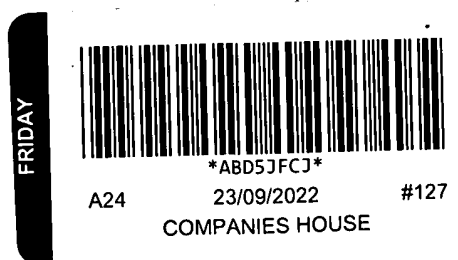


Company number: 03218787

Airwair (1996) Limited

Annual Report and Financial Statements for the 52 weeks ended 27 March 2022



Airwair (1996) Limited

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Airwair (1996) Limited

Company Information

For the 52 weeks ended 27 March 2022

Directors

Jon Mortimore (CFO)
Emily Reichwald

Secretary

Prism Cosec Limited
Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH

Registered Office

Cobbs Lane
Wollaston
Northamptonshire
NN29 7SW

Auditors

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

Bankers

HSBC Bank PLC

Airwair (1996) Limited is a private company registered in England and Wales, limited by shares.

Airwair (1996) Limited

Directors' Report

For the 52 weeks ended 27 March 2022

The Directors present their annual report and financial statements for Airwair (1996) Limited (the 'Company') for the 52 weeks ended 27 March 2022.

Directors

The following Directors have, unless otherwise stated, held office throughout the period and up to the date of approval of this report:

Jon Mortimore (CFO)
Emily Reichwald

Principal activity

The Company's principal activity is that of an intermediate holding company within the Group headed up by Dr. Martens plc.

Results for the period

The loss for the 52 weeks after taxation is £4,195k (2021: £3,353k).

Dividends

The Directors do not propose the payment of a dividend for the period (2021: £nil).

Future developments

The purpose of the Company is primarily to support companies which are part of the Group headed by Dr. Martens plc, no significant changes are planned. A full review of the Group's plans is included within the Group Annual Report and Accounts.

Going concern

The Company is reliant on the continued financial support of other Group companies. The Directors of the Company's ultimate holding company in the UK, Dr. Martens plc, have confirmed that future liabilities of Airwair (1996) Limited will be met as they fall due by Dr. Martens plc through a letter of support.

The Company is part of Dr. Martens plc Group and the Group's activities, together with the factors likely to affect future developments, its financial position, and its exposure to risks are described in the Strategic Report of the Group Annual Report and Accounts.

The financial statements have been prepared on a going concern basis. The Directors' assessment is based on the Group's detailed trading and cash flow forecasts, including forecast liquidity and covenant compliance. The period of management's assessment is from the date of the signing of the financial statements to 30 September 2023 and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period.

Based on the going concern assessment (discussed in note 2.5 of the financial statements) the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Airwair (1996) Limited

Directors' Report

For the 52 weeks ended 27 March 2022

Directors' responsibilities (*continued*)

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards (including FRS 101) have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement of disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Following the disclosure last financial year of our intention to tender the audit, the Group undertook a formal tender process to select a new external auditor, with effect from the period ended 26 March 2023. Consequently, the Group's Audit and Risk Committee formally recommended that PricewaterhouseCoopers LLP be appointed as the Group's new external auditor, effective from the period ended 26 March 2023. The recommendation of the Committee was subsequently approved by the Board at its meeting in December 2021 and approved by shareholders at the Annual General Meeting ('AGM') in July 2022.

On behalf of the board



Jon Mortimore

Director

9 September 2022

Company registration number: 03218787

Airwair (1996) Limited

Independent Auditors' Report to the members of Airwair (1996) Limited

Opinion

We have audited the financial statements of Airwair (1996) Limited for the 52 weeks ended 27 March 2022 which comprise Statement of Profit or Loss, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 27 March 2022 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Airwair (1996) Limited

Independent Auditors' Report to the members of Airwair (1996) Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting Irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101 Reduced Disclosure Framework and the Companies Act 2006.
- We understood how Airwair (1996) Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Legal Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that might otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement including complex transactions, performance targets, economic or external pressures and the impact that these have on the control environment. We considered the risk of fraud through management override of controls and, in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures also included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Airwair (1996) Limited

