

MARATHON PARTNERS

EQUITY MANAGEMENT, LLC

Mario D. Cibelli
Managing Member

One Grand Central Place
60 East 42nd St., Suite 755
New York, NY 10165
ph 212.490.0399
fx 212.937.3115
MarathonPartners.com

March 15, 2024

Mr. Paul Mason
Chairman of Board of Directors
Dr. Martens PLC
28 Jamestown Rd
Camden
London NW1 7BY

Dear Mr. Mason:

After careful consideration, we feel compelled to share our thoughts with you and Dr. Martens, PLC's ("Dr. Martens" or the "Company") Board of Directors (the "Board") regarding the Company's future. Our firm, Marathon Partners Equity Management, LLC, currently owns more than 5 million shares of the Company. Like you, we believe that Dr. Martens is the custodian of an iconic global footwear brand that has withstood the test of time and will remain relevant to consumers for many years to come. Despite this, we have serious concerns regarding stagnating shareholder value and the Company's deeply discounted valuation versus relevant industry peers.

While Dr. Martens has proven to be a successful investment for Permira since its 2014 acquisition, unfortunately the public shareholders have not fared well. Since the initial public offering in 2021, Dr. Martens' shares have lost approximately 75% of their value as the Company's earnings growth has stalled, intermediate term projections have fallen short, and smaller public companies have generally fallen out of favour with investors in both the U.S. and U.K.

This has led to a situation where the valuation of Dr. Martens' shares by the public markets has become far detached from their underlying intrinsic value. Increasingly, this points to a sobering reality that we believe must be addressed, namely that maintaining Dr. Martens as an independent publicly traded company is likely no longer in the best interests of shareholders.

Therefore, we recommend that management and the Board of Directors hire a financial advisor and commence a strategic review process to consider alternatives for the business with the goal of maximizing shareholder value, including, but not limited to, a sale or merger of Dr. Martens to other interested parties. Whilst we recognize that the Company may not desire to commence a 'formal sale process' i.e. a publicly announced auction, we understand that U.K. regulations would permit the Board to pro-actively commence a private auction process, should that option be the outcome of the strategic review.

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Underperforming Shares

Dr. Martens shares have been on a downward trajectory for just over three years and total shareholder return has been significantly lower than industry peers since the Company's initial public offering.

Additionally, the shares have traded at significantly discounted multiples to industry peers for approximately 18 months. This discount has widened further in recent months, with Dr. Martens currently sitting at less than half of the median peer valuation.

Total Return Since Dr Martens IPO

January 29, 2021 - March 13, 2024

Deckers Outdoor	217.7%
Crocs	84.7%
Skechers	80.4%
On Holding (1)	38.7%
Steven Madden	34.4%
Birkenstock (2)	1.8%
Wolverine World Wide	(61.8)%
Dr Martens	(78.3)%

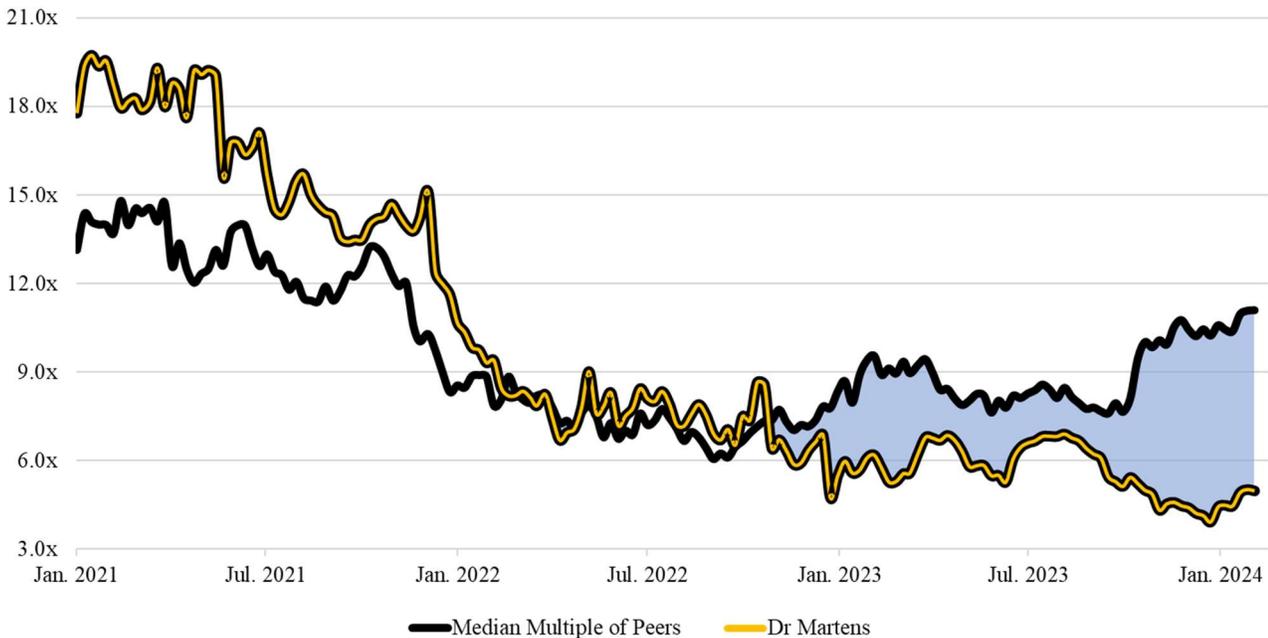
(1) Total Return from IPO on 9.14.2021.

(2) Total Return from IPO on 10.10.2023.

Source: Bloomberg.

Dr Martens Discount to Peers

Enterprise Value / NTM EBITDA



Note: Peers are Birkenstock, Crocs, Deckers, On Holding, Sketchers, Steven Madden, and Wolverine World Wide. Data as of 3/13/24.
Source: Bloomberg.

Declining earnings, lowered projections, and changed market dynamics for smaller public companies are the primary reasons for Dr. Martens' position in the charts included above. The unfortunate reality is that Dr. Martens now faces a difficult uphill battle in justifying its existence as an independent public company.

Intrinsic Value Lies Much Higher

We believe that the Dr. Martens brand would produce higher earnings as a private company or, more likely, as a part of a larger, multi-brand holding company that could add further scale to operations, create new synergies and eliminate unnecessary overhead. Importantly, many potential strategic acquirors of the Company trade at significantly higher

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multiples than Dr. Martens, allowing buyers to create even more shareholder value from the Company's pro-forma earnings stream.

These financial dynamics, along with the brand's heritage and long-standing relevance to consumers, give us confidence that a private auction process would be likely to attract several interested parties and reward shareholders with a significant premium above current prices.

Dr. Martens' recently completed £50 million share repurchase programme indicates that the management team and the Board share our view that the Company's intrinsic value lies significantly higher than the current market price. The company's share buyback was completed at an average price of 125 pence which logic would dictate was executed at some discount to intrinsic value. A modest discount of 15 to 30% implies intrinsic value for Dr. Martens of approximately 150 to 175 pence per share, a very large premium to the current share price.

Lowered Incentive Hurdles

Directors must carefully weigh management's current multi-year plan to create shareholder value against what is likely to be achieved from an outright sale of the Company. As an obvious example, if management's plan for the business over the next two to three years could reasonably be expected to produce the same share price that could be attained through a sales process in the near term, then shareholders would be best served by the pursuit of a buyout. This is especially true as multi-year plans entail risks and uncertainties that tend to unfold over time.

Given Dr. Martens' struggle to consistently grow earnings and persistent undervaluation versus industry peers, we believe the bar should be set very high when evaluating management's plan to create value for shareholders as an independent public company. Our instinct and strong suspicion is that the Company will have a very difficult time earning its way to a share price that well exceeds what could reasonably be expected to result from an auction process.

Kenny Wilson's share grant award from June 2023 is instructive on this point. It included a component based upon a three-year annual growth rate in earnings per share ranging from 3 to 11% (7% mid-point) versus the prior year when the range was 12 to 21% (16.5% mid-point). This dramatically lowered hurdle appears to tacitly acknowledge our point that Dr. Martens is facing an uphill battle in the creation of meaningful shareholder value driven by organic earnings growth. The fact is that a 7% earnings per share growth rate, which would be aided by share repurchases, is not going to release Dr. Martens from the proverbial penalty box it now finds itself in with the public markets.

Potential Conflicts of Interest

Experience has taught us that conflicts of interest can potentially arise for companies with high levels of legacy private equity ownership, especially if these interests become 'over-represented' on the board compared to public investors. Of course, all investors are aligned in their desire for attractive returns from making and holding investments but private equity investors who may have already achieved an outstanding outcome with their capital may not always have the same objectives as public company investors.

Multiple media reports indicate that footwear company, Golden Goose, which is owned by Permira may be undergoing a sales process, including a potential initial public offering. We do have concerns that Permira's preference might be for Dr. Martens to abstain from considering strategic alternatives, while it is in process with Golden Goose on a potential transaction, so as not to create any distraction or competition for attention. We ask that the Board stay vigilant to avoid any potential conflicts of interest arising from the sequencing of transactions involving other Permira portfolio companies.

In our opinion, it would be wise for Permira to support a strategic alternative process to maximize shareholder value for a company that has effectively become stranded and orphaned in the public markets.

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Conclusion

We have enjoyed our interactions with Kenny Wilson over the past year and believe he is an open-minded and talented executive. Despite this, we believe the issues we have raised make it exceedingly difficult for Dr. Martens to remain as an independent public company while simultaneously serving the best interests of its shareholders.

While it may be difficult to accept that Dr. Martens shares are now anchored to much lower valuations and prices, the Board and Permira must recognize that the current environment is completely different from that which existed when the Company first became public. Market dynamics have clearly changed and it will be far more productive for everyone to recognise this new reality and seek an optimal outcome for public shareholders based on current realities.

Our belief is that a board's obligation to consider strategic alternatives for enhancing shareholder value is the greatest in situations where growth in intrinsic value has stagnated and significant undervaluation has existed for an extended period. On this basis, we believe our recommendation that Dr. Martens commence a strategic review process to enhance shareholder value is sound and more than justified at this time.

Absent a value crystalizing transaction for the Company, we simply do not believe there is a realistic path forward for the public markets to ascribe a satisfactory valuation to Dr. Martens and all of the consumer goodwill it has amassed over multiple decades.

Please let us know if we can be of any help.

Sincerely,



Mario D. Cibelli
Managing Member