Overview

A unique business in a resilient and growing market

- A growing market; premiumisation and humanisation drive growth
- Defensiveness of pet care spend evident; H1 Retail LFL +6% YoY, vet practice sales +7% YoY
- Higher pet ownership here to stay; strong new customer recruitment in H1; Puppy & Kitten sign ups +14%

A strategy to drive long-term, sustainable growth

- Customer-centric pet care ecosystem; a unique combination of products, services and advice
- Strong flexible store portfolio; omnichannel investment focussed around Polestar and new DC
- Proprietary in-house data capability delivering tangible results e.g. 230bps reduction in churn
- Scalable subscription platform driving annuity like revenues; subscriptions +11% YoY
- Differentiated vets; 6x growth in practice profitability in 4 years, significant organic growth opportunity

Financial review of FY23 interim results

- Group sales +7.3%; Group LFL +6.4%
- Group PBT (9.3)%; including YoY impact of freight, energy, and digital investment
- Robust balance sheet; Group FCF £41.4m, net cash position £43.1m
- Interim dividend 4.5p; +4.7% YoY
Early priorities

- Getting to know our operations and our people
- Gaining deep and actionable data and insight on the sector
- Reorganisation to simplify, delayer and integrate
- A step-change in customer centricity
- Evaluating our strategic priorities
A strong and differentiated business

- A market in **structural growth**; not just a pandemic boost
- Our **expert colleagues** and our culture are a strategic competitive advantage
- Category authority and **pet-centric** purpose
- Scale and reach give us **competitive advantages**
- Well-invested, nationwide **retail** footprint
- Unique Joint Venture **veterinary** model
- A strong **ESG** track record
Significant opportunities ahead

- A **customer-centric** focus
  - A growing base of highly engaged pet owners
  - Extensive proprietary data capability supporting greater personalisation
  - Innovating across product, services and subscriptions

- A unique **omnichannel** approach
  - Investing in our pet care centres
  - Digitising the business
  - Creating hybrid solutions

- A truly **integrated ecosystem**
  - Growing our unique veterinary business
  - Enhancing synergies across our ecosystem
  - Integrating our products, services and advice
Balanced, sustainable growth and returns

- **Strong shareholder returns** balanced across top line growth, cash generation and progressive dividends
- **Capital allocation** framework unchanged
- A growing **pet care platform** across healthcare, digital, services and retail
- **Balance sheet strength** and defensive nature of business enables continued investment to capitalise on opportunity
**A strong start to the year**

- **Strong trading performance** across H1

- Continued *growth in new customers*, consumer demand resilient

- Deepening customer relationships and *improving retention*

- Ensuring pet care remains convenient and *affordable*

- *Proactively managing* industry-wide cost headwinds

- Profit in line with expectations; full year *guidance unchanged*
Delivering strong revenue growth whilst investing for the future

<table>
<thead>
<tr>
<th>Category</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Revenue</td>
<td>£727.2m (+7.3% YoY)</td>
</tr>
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<td>4.5p (+4.7% YoY)</td>
</tr>
</tbody>
</table>

November 2022 FY23 Interim Results
A unique business in a resilient and growing market
We operate in a large and resilient market that is in structural growth

A large & growing market
- Pet population grown by >10% in 2 years, now c35m pets in UK
- Humanisation and premiumisation driving increased spend per pet

Proven resilience
- Pet care market consistently grown in all economic cycles
- c75% of pet care spend non-discretionary in nature

Track record of taking market share
- We have consistently grown our share (+6% in last 5 years)
- Significant headroom in high growth segments

£6.7bn
UK pet care market

c90%
of customers not intending to reduce level of pet spend

c24%
Pets at Home market share

We forecast the UK pet care market to grow 4-5% CAGR over the medium term
Robustness of pet care spend is evident

<table>
<thead>
<tr>
<th>Non-Discretionary Products</th>
<th>Need-Driven Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>+8% Food tonnage YoY growth</td>
<td>+4% Dogs groomed YoY</td>
</tr>
<tr>
<td>+14% Advanced Nutrition YoY sales growth</td>
<td>+7% Vet practice LFL sales growth</td>
</tr>
<tr>
<td>+3% Consumables volume growth YoY</td>
<td>+8% YoY growth in telehealth consultations</td>
</tr>
<tr>
<td>c25% Own label saving vs branded</td>
<td>+14% Insurance policies YoY growth</td>
</tr>
</tbody>
</table>

Ensuring pet care remains affordable and convenient to all our customers
A unique combination of products, services and advice

