### Registered Office

28 Jamestown Road  
Camden  
London  
NW1 7BY

### Investor relations

[investor.relations@drmartens.com](mailto:investor.relations@drmartens.com)

### Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Tel: 0371 384 2030 (from the UK)

Tel: +44 121 4157047 (from overseas)

### Auditor

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **Responsibility Statement**

The Directors confirm that the Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the UK and that the Interim Management Report and consolidated interim financial statements included a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first 6 months of the financial year and their impact on the Consolidated Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining 6 months of the financial year; and
- material related party transactions in the first 26 weeks of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors of Dr. Martens plc are consistent with those listed in the Dr. Martens plc Annual Report for the year ended 31 March 2021.

A list of current directors is maintained on the Dr. Martens plc website: [drmartensplc.com](http://drmartensplc.com).

By order of the board

## **Independent Review Report to Dr. Martens plc**

### **Conclusion**

We have been engaged by the Group to review the Consolidated Interim Financial Statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes 1 to 19. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Consolidated Interim Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated Interim Financial Statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Basis for Conclusion**

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

As disclosed in note 2, the Annual Financial Statements of the Group will be prepared in accordance with UK adopted international accounting standards. The Consolidated Interim Financial Statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

### **Responsibilities of the directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority

### **Auditor's Responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the Consolidated Interim Financial Statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

### **Use of our report**

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP  
London  
8 December 2021