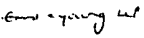
Independent Auditors' Report to the members of Airwair (1996) Limited (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved included a review of Board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with regulations and enquiries of legal counsel and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London

13 September 2022

Airwair (1996) Limited

Statement of Profit or Loss

For the 52 weeks ended 27 March 2022

	Notes	2022 £000	2021 £000
Administrative expenses	3	(4,195)	(3,353)
Loss before tax		(4,195)	(3,353)
Tax expense	7	-	-
Loss for the period		(4,195)	(3,353)

The results for the periods presented above are derived from continuing operations and are entirely attributable to the owners of the Parent Company.

The notes on pages 11 to 20 form part of these financial statements.

Airwair (1996) Limited

Balance Sheet

As at 27 March 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Investments	8	715	715
		715	715
Current assets			
Income tax receivable		721	-
Cash and cash equivalents	9	237	-
		958	-
Total assets		1,673	715
Current liabilities			
Trade and other payables	10	(9,004)	(3,260)
Income tax payable		-	(591)
		(9,004)	(3,851)
Total liabilities		(9,004)	(3,851)
Net liabilities		(7,331)	(3,136)
Equity attributable to the owners of the parent			
Share capital	13	25	25
Share premium	14	2,104	2,104
Retained earnings	14	(9,460)	(5,265)
Total equity		(7,331)	(3,136)

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements were approved and authorised by the Board of Directors and signed on its behalf by:



Jon Mortimore
Director
9 September 2022

Airwair (1996) Limited

Statement of Changes in Equity

For the 52 weeks ended 27 March 2022

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 29 March 2020	25	2,104	(12,812)	(10,683)
Loss for the period	-	-	(3,353)	(3,353)
Total comprehensive expense for the period	-	-	(3,353)	(3,353)
Capital contribution in the period	-	-	10,900	10,900
At 28 March 2021	25	2,104	(5,265)	(3,136)
Loss for the period	-	-	(4,195)	(4,195)
Total comprehensive expense for the period	-	-	(4,195)	(4,195)
At 27 March 2022	25	2,104	(9,460)	(7,331)

The notes on pages 11 to 20 are an integral part of these financial statements.

Airwair (1996) Limited

Notes to the Financial Statements

For the 52 weeks ended 27 March 2022

1. General information

Airwair (1996) Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The Company's registered office is Cobbs Lane, Wollaston, Northamptonshire, NN29 7SW. The principal activity of the company is as an investment holding and financing company.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated. Amounts are presented in GBP and to the nearest thousand pounds unless otherwise noted.

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework', the Companies Act 2006 and applicable accounting standards.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary within the Group headed by Dr. Martens plc (a company incorporated in the UK). The results of Airwair (1996) Limited and its subsidiaries are included in the consolidated financial statements of Dr. Martens plc which are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.2 Disclosure exemptions

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- IFRS 7 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies', changes in accounting estimates and errors';
- Paragraph 17 and 18A of IAS 24 'Related party disclosures' (key management compensation);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weight average exercise prices of share options, and how the fair value of goods or services received was determined).

2.3 Adoption of new and revised standards

The following standards, amendments and interpretations are effective for the first time for the annual reporting period commencing 1 April 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Amendments to IFRS 16 Leasing - Covid-19 related rent concessions;
- An IFRS Interpretations Committee (IFRIC) agenda decision from March 2021 clarifying how configuration or customisation costs in a cloud computing arrangement (Software-as-a-Service (SaaS)), should be accounted for.

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

2. Accounting policies (continued)

2.3 Adoption of new and revised standards (continued)

The amendments and agenda decision listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet applied

At the date of authorisation of these financial statements, there were no standards and interpretations or amendments that are 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 Company's financial statements.

2.4 Non-UK currency

The functional currency of the Company is that of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in non-UK currencies are translated into GBP at the rates of exchange ruling at the period end. Transactions in non-UK currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Profit or Loss.