Pureplays
- Lack of services
- No store network for fulfilment
- High customer acquisition costs

Grocers
- Limited product range
- No support or advice
- Lack of pet data

Vet Groups
- No or limited product range
- Little online presence
- Lack in-store convenience

Independents
- Limited service offering
- Narrow own brand range
- Lack of pet data

Our integrated omnichannel pet ecosystem enables us to consistently take market share
A strategy to drive long-term, sustainable growth
Our strategy of building an integrated omnichannel pet care ecosystem continues to deliver

- A **customer-centric** focus
- A unique **omnichannel** approach
- A truly **integrated** ecosystem

The investments we are making today will drive long-term sustainable growth
Unparalleled proprietary data insights to drive customer share of wallet and provide a joined-up pet care experience

**ACQUIRE customers**

- +14% Growth in Puppy & Kitten club sign ups YoY
- c750k new Puppy & Kitten owners in base (c40% share)
- 20% spend premium continues into VIP club
- Multi-year growth opportunity

**DEEPEN relationships**

- +600bps Increase in share of wallet
- Approximate 9x spend uplift from cross-shoppers
- Highly targeted campaigns wallet share +600bps to 37%
- 2.0 million VIPs shopping > 1 channel 27% of total; c60% of spend

**RETAIN lifetime value**

- (230)bps Reduction in churn rate in past 18m
- c90% of Puppy and Kitten customers over past 2 years remain active
- >95% of active customer spend maintained beyond year 1
- Churn activity ROI >200%
Acquire: Puppy & Kitten club registrations 3x higher than pre-pandemic

Registrations in Q2 FY23 averaged c29,000, over 3x higher than pre-pandemic

c20% spend uplift vs owners not in the club; spend premium continues upon graduation into VIP

Strong propensity for additional products and services

Lower churn than owners outside the club; c90% of Puppy and Kitten customers acquired over past 2 years remain active

P&K customers are highly engaged, spend more, and are more likely to stay with us for longer creating a 12-15 year growth opportunity

Our free-to-join Puppy and Kitten club is designed to introduce new owners to all parts of our ecosystem at the very start of their pet care journey
Deepen: 2 million VIPs now use > 1 channel, +30% in 2 years

VIPs engaging all channels spend 9x more vs store-only customers

*Figures represent customer ACV. Based on customer sales, inclusive of all sales made by Joint Venture practices and VAT.
Retain: Many levers to drive lifetime loyalty

Data & CRM

- Reactivation campaigns have supported a 230bps reduction in churn over the last 18 months
- Predictive AI-based model targets customers at risk of churn

Subscriptions

- Customers on a subscription are 9% less likely to churn
- Subscriptions +11% YoY; locking in loyalty whilst offering great value to customers

Private Label

- Customers who shop private label are 5% less likely to churn
- Private label c40% of product sales; favourable margin profile vs branded equivalent

Output: >95% of active customer spend is maintained beyond year one
Our growing range of pet care plans offer value and convenience

**Flea & Worm**  
monthly treatment

- from £4/month
- c27% saving/month\(^1\)
- c0.3m plans
- +4% YoY growth

**Easy Repeat**  
food auto-ship

- up to 10% discount
- c8% saving/item
- c0.1m plans
- +70% YoY growth

**Veterinary Healthplan**  
preventative healthcare

- from £12/month
- c£250 saving/year
- c1.1m plans
- +10% YoY growth

Our 3 core plans generate over £135m in annual customer revenue. We will continue to innovate through broadening bespoke product and service bundles.

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1. Average saving for a dog owner, subject to the weight of pet, the chosen subscription package, the dosage recommended and the brand of medication used.
We are making good progress on project Polestar; a significant enabler of future growth

<table>
<thead>
<tr>
<th>Single Sign On</th>
<th>Pet Care App</th>
<th>Pet Care Plans</th>
<th>Booking Engine</th>
<th>Pet Care Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivered FY22</td>
<td>Delivered FY23</td>
<td>FY23</td>
<td>FY24</td>
<td>FY24</td>
</tr>
<tr>
<td>Seamless and convenient sign in across all platforms</td>
<td>Enhanced shopping app with integrated VIP loyalty</td>
<td>Omnichannel subscription capability integrated in-store</td>
<td>Simple way to book appointments across our pet care services</td>
<td>New joined up pet care experience across online and app</td>
</tr>
</tbody>
</table>

Clearly phased programme of transformational features and functionality to digitise the customer journey
Our ongoing store transformation programme is making pet care even more convenient and engaging for customers

