

# Progress across all pillars of our pet care strategy

To support delivery of our strategy, we have a clearly defined set of key performance indicators.

We are committed to generating shareholder value and financial returns, and therefore focus on three financial metrics we believe are the best measure of our performance. Alongside financial KPIs, we also have KPIs specific to each of our four strategic pillars to ensure we can track delivery against our key objectives.

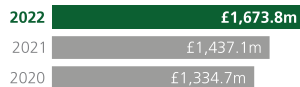
We remain confident in our pet care strategy, and the continued strength of our performance demonstrates that our strategy remains the right one. Whilst we set out some of our future strategic priorities, we will continue to remain agile and adaptable in how we deliver pet care to customers.

## Financial performance

Financial KPIs shown below represent those used by the business to monitor performance. Management recognise that as Alternative Performance Measures they differ to statutory metrics, but believe they represent the most appropriate KPIs.

### Customer revenue<sup>1</sup> (£m)

**£1,673.8m**  
+16.5%



Representing strong like-for-like<sup>1</sup> growth in both our Retail and Vet businesses.

#### What we are measuring

The growth in customer revenue generated across the Group year on year. This includes spend across all brands and includes the customer sales made by Joint Venture vet practices, rather than the fee income received by Pets at Home.

#### Why is it important?

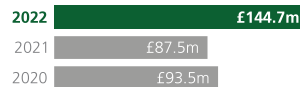
By growing customer revenue across all parts of our business ahead of the market, we are able to gain market share. In particular, this means focusing on the sales made by First Opinion vet practices, whether they be under the Joint Venture or company managed model.

#### Future plans

We expect our strategic initiatives to deliver like-for-like<sup>1</sup> growth ahead of the market across both the Retail and Veterinary segments.

### Group underlying proforma profit before tax<sup>1</sup> (£m)

**£144.7m**  
+65.3%



Reflecting strong conversion as profit grows ahead of revenue.

#### What we are measuring

The underlying profitability of the Group as a result of our strategic progress. We have shown underlying profit before tax<sup>1</sup> on a constant accounting basis post-IFRS16, first adopted in FY20. All results are shown before the change in accounting policy relating to IAS38 Intangible Assets.

#### Why is it important?

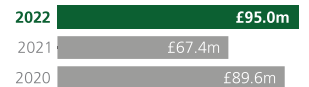
By generating strong levels of underlying profit, we are able to demonstrate that our pet care strategy remains the right one, and that we are delivering against our strategic objectives.

#### Future plans

Having this year annualised against an extremely challenging prior period, we now expect the business to sustain underlying profit growth going forward.

### Group underlying free cash flow<sup>1</sup> (£m)

**£95.0m**  
+40.9%



Enabling us to invest in our business, reduce debt and increase our dividend.

#### What we are measuring

The cash available for return to shareholders after investing in the needs of the business.

#### Why is it important?

Delivering free cash flow allows us to make strategic investments in the business to fuel further growth, whilst providing an appropriate return to shareholders.

#### Future plans

Releasing free cash flow from the First Opinion vet business remains a significant value creation opportunity. This, alongside further profit growth in Retail, will allow Group underlying free cash flow to grow sustainably in the medium term.

<sup>1</sup> Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on page 232.