2.5 Going concern

The Company is reliant on the continued financial support of other Group companies. The Directors of the Company's ultimate holding company in the UK, Dr. Martens plc, have confirmed that future liabilities of Airwair (1996) Limited will be met as they fall due by Dr. Martens plc through a letter of support.

The Company is part of Dr. Martens plc Group and the Group's activities, together with the factors likely to affect future developments, its financial position, and its exposure to risks are described in the Strategic Report of the Group Annual Report and Accounts.

The financial statements have been prepared on a going concern basis. The Directors' assessment is based on the Group's detailed trading and cash flow forecasts, including forecast liquidity and covenant compliance. The period of management's assessment is from the date of the signing of the financial statements to 30 September 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's funding arrangement at 31 March 2022 with cash of £228.0m, term loan of £285.6m as well as available undrawn facilities of £189.5m. A bullet debt repayment of the term loan of £285.6m not due until February 2026.

The year saw a slow recovery from Covid-19 as demand rebounded in our core markets as they emerged from lockdowns and restrictions and as we began to learn to live with Covid-19. Despite a wide variety of localised restrictions negatively impacting trading on a country by country basis, a recovery trajectory has been clear. The principal impact of Covid-19 in the year was on supply and specifically on manufacturing (as experienced with three factories being closed for circa three months in South Vietnam during summer 2021) and significantly extended lead times from factory to our DCs, particularly lead times to USA nearly doubling to 90-95 days. More recently we have seen a slow improvement in lead times and, coupled with a high vaccination rate across our factories, we anticipate it unlikely we will experience a repeat of FY22 country-wide lockdown. Continued recovery is reliant upon economies normalising, following vaccination success in our core markets and learning to live with Covid-19.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the financial year to 31 March 2022, including the impact of Covid-19 on profitability, cash flow and covenant compliance.

The Directors remain vigilant and continue to monitor the effects of Covid-19 and supply chain challenges in all our core markets (across e-commerce, retail and wholesale channels) and economic and political instability and will react appropriately to further developments and associated risks. Trading in the year also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts from pre Covid-19 trading.

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

2. Accounting policies (continued)

2.5 Going concern (continued)

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 described in the Viability Statement set out on pages 104 and 105 of the Group Annual Report and Accounts with no planned cost or working capital mitigation (including the payment of dividends).

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

Given the backdrop of continued global economic uncertainty, increasing inflation with concerns in relation to tightening consumer spending and the current geopolitical landscape, the risks for modelling purposes in the severe but plausible downside scenario included a large website down during our peak period, factories closure for 3 months in one key production geographic and unexpected increases in costs and inflation arising from global events. These risks will impact on the revenue and cost 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). The impact was represented by revenue growth being 33pts lower than the base case across all channels and geographies.

In the severe but plausible scenario modelled the Group continues to have satisfactory liquidity headroom but required remediation of the covenant headroom throughout the period under review. However, should this 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. In addition, if inflation expectations are high, we expect to increase prices to offset higher input costs. A more extreme downside scenario is not considered plausible.

To date we have had minimal experience of bad debts or lower margin. Whilst we have experienced manufacturing constraints through summer 2021 (with 3 factories in south Vietnam closed for 3 months) and extended lead times for logistics from Asia to USA, our plans assume the extended lead times are broadly maintained until H2 (when they slowly improve) with factories more likely to not experience country-wide, long-term lockdowns, but due to high vaccination status, more likely periods of sub optimal operations/closures for a few days with positive tests isolated but broadly continued operations.

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 against the base case without mitigation, -38pts of revenue growth in FY23 before covenants are breached. Similarly, the business would have to experience -65pts revenue growth reduction in FY23 before zero cash headroom is reached, which would be below our pre-Covid-19 numbers (FY20). Under both tests modelled, there were no mitigating actions (including dividend payments) modelled and the resulting revenues calculated and likelihood of occurring have been considered. The Directors have assessed the likelihood of occurrence to be remote.