Store refurbs to date

65

Planned rollout per annum

40

Online sales fulfilled from store network

c25%
Our smaller format stores have proved highly successful, with further rollout planned

- Well-invested, localised community hubs for pet owners and pets
- All-in-one conveniently-located formats across the UK; product, grooming, veterinary services and expert advice
- One hour Click & Collect picked from store
- Localised DCs with same day deliver to home from store
- Dedicated service desk and consultation area
- Experiential-rich, multi-use event space
- Integrated digital innovation, enabling a joined-up omnichannel approach
- 5 smaller format stores launched, with potential for an additional 20+ locations

Our pet care centres bring the customer pet experience to life
Our new distribution facility will support our long term growth plans

- Single purpose-built c670k sq.ft facility; optionality over c100k sq.ft additional space
- Consolidating legacy infrastructure to improve fulfilment capacity and inventory flexibility
- Operational efficiencies in property overheads, stock holding and warehouse management
- Future-focused platform serving stores and online; supports expansion into digital adjacencies
- Future proofing operations, providing capacity to support 10+ years of revenue growth

Project remains on time and on budget, coming onstream in Summer 2023
Our Vet Group and JV partners in increasingly strong health

<table>
<thead>
<tr>
<th>Practice Estate</th>
<th>Vet Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY23 H1 vs FY19 H1</td>
<td>FY23 H1 vs FY19 H1¹</td>
</tr>
<tr>
<td><strong>Practice Sales</strong></td>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>+c55%</td>
<td>+c75%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>PBT</strong></td>
</tr>
<tr>
<td>+c600%</td>
<td>+c110%</td>
</tr>
<tr>
<td><strong># Profitable Practices</strong></td>
<td><strong># Debt Free Practices</strong></td>
</tr>
<tr>
<td>376</td>
<td>210</td>
</tr>
<tr>
<td>+c100%</td>
<td>+c130%</td>
</tr>
<tr>
<td><strong># Debt Free Practices</strong></td>
<td><strong>FCF</strong></td>
</tr>
<tr>
<td><strong>Operating Loans</strong></td>
<td><strong>c(70)%</strong></td>
</tr>
<tr>
<td><strong>+c300%</strong></td>
<td><strong>+c110%</strong></td>
</tr>
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1. Excluding contribution from the Specialist Group, disposed of in December 2020.
62% of JV practices yet to reach full maturity

- Proportion of practices:
  - 0-4 years: 9%
  - 5-9 years: 53%
  - 10+ years: 38%

- Average practice customer sales:
  - 0-4 years: £0.6m
  - 5-9 years: £1.2m
  - 10+ years: £1.6m

- Average practice PBT (pre fee income):
  - 0-4 years: £0.0m
  - 5-9 years: £0.2m

- Average fee income to PaH:
  - 0-4 years: £0.4m
  - 5-9 years: £0.8m

Our vet group contributes <10% of Group revenue, but over one third of Group profit.
Many levers to drive growth over and above practice maturity

### Practice rollout & extension
- 5-15 new practice openings per year; additional consulting facilities across existing practices.
- Average sales up 30% vs pre-extension, and active patients +8%.
- Option to extend practices across adjacent sites to maximise catchment.

### Improving clinical capacity
- Pathfinder initiative drives improved clinician productivity and practice revenue growth.
- Model introduced to 21 practices to date.
- Practices report +15% health plan penetration vs wider estate.
- Rollout to all company managed and select JV practices in FY23.

### Enhancing practice capabilities
- Expanding clinical capabilities across practices to retain high-revenue, high-margin case flow.
- Colchester practice opened in 2022, providing services such as keyhole surgery, cardiology and chemotherapy.
- Team members onsite 24/7, providing an in-patient service to pets.
Integrating our physical and digital proposition

‘Pet Expert Live’ linking online customers live to in-store colleagues

‘One Device’ empowering colleagues across inventory management, pet sales and subscriptions

‘The Vet Connection’ enables provision of round-the-clock telehealth advice, triage and ancillary services

Empowering colleagues to deliver a joined-up pet care experience
Financial review of FY23 interim results
Delivering strong revenue growth whilst investing for the future

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<th>Change</th>
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<td>(123)bps YoY</td>
<td>(9.3)% YoY</td>
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<td>£(21.6)m YoY</td>
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## Customer acquisition drives strong trading performance across the Group

