

FOR IMMEDIATE RELEASE, 5 AUGUST 2022

## Pets at Home Group Plc: Q1 FY23 Trading Statement

### Continued strong performance across the business

- Group LFL<sup>1</sup> revenue growth of 6.0%; all channels remaining in growth
- Continued growth in new customer acquisition and high levels of customer retention across both Retail and Veterinary operations
- Full-year guidance unchanged

#### *Lyssa McGowan, Group Chief Executive Officer, commented:*

Our performance has remained strong in the first quarter, underpinned by continued customer growth and high levels of retention. We operate a unique omnichannel model, in a market in structural growth, where the passion and expertise of our colleagues and partners is a key competitive advantage. I would like to thank them for their warm welcome, their continued efforts in helping our record number of customers care for their pets in these challenging times, and their ongoing commitment to building the best pet care business in the world.

The following trading statement covers the 16 week period from 1 April to 21 July 2022, compared to the 16 week period from 26 March to 15 July 2021.

LFL Revenue Growth <sup>#</sup>	FY20	FY21	FY22				FY23
	Q1	Q1	Q1	Q2	Q3	Q4	Q1
<i>1-year LFL:</i>							
Retail	8.2%	0.4%	29.1%	13.8%	9.0%	10.4%	5.6%
Vet Group	6.2%	(9.3)%	44.7%	8.4%	4.0%	12.3%	8.6%
<b>Group</b>	<b>8.0%</b>	<b>(0.7)%</b>	<b>30.2%</b>	<b>13.4%</b>	<b>8.7%</b>	<b>10.5%</b>	<b>6.0%</b>
<i>2-year LFL:</i>							
Retail	13.8%	8.6%	29.6%	28.1%	28.4%	17.5%	36.4%
Vet Group	19.6%	(4.2)%	25.9%	21.2%	23.3%	27.3%	59.3%
<b>Group</b>	<b>14.4%</b>	<b>7.2%</b>	<b>29.4%</b>	<b>27.6%</b>	<b>28.1%</b>	<b>18.2%</b>	<b>37.9%</b>

<sup>#</sup>All like-for-like (LFL) revenue figures are based on statutory revenue. Within the Vet Group this includes Joint Venture (JV) fee income and revenue from company managed practices. <sup>\*</sup>To provide a better understanding of underlying performance, the table above shows comparative numbers on both a one and two-year basis

- Total Group revenue up 7.1% to £404.7m, with Group like-for-like<sup>1</sup> (LFL) revenue up 6.0%, reflecting broad-based growth throughout the quarter.
  - Retail revenue increased by 6.6%, and LFL<sup>1</sup> revenue up 5.6%. All channels remain in growth, with Store LFL<sup>1</sup> of 4.3% and Omnichannel<sup>2</sup> LFL<sup>1</sup> of 13.5%. Omnichannel participation of Retail revenue was 16.7% in the quarter, compared to 15.8% for FY22.
  - Vet Group revenue increased by 11.2%, with LFL<sup>1</sup> revenue up 8.6%. LFL<sup>1</sup> customer sales<sup>3</sup> across all First Opinion practices up 4.6% and LFL<sup>1</sup> Joint Venture fee income up 9.6%.
- Continuing growth in new customers and strong retention of the 1.1m customers acquired last year, combined with the non-discretionary nature of our affordable pet care proposition, supporting ongoing growth in spend.
  - Sign ups to our Puppy and Kitten Club continued at pace, averaging 25,000 per week, three-fold higher than pre-pandemic, and creating a 12-15 year growth opportunity over the full pet lifetime.

- New client registrations across our First Opinion veterinary practices remained strong, averaging over 8,500 per week, growing our active client base to 1.7m.
- The number of active VIPs increased 10.7% YoY to a record 7.4m, with our strategic focus on deepening customer relationships resulting in 27% of all VIPs shopping across more than one channel, up 14% YoY.
- The number of subscription plans<sup>4</sup> across the Group grew 16% YoY to over 1.5m, generating over £135m in annualised recurring customer revenue, representing c8% of Group customer revenue.
- Good sales to profit conversion as we continue to proactively manage inflationary cost pressures through a planned series of productivity and efficiency initiatives.
- Our balance sheet remains robust, with net cash of £40.2m and good liquidity through our recently renewed £300m revolving credit facility until 2027. The vast majority of our currency requirements are hedged over the next 12 months, and we are progressing our previously announced £50m share buy back programme.
- No change to sales and margin outlook, and we continue to expect full-year Group underlying pre-tax profit, including the impact of the IAS38 accounting policy change, to be in line with analyst consensus, which is currently £131m, with a range of £127m-£136m.

- End of announcement -

#### Notes

It was noted in the FY22 Directors' Remuneration Report that the annual bonus for the CEO and CFO would continue to be based on 60% Group PBT, 20% Group FCF and 20% Pet Care Plans (PCPs). In light of external market conditions, ongoing inflationary cost pressures, and to fully align the Executive Directors with the wider organisation, the Board has taken the decision to upweight the Group PBT and Group FCF measures to 65% and 25% respectively, with PCPs at 10% of the total bonus opportunity. The associated targets for these metrics are considered commercially sensitive and as such will be disclosed in next year's Annual Report.

#### Conference call

A conference call for analysts and investors will be held at 09.00am today. To join the call in listen-only mode, please click on the following link (<https://stream.brrmedia.co.uk/broadcast/62c3e90cfb4bba516c45338b>). Those wishing to participate in the Q&A session should email [petsathome-Maitland@maitland.co.uk](mailto:petsathome-Maitland@maitland.co.uk) for details. A recording will be available at <http://investors.petsathome>.

#### Strategic Key Performance Indicators

Measure	Q1 FY23	Q1 FY22	YoY change
Number of active VIPs <sup>5</sup> (m)	7.4m	6.7m	10.7%
Customer revenue <sup>3</sup> from services <sup>6</sup> (£m)	170.6m	161.2m	5.8%
	33.1%	33.2%	(12)bps
VIP customer revenue <sup>3,7</sup> (£m)	1,135.1	981.0	15.7%
Customer revenue <sup>3</sup> per FTE colleague (£k)	63.4	63.8	(0.5)%

1. 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.
2. Defined as orders placed online at [petsathome.com](https://www.petsathome.com) and in-store using our order-in-store service, plus subscriptions to monthly flea & worm treatments via the 'Subscribe & Save' platform.
3. Customer revenue includes total revenue across the Group including customer sales made by Joint Venture vet practices, and therefore differs to the fee income recognised within Vet Group revenue.
4. Defined as total number of plans across Vet Group health plans, or omnichannel subscription platforms Easy Repeat and Subscribe & Save.
5. Number of VIP loyalty club members who transacted across the group in the last 52 weeks from end of the reporting period.
6. Defined as customer sales made by JV vet practices, company managed vet practices, grooming services, subscriptions, pet sales and pet insurance commissions.
7. VIP customer revenue is shown on a rolling 12 month basis rather than a year-to-date basis.

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## **About Pets at Home**

Pets at Home Group plc is the UK's leading pet care business; our commitment is to make sure pets and their owners get 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. Pets at Home also operates a UK leading small animal veterinary business, with 443 First Opinion practices located both in our stores and in standalone locations. For more information visit: <http://investors.petsathome.com/>

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