The Directors will continue to monitor the effects of Covid-19 and inflation on our Group and the economies of the countries where the Group operates and plan to maintain maximum flexibility to react on a market by market basis, taking into consideration the various national and local government regulations and policies as events unfold.

In adopting the going concern basis for preparing the 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's trading and cash flow 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.

2.6 Administrative expenses

Administrative expenses are recognised in the Statement of Profit or Loss as incurred.

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

2. Accounting policies (continued)

2.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax movement recognised. The tax currently payable is based on taxable profit. Taxable profit differs from net profit as reported in the Statement of Profit or Loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the Statement of Profit or Loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8 Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

2.9 Investments

Investments are stated at cost less provision for impairment.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets, and to settle the liabilities simultaneously.

2.11 Financial assets

Trade and other receivables

Trade receivables are classified under IFRS 9 and measured at amortised cost using the effective interest rate method. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

2.12 Financial liabilities

The Company classifies all of its non-derivative financial liabilities as liabilities at amortised cost.

Initial recognition

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Details of the Company's equity are included in note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Significant judgements and estimates

The preparation of the Company's financial statements in conforming with FRS 101 requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Information about such judgements and estimation is contained in the accounting policies and/ or notes to the financial statements and the key areas are summarised below:

Key judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Provisions for expected credit losses of trade receivables

Expected credit losses are calculated based on a combination of factors, including the ageing of the receivable balances, historical experience of groupings of customer segments that have similar loss patterns, current credit status of the customer and forward-looking information such as current economic conditions.

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

2.14 Significant judgements and estimates (continued)

Key judgements (continued)

Corporation tax

There is significant judgement involved in determining the Company's corporation tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which the determination is made. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies (see notes 7 and 12).

Investments

The Company assesses, at each reporting date, whether there is an indication that any investment may be impaired. If any indication exists, or when annual impairment testing for an investment is required, the Company estimates the investments' recoverable amount. In assessing an investment's recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

3. Expenses analysis

Loss before tax is stated after charging:

	2022	2021
	£000	£000
Foreign exchange (losses)/gains	(458)	489
Tax payable on US subsidiary ¹	(3,731)	(3,837)
Auditor's remuneration	(6)	(5)
	(4,195)	(3,353)

1. The tax payable relates to various federal and state taxes incurred by the Company as a result of its investment in, and the activities, of its sole US subsidiary Dr. Martens Airwair USA LLC.

4. Auditor's remuneration

	2022	2021
	£000	£000
Auditor's remuneration	6	5

5. Staff costs

No salaries or wages have been paid to employees during the period.

The monthly number of employees employed by the Company during the year was:

	2022	2021
	No.	No.
Directors	2	2

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

6. Directors' remuneration

The remuneration of Directors of the Company is set out below:

	2022	2021 ¹
	£000	£000
Salaries and benefits	1,067	1,400
Pension costs	36	12
	1,103	1,412
Exceptionals:		
IPO bonus	-	4,276
IFRS2 (non-cash) ²	-	4,569
	1,103	10,257

1. The Group listed on the London Stock Exchange on 29 January 2021. Prior to admission it was a private company which operated a customary private equity remuneration model and post listing a 'listed' remuneration policy and practice were implemented. The remuneration policy post 29 January 2021 (and currently applicable) is fully described in the Remuneration report on pages 150 to 161 of the Group's Annual Report and Accounts.
2. In relation to the period prior to admission and under a private equity remuneration structure the Company operated an EBT to warehouse shares for the benefit of employees. On admission the shares in the EBT were sold (as described on page 185 of the Prospectus) and in recognition of the contribution made by all employees of the Group to the success and continuing progress made by the business, and conditional on admission, the EBT distributed the net proceeds of shares it held together with cash that it held to make a cash payment to each employee of the Group. As part of this, following legal advice, immediately prior to admission, shares were transferred to the Executive Directors and, following accounting rules, these shares fell under IFRS 2 accounting requirements resulting in a non-cash accounting charge of £10.8m which, being in relation to the transaction, was charged to exceptional items in FY21.

