



EXCELLENT FINANCIAL PERFORMANCE FOR YEAR ENDED 31 MARCH 2020 AND CONTINUED SUSTAINABLE GROWTH

Substantial growth across all channels, with e-Commerce particularly strong

Double digit revenue growth across all major markets – EMEA, the Americas and APAC

COVID-19 pandemic predominantly impacted post year end

Health and safety prioritised with almost all stores now re-opened under strict protocols

Continued strong growth in e-Commerce revenue during temporary store closures, resulting in modest overall impact from the store closures to date

Furlough subsidies received from UK Government repaid

Dr. Martens has today announced full year results for the year ended 31 March 2020. The company delivered 48% revenue and 93% underlying EBITDA* growth during the financial year, with strong double-digit growth across all key regions. The company continues to make significant progress against its strategic priorities, particularly in growing its Direct to Consumer (DTC) channels, resulting in the exceptional profit growth.

The COVID-19 pandemic, which unfolded during the final quarter of the financial year, resulted in all Dr. Martens stores in EMEA, the U.S. and Japan closing in mid to late March, with almost all stores now re-opened. During this time Dr. Martens stores in Hong Kong and South Korea continued to trade, as did its third-party stores in China, which had recently re opened. In the period since stores closed, Dr. Martens has seen continued strong growth in e-Commerce revenue, resulting in a modest overall impact from the store closures to date.

FINANCIAL HIGHLIGHTS

+ Another year of very strong growth and cash conversion

- + Revenue up 48% to £672.2 million (2019: £454.4 million)
- + Underlying EBITDA* up 93% to £164.4 million (2019: £85.0 million), reported EBITDA £184.5 million
- + Operating Profit up 110% to £142.5 million (2019: £68.0 million)
- + Underlying EBITDA* cash conversion 74%

+ Excellent performance from all channels

- + DTC (e-Commerce and Retail) revenue growth of 51% to £301.6 million (2019: £199.4 million)
- + Wholesale revenue growth of 45% to £370.6 million (2019: £255.0 million)

*Before IFRS16 accounting



- + Opened 16 stores, bringing total of 122 own stores globally (2019: 109)
- + Gross margin improved by 2.4 percentage points to 59.7% (2019: 57.3%) due to improved channel mix, reduced discounting and improved supply chain efficiencies
- + **Continued progress against strategy**
 - + Balanced global performance with all major markets reporting double digit revenue growth
 - + Direct to consumer (DTC) channels represent 45% of revenue (2019: 44%)
 - + Focus on e-Commerce with websites in South Korea and Japan re-platformed
 - + Following successful transition of German market from third-party distributor to an owned subsidiary in FY19, the Nordics territory transitioned on the same basis
 - + New IT ERP system implemented in America with successful roll out in September 2019, with APAC to follow in 2021
 - + Opened a new third-party distribution centre in the Netherlands

Kenny Wilson, CEO of Dr. Martens, said:

"We have delivered another year of exceptional growth at Dr. Martens driven by our consumer first strategy and continuous investment in the business. Our performance is testament to the hard work and dedication of our teams and demonstrates the resilience and strength of our brand at a time of great uncertainty.

The last few months have been a very challenging time for everyone and I am extremely proud of the resilience and commitment our teams have shown, which has enabled us to continue delivering for our customers throughout the pandemic.

Looking ahead, while we are currently in a volatile and uncertain trading environment, we have a very clear strategy in place supported by a strong brand and consumer connections, and I am confident in the outlook for the business."

OPERATIONAL PERFORMANCE

During the year ended 31 March, Dr. Martens opened 16 new stores including five in EMEA, five in the Americas and six in APAC, taking the total number of owned stores in Dr. Martens' estate at the year end to 122. We continue to view our stores as a very effective way for consumers to interact physically with both our brand and our product. At the same time, we are acutely aware of the fast-changing retail environment and are therefore very selective in choosing only the most relevant locations for our brand as part of our



wider global growth strategy. We are also seeing exceptional growth in our e-Commerce business, with our online performance in China, South Korea and Japan all standouts.

In conjunction, we continue to drive improvements in our gross margin, which increased by 2.4 percentage points to 59.7% (2019: 57.3%) due to improved channel mix and an increased mix of higher margin product, coupled with reduced discounting and lower production costs due to improved supply chain efficiencies.

FINANCIAL PERFORMANCE

Total revenue grew by 48% to £672.2 million, with very strong growth across all channels. Underlying EBITDA* grew by 93% to £164.4 million, and reported EBITDA was £184.5 million.

Our total revenue performance is split by DTC (e-Commerce and Retail revenue) and Wholesale (which includes our third-party distributors). DTC revenue rose by 51% to £301.6 million while Wholesale revenue increased by 45% to £370.6 million. The wholesale performance demonstrates the successful implementation of our strategy of repositioning wholesale accounts to focus on larger “best fit, partner” accounts and our 'shop in shop' trials.

EMEA

Dr. Martens continued its strong performance in EMEA, with total revenue for the financial year up 48% to £287.9 million (2019: £195.1 million) and underlying EBITDA* up 108% to £82.0 million (2019: £39.5m). Reported EBITDA was £92.4 million.

Revenue in DTC channels grew by 57%. We opened five new stores in the region (three in Germany, one in France and one in the UK), bringing the total number of owned stores to 62.

Wholesale revenue grew by 39% with good growth across all countries and good sell through on key accounts. Following the successful transition of our German market from third-party distributor to an owned subsidiary in FY19, we transitioned our Nordics territory during FY20 on the same basis.

*Before IFRS16 accounting



AMERICAS

Revenue growth in the Americas was excellent, up 57% to £252.7 million (2019: 161.1 million), while underlying EBITDA* was up 108% to £68.6 million (2019: £33.0 million). Reported EBITDA was £75.4 million.

We saw strong growth across all channels, with DTC revenue up 43%. We opened five new stores across the region during the year (one in Las Vegas, one in Miami and three in LA).

During the year wholesale revenue grew by 65% with an increasing focus on larger partners and our trials of 'shop in shop' formats.

APAC

We continued to see strong growth in APAC, with revenue up 35% to £132.1 million (2019: £98.2 million), driven by very strong DTC growth in all our major markets. Underlying EBITDA* grew by 38% to £32.6 million (2019: £23.7 million). Reported EBITDA was £35.5 million.

During the year, four new stores were opened in Japan.

PERFORMANCE DURING COVID-19

The health and safety of our teams and customers is our top priority and we closely followed government advice across all our markets as soon as the COVID-19 outbreak unfolded. Historically the last quarter of the financial year (ending 31 March) is a quiet trading period. As a result, the impact of Covid-19 on trading for this financial year has been modest.

All our stores in EMEA and America were closed from 16 March and our stores in Japan were closed from the end of March. Our stores in South Korea and Hong Kong remained open to trade throughout the period. The majority of our wholesale customer stores were closed during this period. Our e-Commerce channels remained operational and we saw continued strong growth in e-Commerce revenue over this period.

The majority of our stores have now re-opened, with an emphasis on the health and safety of our teams and customers. All stores that are open follow local, country-specific regulations including limiting the number of

*Before IFRS16 accounting



customers in store at any given time, operating an enhanced cleaning schedule, protective equipment for our teams and encouraging social distancing and the use of hand sanitiser.

To date we have maintained good availability of product throughout our supply chain and we continue to monitor very closely the impact of the pandemic on our operations and cash flow.

At the start of the lockdown period and given the uncertain outlook, we took the decision to access the UK Government's Job Retention Scheme for our retail-based colleagues and UK manufacturing teams, providing 80% of their salaries which we topped up to 100%. We stopped accessing the scheme by the end of June once all UK stores had re-opened and our teams returned to work. Given the resilience in trading and financial strength of the business, the Board took the decision to return the taxpayer funds utilised from the UK Government furlough scheme, and these funds have now been repaid.

STRATEGY

Our aim is to continuously improve our engagement with consumers and generate sustainable financial growth while maintaining the brand's authenticity and proposition of rebellious self-expression. To support this aim we have identified four strategic pillars ("D-O-C-S") as follows:

- + **DTC Acceleration**
 - + Grow our DTC channels (both Retail and e-Commerce)
 - + Leverage best practice and innovation
- + **Operational Excellence**
 - + Build an integrated, efficient supply chain
 - + Invest in IT infrastructure to support future growth
- + **Consumer Connection**
 - + Create deeper connections and meaningful relationships with more consumers
 - + Continue to sharpen our product strategy
 - + Accelerate our sustainability journey with focus on design, productivity, selling and people
- + **Sustainable Global Growth**
 - + Prioritise growth in both new and existing markets
 - + Take increasing control of in-market distribution and marketing

These pillars are underpinned by continuously building organisational culture and capability to ensure we have the talent, culture and capabilities to deliver our strategies.



OUTLOOK

We have delivered another year of excellent growth for 2019/20 and our strategy continues to focus on driving sustainable growth across our markets and channels. Our relentless focus on our customers and our DTC channel mix means we are well placed to maintain sustainable, global growth.

We continue to closely monitor the impact of the Covid-19 pandemic on our operations and cashflows and have adequate cash and available facilities to fund the business under relatively plausible but pessimistic scenarios. Whilst we recognise that trading will be volatile during the new financial year with the risk of market specific lockdowns and re-openings, as well as the overall uncertainty of any potential recovery, we remain confident in the strength of the Dr. Martens brand and continue to believe the future outlook for the business is very strong.

– Ends –

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 with musical movements. Dr. Martens have since transcended their working-class roots while still celebrating their proud heritage and, nearly 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. Dr. Martens currently trades in 58 countries worldwide.

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