pets at home
Group plc

FOR IMMEDIATE RELEASE, 27 NOVEMBER 2024

Pets at Home Group Plc: FY25 Interim Results

for the 28 week period to 10 October 2024

Taking share in a subdued market

Lyssa McGowan, Pets at Home CEO: "The first half of FY25 was characterised by a subdued market, against which we outperformed. In Vets, our differentiated joint venture model continues to drive material outperformance over peers. In Retail, our customer satisfaction is excellent, our price position is strong, and we have tight control of our cost base.

We have a clear and consistent strategy to unlock value and H1 has seen further progress against this:

- The launch of our new digital platform has seen app sales almost double – a key enabler of even greater engagement with consumers. We have now moved through the transitionary impacts that impacted web sales in H1 and see significant opportunities to win incremental, profitable sales in digital.
- Our Stafford distribution centre is performing well, supporting near record availability in stores, and we will unlock efficiency savings through automation in e-commerce into next year.
- Our stores remain a clear competitive advantage giving us unrivalled presence and bringing the passion and expertise of our store colleagues to a nation of pet lovers. We continue to invest to improve our presence with 3 new stores and 14 refits in H1.

However, we are operating in an unusually subdued pet retail market which we now expect to continue through H2. We are confident this will be temporary, and growth will return to historical norms with the longer-term attractive outlook for the UK pet care market unchanged.

The bulk of our investments and peak operational risk are behind us and our market leadership and well invested platform underpin our confidence in continued outperformance."

Financial Highlights

- We delivered growth in Pets Club members[3] of 3%, to 8.1m consumers, supported by the relaunch of Pets Club on our new digital platform. Vet Group new pet registrations remained robust at 18k sign-ups a week.
- Total Group revenue growth of 1.9% to £789.1m, with Group like-for-like[#] (LFL) revenue up 1.6%.
    - Vet Group revenue growth remained strong at 18.6% with LFL of 18.2%, with our practices delivering double digit revenue growth supported by growth in subscriptions, visits, and average transaction values.
    - Retail revenue growth of 0.1% with flat LFL[#]. A resilient performance against a declining retail market and with the previously flagged impact of our new digital platform transition.
- Consumer revenue[1] up 4.1% to £1,048.6m reflecting a subdued market with our Retail and Vet Group delivering outperformance against their respective channels.
- Group Gross Margin of 46.3% flat YoY due to an increased contribution from Vet Group and higher Vet Group gross margins, offsetting Retail gross margins down 31bps due to adverse mix
- Group Net operating costs[2] were down 3.5% driven by lower non-underlying costs alongside good cost control and productivity measures offsetting cost inflation (primarily National Living Wage). On an underlying basis costs were down 0.5%, with underlying opex to sales ratio improving 93bps.
- Statutory PBT of £51.1m increased 47.3% reflecting solid underlying profit growth within the Vet Group (+£11.3m). Retail (+£9.3m) mainly driven by a significant reduction in non-underlying costs.
- Underlying PBT[#] of £54.5m was up 14.1% on last year supported by the strong growth in our Vet Group, with Retail impacted by the slower sales growth.
- Statutory earnings per share (EPS) was 7.9p up 51.9% with underlying EPS[#] of 8.4p, up 13.5%

Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on page 15-18.

- We have declared an interim dividend per share of 4.7p, up 4.4% on last year. This is consistent with our progressive dividend policy, targeting a 50% payout ratio over the medium term.
- Free cash flow# up 43.3% to £33.1m , representing 61% conversion of underlying PBT#. This reflects the step up in cash profits, lower non-underlying costs and lower share purchases linked to our employee benefit trust (EBT)
- Balance sheet remains robust with adjusted net debt# of £8.3m (before lease liabilities of £364.7m). Cash and cash equivalents was £40.0m at the end of H1.

Current trading and outlook

- **Our H1 performance shows the resilience in our model** and our proven ability to outperform our markets, winning share in both Retail and, particularly strongly, in Vets. However, pet retail market growth has been subdued for longer than we anticipated as consumers have remained cautious in recent months.
- **We now plan for current rates of market growth to persist through the remainder of this year**, lower than initially planned. As such, we now expect underlying PBT# for FY25 to grow modestly from last year.
- **The lower profit outlook for FY25 is mitigated at free cash flow# level** as we continue to look for ways to make our investment plans more efficient and we now expect capex of c£55m for FY25.
- **We are confident we have made the right investments** building the capability to deliver attractive growth and returns for shareholders in the future, and do not believe it would be in shareholder interests to compromise this by stretching for short term profits now at longer term cost.
- **Periods of slower pet market growth are not unprecedented but are historically short-lived** and we are confident that market growth will improve in future, supported by long established and unchanged structural growth trends and a stable but higher pet population. As growth returns to historical long-term averages of c4% (c3% Retail and c5% Vets) in future we would expect to deliver revenue and profit growth in line with our medium-term ambition.
- **In the October Budget, the government announced planned changes to the National Living Wage and employers National Insurance Contributions.** Combined these changes represent a £18m cost increase for our business in FY26. We will continue to proactively mitigate these cost increases where possible, including through our ongoing productivity programmes and investments in automation.

Delivering against our strategy - Building the world's best pet care platform

As the UK's only true complete pet care provider we already hold a leading position in a structurally growing market, and our strategy has and will continue to help differentiate us further from our competitors, generating long-term sustainable value for all stakeholders.