The remuneration of the highest paid Director was:

	2022	2021 ¹
	£000	£000
Salaries and benefits	650	898
Pension costs	23	-
	673	898
Exceptionals:		
IFRS2 (non-cash) ²	-	4,569
	673	5,467

1. Refer to note 1 above.
2. Refer to note 2 above.

Due to Airwair (1996) Limited not having any turnover and the Company having net liabilities, the Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of the holding and fellow subsidiary companies. Director's remuneration was paid by Airwair International Limited, an indirectly wholly owned subsidiary of Dr. Martens plc.

7. Taxation

	2022	2021
	£000	£000
Current tax		
Current tax on UK profit for the period	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
	-	-

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

7. Taxation (continued)

	2022 £000	2021 £000
Factors affecting the tax expense for the period:		
Loss before tax	(4,195)	(3,353)
Loss before tax multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	(797)	(637)
<i>Effects of:</i>		
Non-deductible expenses	709	-
Group relief	88	637
Total tax expense in the Statement of Profit or Loss	-	-

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.

8. Investments

	Subsidiary undertakings £000
Cost	
At 28 March 2021	715
At 27 March 2022	715
Accumulated impairment	
At 28 March 2021	-
At 27 March 2022	-
Net book value	
At 27 March 2022	715
At 28 March 2021	715

A list of the Company's investments in subsidiary undertakings can be found in note 16.

9. Cash and cash equivalents

	2022 £000	2021 £000
Cash and cash equivalents	237	-

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

10. Trade and other payables

	2022	2021
	£000	£000
Amounts owed to Group undertakings	8,998	3,255
Accruals	6	5
	9,004	3,260

All trade and other payables are expected to be settled within 12 months of the year-end date. The fair value of trade and other payables is the same as the carrying values shown above.

11. Financial instruments

	2022	2021
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	237	-
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	(8,998)	(3,255)

Financial assets measured at amortised cost comprise cash and cash equivalents.

Financial liabilities measured at amortised cost comprise amounts owed to Group undertakings.

12. Deferred taxation

Deferred taxation not provided in the financial statements:

	2022	2021
	£000	£000
Tax losses available	547	508

Net tax losses not recognised relate to non-trade losses. A deferred tax asset has not been recognised as the availability of future profits against which these may be used is uncertain.

13. Share capital

	2022	2022	2021	2021
	No.	£000	No.	£000
Authorised, issued and fully paid				
Ordinary shares of £1 each	25,100	25	25,100	25

Airwair (1996) Limited

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 March 2022

14. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Retained earnings represent the profits or losses of the Company made in current and preceding periods, net of distributions and equity-settled share-based awards. Included in retained earnings are distributable reserves.

15. Related party transactions

There were no transactions with related parties which require disclosure.

16. Subsidiary undertakings

Companies Act 2006 requires the registered address and principal place of business of each subsidiary undertaking to be disclosed. These are shown in the table below. The subsidiary undertakings of the Company are as follows:

Name	Country of registration	Class of share capital held	Nature of investment		
			Direct	Indirect	Nature of business
Dr Martens Airwair Canada Inc. ¹	Canada	Capital of no par value	100%	-	Footwear retail and distribution
Dr. Martens Airwair USA LLC ²	USA	Capital of no par value	100%	-	Footwear retail and distribution

1. 69 Wingold Avenue, Suite 107, Box 122, Toronto, Ontario, Canada M6B 1P8.

2. 10 Northwest, 10th Avenue, Portland, Oregon, USA, 97209.

17. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Dr. Martens plc; its ultimate parent company and controlling party is Dr. Martens plc. Both companies are registered in England & Wales. The Directors consider Dr. Martens plc to be the smallest Group for which Group financial statements including Airwair (1996) Limited are drawn up. Copies of its Group financial statements are available from its Company Secretary at its registered office, 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY.