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Pets at Home Group Plc: Q1 FY24 Trading Statement for the 16 week period to 20 July 2023

Strong sales momentum and further strategic progress

Financial Highlights

- Consumer revenue¹ up 10.2% to £568.2m supported by both volume and value growth.
- Consumer numbers continued to grow with our active VIP base increasing 4% to 7.7m, with over 22,000 new Puppy & Kitten sign ups and 18,000 new pet registrations a week in our Vet Group.
- Total Group revenue growth of 7.9% to £436.8m, with Group like-for-like² (LFL) revenue up 7.9%.
 - Vet Group revenue was up 16.3%, with LFL² of 16.6%, increasingly supported by number of visits (as we increased vet capacity), improving mix and continued growth in average spend.
 - Retail revenue growth of 7.1%, and LFL² up 7.1%. Our food category remains in volume growth across grocery and premium categories supported by further progress in our relative price position. Accessories trends were consistent with previous quarters, as expected.

Business Highlights

- Opened 2 new pet care centres with in-store JV vets, both under our new integrated brand, and completed 9 refits, including our Leeds Birstall centre, with a significant extension of an existing vet hospital, providing 24-hour patient care, additional services and consult rooms, and training facilities.
- Continued progress in the development of our digital platform, remaining on track for cut over of our consumer app and website later this year, a key foundation for growth in the years ahead.
- We also launched nutrition subscription capability in-store resulting in accelerated Easy Repeat sign ups. We also relaunched our care plans in the quarter which have seen strong consumer uptake.
- As part of our food strategy, we continued the rollout of new freezer space across the estate, alongside the introduction of new ranges, resulting in good sales uplift in our frozen category.
- Encouraging activity within vet recruitment and retention with turnover down 7% YoY, the impacts of which are already being seen in our revenue growth. We have doubled the number of graduate places on offer and have filled over two thirds to date, and our JV partner pipeline is in very strong shape.
- Good progress in our sustainability agenda. We now have fed over 1.5m pets through our foodbank partnership with Blue Cross, launched a sustainable anaesthetic programme, and raised £1.5m for charities in the quarter. We are also pleased to be included in the FTSE4Good Index.

Current trading and outlook

- We make no change to guidance for FY24 and remain comfortable with current analyst expectations for Group underlying PBT*, noting that our H1 profits will carry additional costs to ramp up the new DC (£6m) and the cost of our brand relaunch (£2m), both in line with our plan.
- In addition, in line with our strategy to integrate our business, we made the decision to consolidate our vet and retail support offices. This move will result in a £3m one-off transition cost in the year.
- Our balance sheet remains robust and we are progressing our £50m share buyback programme.

*Consensus currently £136.8m, with a range of £132m to £142m.

Lyssa McGowan, Chief Executive Officer, commented:

Our performance in the first quarter has been encouraging. The quality of our growth has remained strong as we grew transaction volumes and continued to acquire new consumers at an impressive rate, as our compelling value, range and service continues to resonate with consumers.

It has also been a quarter of steady delivery against our strategic plan we set out in May. We have expanded and enhanced our physical estate, made good progress in the development of our digital platform, and continued the transition to our new distribution facility, as we execute on our ambition to build the world's best pet care platform.

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 statutory 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.*

Our next scheduled update will be our FY24 interim results announcement on 28 November 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 458 stores, many of which also have vet practices and grooming salons. The Group also operates a leading small animal veterinary business, with 445 veterinary General Practices located both in our stores and in standalone locations. For more information visit: <http://investors.petsathome.com/>

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