### Group

<table>
<thead>
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<th>Revenue (£m)</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (^1)</td>
<td>727.2</td>
<td>677.6</td>
<td>7.3%</td>
</tr>
<tr>
<td>Like-for-like</td>
<td>6.4%</td>
<td>22.2%</td>
<td></td>
</tr>
</tbody>
</table>

### Retail

<table>
<thead>
<tr>
<th>Revenue (£m)</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>387.6</td>
<td>336.7</td>
<td>15.1%</td>
</tr>
<tr>
<td>Accessories</td>
<td>248.8</td>
<td>257.7</td>
<td>(3.5)%</td>
</tr>
<tr>
<td>Other (^2)</td>
<td>25.1</td>
<td>25.2</td>
<td>(0.5)%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>661.5</td>
<td>619.6</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>Like-for-like</strong></td>
<td>5.9%</td>
<td>21.9%</td>
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### Vet Group

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<thead>
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<th>Revenue (£m)</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
<th>Change</th>
</tr>
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<tr>
<td>Fee income from JV vet practices</td>
<td>40.7</td>
<td>36.9</td>
<td>10.4%</td>
</tr>
<tr>
<td>Company managed practices (^3)</td>
<td>19.2</td>
<td>16.2</td>
<td>18.7%</td>
</tr>
<tr>
<td>Other veterinary income (^4)</td>
<td>3.9</td>
<td>3.7</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63.8</td>
<td>56.8</td>
<td>12.4%</td>
</tr>
<tr>
<td><strong>Like-for-like</strong></td>
<td>10.5%</td>
<td>26.2%</td>
<td></td>
</tr>
</tbody>
</table>

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1. Includes revenue generated from The Vet Connection within our Central operating segment, not shown here
2. Includes revenue from grooming services, pet sales and insurance commissions
3. Revenue from company managed practices, which is recognised in full from the point they become wholly owned
4. Includes income generated from non-revenue based fees such as those relating to the set up of new practices, income generated from the sale of company managed practices, and other supplier income
Gross margin inline with plan

**Group underlying gross margin bridge (123)bps**

- **Retail (129) bps**
- **Vet Group +8 bps**
- **Central (2) bps**

<table>
<thead>
<tr>
<th>H1 FY22</th>
<th>Freight impact</th>
<th>Product mix</th>
<th>Foreign Exchange &amp; other</th>
<th>Joint Venture performance</th>
<th>Managed estate</th>
<th>The Vet Connection</th>
<th>H1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.7%</td>
<td>(49) bps</td>
<td>(147) bps</td>
<td>+67 bps</td>
<td>+37 bps</td>
<td>(29) bps</td>
<td>(2) bps</td>
<td>47.5%</td>
</tr>
</tbody>
</table>

**Retail underlying gross margin**
- H1 FY23: 46.7%
- H1 FY22: 48.1%

**Vet Group underlying gross margin**
- H1 FY23: 55.3%
- H1 FY22: 54.6%

1. Contribution to Group underlying gross margin year-on-year movement
2. Includes impact of discounting activity, grooming, and supplier terms
3. Relates to our 57 company managed practices
Tight operational grip on costs and self help levers support further investment to drive growth

Operational Efficiency

4.1% growth

- Support Office\(^1\): £200.9m
- Stores\(^2\): £209.0m
- YoY energy costs: £4.9m
- Vet Group: £208.7m

Supporting our Growth

7.2% growth

- Omni-channel\(^3\): £209.0m
- Digital investment\(^4\): £6.3m
- Distribution capacity: £223.6m

1. Includes support centre colleague and occupation costs, plus all central costs covering Group functions
2. Stores includes grooming costs and other retail costs, excluding energy costs
3. Includes costs in relation to growth in online and flea & worm subscriptions
4. Due to a clarification to the IAS38 accounting standard, certain cloud computing costs that would have previously been capitalised as intangible assets have been expensed through the income statement in the current and prior years. The £8.1m YoY impact reflects our peak investment in Project Polestar in FY23. The comparative figures have been restated to reflect this.
Strong underlying trading performance offset by industry-wide cost headwinds

Group underlying PBT (9.3)%

<table>
<thead>
<tr>
<th>H1 FY22</th>
<th>H1 FY23</th>
</tr>
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<tbody>
<tr>
<td>£65.3m</td>
<td>£59.2m</td>
</tr>
</tbody>
</table>

| Underlying trading performance | £10.9m | £68.1m |
| Digital investment to drive future growth\(^1\) | (£8.1m) | (£4.0m) |
| YoY Freight impact | (£4.9m) |
| YoY Energy impact |

