

FOR IMMEDIATE RELEASE, 31 JANUARY 2023

Pets at Home Group Plc: Q3 FY23 Trading Statement

For the 12 week period to 5 January 2023

FY PBT guidance raised after record Q3 consumer revenues

Financial Highlights

- Consumer revenue¹ up 9% yoy with growth underpinned by a record number of consumers and pleasing volume growth. Consumer revenues¹ up over 30% vs pre-pandemic.
- Group revenue up 8.8% to £347.5m, with growth remaining ahead of our medium term ambition. Group like-for-like² (LFL) revenue up 8.3%, accelerating from Q2.
 - Vet Group revenue increased by 18.1%, with LFL² revenue up 18.0%. Across our general practices we recently broke the £10m weekly sales barrier for the first time.
 - Retail revenue increased by 8.0%, with LFL² revenue up 7.6%, including a record trading day of over £8m. All categories were in growth through the quarter and we delivered further progress in our relative price competitiveness.
- Resilient gross margin performance, in line with management expectations, and a strong grip on operating costs supported good profit and cash conversion across the business.

Outlook

- Robust trading momentum has continued into Q4, and with 8 weeks of the year left to trade, we now expect FY23 Group underlying PBT³ towards the upper end of the current consensus range of £126-136m, ahead of previous guidance of c£131m.
- Our balance sheet remains robust and we expect to finish the year in a net cash⁴ position.
- Looking ahead to FY24,
 - We have clarity over the move in National Living Wage which at an increase of 9.6% is in line with our expectations.
 - Our USD requirements are now c70% hedged at an average rate of \$1.18 (FY23 fully hedged at \$1.34).
 - Freight container rates continue to move favourably.
 - We continue to closely monitor the situation on energy.

Strategic Progress

- Sustained momentum across key strategic KPIs and consumer acquisition metrics;
 - Sign ups to our Puppy and Kitten Club continued at pace, averaging over 23,000 per week, three-fold higher than pre-pandemic, further boosting our embedded lifetime value opportunity.
 - New client registrations across our veterinary general practices remained strong, averaging 8,000 per week, growing our active client base to 1.7m.
 - The number of active VIPs increased 8% YoY to 7.6m, with those engaging across more than one channel representing 27% of VIPs.
 - The number of subscription plans⁵ across the Group grew 9% YoY to 1.6m, now generating over £135m in annualised recurring consumer revenue¹.

- Continued progress in the development of our digital platform, with Q3 seeing the launch of an enhanced mobile app bringing together VIP and shopping in one easy to use experience.
- Development of our new purpose-built distribution facility remains on track to become operational by summer 2023, with the build stage now concluded and first inbound deliveries complete.
- Launched new trial of the capability to offer customers nutrition subscriptions in-store.
- Introduced a new digital tool in our vet group to enable quick and easy appointment booking, payment, and communication between practice and client, removing friction from the consumer experience.

Lyssa McGowan, Chief Executive Officer, commented:

We delivered a really pleasing Q3 with acceleration in sales momentum across the platform. Importantly, the quality of our growth remains strong as we continue to grow volumes and attract new consumers through offering compelling value and service, in what remains a challenging inflationary environment.

It was particularly pleasing to see our accessories category return to growth, supported by the strong performance in our Christmas range, demonstrating that consumers still want to treat their beloved pets in these challenging times. Our Vet Group continued to grow its client base, adding 8,000 new clients a week in Q3, with annualised average practice revenues now reaching £1.1m.

I am also delighted to announce the appointment of Kathryn Imrie as our new Chief Consumer Officer, a key role as we further integrate our consumer offering. Kathryn will bring a range of critical skills and external expertise into the business. This completes the recent changes to our Executive team and marks a step-change in our journey to build a consumer-centric, omnichannel, pet care platform.

Creating a better world for pets and the people that love them lies at the heart of our strategy, and I am incredibly proud that our annual Christmas fundraiser, Santa Paws, raised an incredible £2.1m for charities.

Conference Call

A conference call for analysts and investors will be held at 9am today. To join the call in listen-only mode, please click on the following link (<https://stream.brrmedia.co.uk/broadcast/63b535cbd908a85f58e0d1d0>). Those wishing to participate in the Q&A session should email petsathome-maitland@h-advisors.global for details. A recording will be available at <http://investors.petsathome>.

Strategic Key Performance Indicators

| Measure | Q3 YTD FY23 | Q3 YTD FY22 | YoY change |
|---|-------------|-------------|------------|
| Number of active VIPs ⁶ (m) | 7.6m | 7.1m | 7.8% |
| Consumer revenue ¹ from services ⁷ (£m) | 437.7m | 402.8m | 8.7% |
| VIP consumer revenue ^{1,8} (£m) | 1,186.8 | 1,053.2 | 12.7% |
| Consumer revenue ¹ per FTE colleague (£k) | 171.6 | 154.9 | 10.7% |

1. Consumer revenue includes total revenue across the Group including consumer sales made by Joint Venture vet practices, and therefore differs to the fee income recognised within Vet Group revenue.
2. Like-for-like revenue comprises total revenue in a financial period compared to revenue achieved in a prior period, for stores, omnichannel operations, grooming salons, and vet practices that have been trading for 52 weeks or more.
3. Underlying profit before tax (PBT) is based on pretax profit before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nonrecurring nature, in order to reflect management's view of the performance of the Group. Certain pre-opening costs associated with our new distribution centre are excluded from underlying PBT.
4. Net cash is defined as cash and cash equivalents less loans and borrowings.
5. Total number of plans across Vet Group health plans, omnichannel subscription platforms Easy Repeat and Subscribe & Save.
6. Number of VIP loyalty club members who transacted across the group in the last 52 weeks from end of the reporting period.
7. Defined as consumer sales made by JV vet practices, company managed vet practices, grooming services, subscriptions, pet sales and pet insurance commissions.
8. VIP consumer revenue is shown on a rolling 12 month basis rather than a year-to-date basis.

Our next scheduled update will be our FY23 preliminary results announcement on 25 May 2023.

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About Pets at Home

Pets at Home Group Plc is the UK's leading pet care business, providing pets and their owners with the very best advice, products and care. Pet products are available online or from our 457 stores, many of which also have vet practices and grooming salons. The Group also operates a leading small animal veterinary business, with 444 veterinary General Practices located both in our stores and in standalone locations. For more information visit: <http://investors.petsathome.com/>

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