Underlying basic EPS (pence) | 9.6 | 11.0 | (12.9)%
DPS (pence) | 4.5 | 4.3 | 4.7%

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1. In light of the clarification from the IFRS Interpretations Committee (IFRIC) regarding how companies should account for configuration and customisation costs relating to cloud computing arrangements, including Software as a Service (SaaS), certain costs that would previously been capitalised as intangible assets are now expensed through the income statement, in both the current and prior year. The year on year impact of this investment amounts to £8.1m reflecting our peak investment in Project Polestar in FY23. The comparative figures have been restated to reflect this.
Investment fully aligned to our strategy

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
<th>Spend includes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing in our Supply Chain</td>
<td>19.3</td>
<td>5.7</td>
<td>Development of new distribution facility</td>
</tr>
<tr>
<td>Store Refurbishment</td>
<td>13.4</td>
<td>3.7</td>
<td>13 refurbishments in FY23, 65 to date, and maintenance</td>
</tr>
<tr>
<td>Digitising the Business</td>
<td>3.4</td>
<td>8.2</td>
<td>Enhancing data and digital capabilities</td>
</tr>
<tr>
<td>Vet Group</td>
<td>2.3</td>
<td>1.4</td>
<td>New financial system</td>
</tr>
<tr>
<td>New Stores</td>
<td>-</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.6</td>
<td>2.4</td>
<td>TVC</td>
</tr>
<tr>
<td><strong>Total capital investment</strong></td>
<td><strong>39.0</strong></td>
<td><strong>24.2</strong></td>
<td></td>
</tr>
<tr>
<td>Cloud-based digital investments</td>
<td>16.8</td>
<td>8.7</td>
<td>Project Polestar</td>
</tr>
<tr>
<td><strong>Total investment</strong></td>
<td><strong>55.8</strong></td>
<td><strong>32.9</strong></td>
<td></td>
</tr>
</tbody>
</table>

Returns on capital

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>CROIC¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21.5%</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

1. Cash return on invested capital, represents cash returns divided by the average of gross capital invested (GCI) for the last twelve months. Cash returns represent underlying operating profit before property rentals and share based payments subject to tax, then adjusted for depreciation of PPE, right-of-use assets and amortisation. GCI represents gross PPE, right-of-use assets and software, and other intangibles excluding the goodwill created on the acquisition of the Group by KKR (£906,445,000) plus net working capital, before the effect of non-underlying items in the period.
Positive working capital supports our strong cash generation

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 FY23 YTD movement</th>
<th>H1 FY22 YTD movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>(15.3)</td>
<td>2.9</td>
</tr>
<tr>
<td>Trade and other payables$^1$</td>
<td>49.6</td>
<td>56.5</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(7.7)</td>
<td>(1.3)</td>
</tr>
<tr>
<td><strong>Trading working capital</strong></td>
<td><strong>26.6</strong></td>
<td><strong>58.1</strong></td>
</tr>
<tr>
<td>Decrease in gross operating loans to JV vet practices</td>
<td>5.3</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Cash working capital movement</strong></td>
<td><strong>31.9</strong></td>
<td><strong>62.5</strong></td>
</tr>
<tr>
<td>Decrease in operating loan provision</td>
<td>(0.6)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td><strong>31.3</strong></td>
<td><strong>61.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating loan balances to JV vet practices (£m)</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross operating loans</td>
<td>14.9</td>
<td>22.3</td>
</tr>
<tr>
<td>Provision$^2$</td>
<td>(4.4)</td>
<td>(5.2)</td>
</tr>
<tr>
<td><strong>Net operating loan balance</strong></td>
<td><strong>10.5</strong></td>
<td><strong>17.1</strong></td>
</tr>
</tbody>
</table>

1. Including movement in provisions, but excluding operating loans.
2. Provision refers to our provisioning methodology for funding made by Pets at Home to practices operating as Joint Venture practices.
Our strong cash generation enables accelerated investment to grow our business

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 FY23</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group operating cashflow</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>105.6</td>
<td>150.5</td>
</tr>
<tr>
<td>Tax and interest</td>
<td>(8.4)</td>
<td>(15.8)</td>
</tr>
<tr>
<td>Net capex</td>
<td>(41.0)</td>
<td>(28.0)</td>
</tr>
<tr>
<td>Purchase of own shares for colleague share schemes</td>
<td>(14.8)</td>
<td>(15.1)</td>
</tr>
<tr>
<td><strong>Group underlying free cashflow</strong></td>
<td>41.4</td>
<td>91.6</td>
</tr>
<tr>
<td>Conversion&lt;sup&gt;2&lt;/sup&gt;</td>
<td>33.3%</td>
<td>69.5%</td>
</tr>
<tr>
<td>Ordinary dividend</td>
<td>(37.0)</td>
<td>(27.2)</td>
</tr>
<tr>
<td>Acquisitions&lt;sup&gt;3&lt;/sup&gt;</td>
<td>(0.1)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Share buyback</td>
<td>(27.2)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in cash and cash equivalents</strong></td>
<td>(22.9)</td>
<td>66.3</td>
</tr>
<tr>
<td><strong>Net debt (including lease liabilities)</strong></td>
<td>(379.7)</td>
<td>(333.2)</td>
</tr>
<tr>
<td><strong>Leverage (Net debt : underlying EBITDA)</strong></td>
<td>1.6x</td>
<td>1.4x</td>
</tr>
<tr>
<td><strong>Lease liabilities</strong></td>
<td>422.8</td>
<td>397.9</td>
</tr>
<tr>
<td><strong>Net cash</strong></td>
<td>43.1</td>
<td>64.7</td>
</tr>
<tr>
<td><strong>Leverage (Net cash : underlying EBITDA)</strong></td>
<td>(0.3)x</td>
<td>(0.4)x</td>
</tr>
</tbody>
</table>

1. Operating cashflow is calculated as underlying EBITDA before IFRS2 charges and with any change in working capital added back
2. Calculated as free cashflow as a percentage of underlying cash EBITDA
3. Includes investment in certain company managed practices.
## Financial strength and resilience

<table>
<thead>
<tr>
<th>Net cash</th>
<th>Low leverage</th>
<th>Good liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£43.1m</td>
<td>(0.3)x</td>
<td>£343.1m(^1)</td>
</tr>
</tbody>
</table>

- Strong cash generation
- Record investment in the business
- Robust balance sheet, strong cash generation
- Interim dividend of 4.5p, an increase of 4.7% YoY
- Extended £300m revolving credit facility to March 2027 on market leading terms
- RCF linked to sustainability measures, aligned with our Better World Pledge

Our financial position gives us the flexibility to invest in strategically important initiatives to drive long-term growth.

---

1. £300m facility and £43.1m net cash position.
In summary: H1 FY23 key financial measures

<table>
<thead>
<tr>
<th>Revenue &amp; like-for-like growth</th>
<th>Underlying gross margin(^1) &amp; YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>+10.5%</td>
<td>+65bps</td>
</tr>
<tr>
<td>£63.8m</td>
<td>55.3%</td>
</tr>
<tr>
<td>£661.5m</td>
<td>46.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Underlying PBT(^2) &amp; margin</th>
<th>Underlying free cashflow &amp; conversion(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.5%</td>
<td>167.7%</td>
</tr>
<tr>
<td>£27.8m</td>
<td>£50.6m</td>
</tr>
<tr>
<td>6.0%</td>
<td>£8.6m</td>
</tr>
</tbody>
</table>

1. H1 FY22 non-underlying credit of £0.4m relates to the release of a provision held against property leases, recognised within Vet Group, allocated against non-underlying gross margin.
2. H1 FY23 non-underlying items of £4.5m relate to pre-opening costs relating to our new distribution centre recognised within Retail, allocated against non-underlying operating costs. Group underlying PBT includes central costs of £8.1m.
3. Calculated as free cashflow as a percentage of underlying EBITDA excluding IFRS2 charges.
Delivering sustainable, dependable, quality results for our stakeholders

- **Organic business investment to drive quality and profitable growth**
  - Strong cash flow generation and robust balance sheet
  - Record investment to transform our digital capability ‘Polestar’
  - £50m investment in our distribution network

- **Provide a progressive dividend to shareholders**
  - Maintained dividend throughout COVID-19 pandemic
  - 48% increase in FY22 total dividend
  - 4.7% increase in FY23 interim dividend

- **Value-acc cretive opportunities, including M&A**
  - Acquisition of The Vet Connection broadening our digital capabilities
  - Strategic investment in Tailster, a platform for pet walking and sitting services
  - Investment with Project Blu, leading UK-based supplier of sustainable pet accessories

- **Return surplus free cash flow to shareholders**
  - Assessed quarterly, post all other identified and anticipated uses for capital, including ordinary dividend
  - Methodology dependent on share price and quantum, shareholder views
  - Over half way through 12 month share buyback programme of up to £50m