H1 has been a period of further strategic progress in the business, investing in and enhancing our pet care platform. We have launched our new digital platform, which we will continue to improve in future, we have improved our store estate through refits and new formats, and we have made further progress winning vet talent. While the market backdrop was subdued in this period, our investments will deliver long lasting benefits supporting our growth ambitions.

An integrated consumer experience

- **Improvement in customer satisfaction** led by service and standards improvements. We have recently launched a targeted price investment on key lines to drive improved price perception. To date this has delivered strong volume uplifts and improved price perception.
- **Growth in subscriptions improves revenue predictability.** Subscriptions revenues[5] grew to 12.4% of consumer sales in H1. Care Plans revenue benefitted from a strong response to our updated proposition and updated assumptions in response to plan usage (see page 6 for £4.5m underlying PBT# impact for H1). Our new digital platform is also supporting improved growth in Easy Repeat subscriptions through improved UX and a broader range with more to come as we add further features.

A unique data and digital platform

- **We launched our new digital platform in March.** The early results are encouraging with app revenues nearly doubling, driven by higher conversion and double-digit growth in app traffic due to our ability to contact consumers directly on app. While in H1 we navigated the transitional impact of lower initial web

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traffic, we expect this to improve as we build the efficiency of the new platform and online is expected to return to being a tailwind to growth.

- **We are also now utilising our store and ecommerce transaction data** to serve relevant product recommendations on the new platform, and early signs are showing significant improvements in engagement rates.

Differentiated, sector-leading vets

- **Our practices delivered another period of strong, dependable capital light growth**, underpinned by strong customer acquisition (18k pet registrations a week), increased client visits and increased clinical talent (+8%) as we improved recruitment, retention, and clinical productivity.
- **We have made good progress in growing our vet footprint,** with 2 new JV practices and 7 JV extensions completed in the half. In addition, we have successfully converted 4 company-owned practices into JV partnerships in H1, supported by a healthy JV practice owner pipeline.
- **We continue to engage with the CMA,** hosting the panel on a visit around our business in August. Our views around the potential outcomes and impacts remains unchanged.

An unrivalled retail proposition

- **Continued investment in our store estate** with 3 new stores year to date, all within the M25, 17 pet care centres benefitted from investment (includes the 3 new stores). We launched 2 new format refits in Hull and Brentford showcasing new ranges across treats and frozen and with greater interactivity across health & wellbeing and pet village.
- **Our own brands continue to power our growth** growing ahead of our Food sales. We have broadened our own brand offering with the launch of NutriBalance.
- **Our Stafford DC is functioning well**, delivering structurally higher levels of availability and now functioning at higher levels of efficiency. The transition of our online picking is on track for early 2025 and will bring further efficiencies that will benefit FY26.

Our values underpin everything we do

- We have now fed over 1.0m pets for a day through our foodbank partnership with Blue Cross
- We have raised over £3.2m through Pet Club lifelines and Pets Foundation. The Pets Foundation remains the biggest financial supporter of pet rescues across the UK
- As part of our strategy to invest to reduce our operational carbon emissions, our installation of solar panels on our new Distribution centre went live with a 1.2MW capacity

Our financial framework

As we deliver against our strategy, benefitting from the structural growth in pet spend and the market share gains fueled by the investments we are making in our platform and consumer proposition, over the medium term we expect:

- Market growth to average 4% per annum, underpinned by structural trends towards humanisation and premiumisation.
- Our investments to deliver 300bps of outperformance over the rate of market growth.
- Target 10% PBT growth on 7% consumer revenue growth with operational leverage and productivity gains driving profit growth ahead of sales growth.
- Move FCF# conversion towards 70% of PBT, as capex tapers and benefits from previous investment begin to flow.
- Maintain capital discipline and a clear capital allocation policy;
    1. Invest in the business.
    2. Pay a progressive ordinary dividend targeting 50% EPS payout.
    3. Explore inorganic growth opportunities. Focus on strategic investments and bolt-on M&A.
    4. Return excess cash to shareholders subject to maintaining a prudent balance sheet and not constraining the business.

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Key Performance Indicators

Strategic KPIs	FY25 H1	FY24 H1	YoY
Number of active Pets Club members[3] (m)	8.1m	7.8m	*3%*
Average Consumer Value[4] (£)	175	174	*1%*
% of Consumer Revenue from Subscriptions[5] (%)	12.4%	9.9%	*25%*
Clinical FTE Headcount[6] (k)	3.5k	3.2k	*8%*

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 more than 52 weeks prior to both the current and prior period reporting date*
3. *Number of active Pets Club members who transacted across the group in the last 365 days prior to the end of the reporting period.*
4. *The average spend of active Pets Club members across the group over the last 365 days based on consumer revenue as defined above, rather than statutory revenue.*
5. *Subscription revenue includes our Flea & Worm, Easy Repeat, Complete Care and Vac4Life plans and is divided by Group consumer revenue.*
6. *Full time equivalent number of all vets and nurses working across the group, based on standard working hours.*

Our next scheduled update will be our Q3 trading update on 28 January 2025.

Results webcast

An audio webcast and presentation of these results will be available on our website (https://www.petsathomeplc.com/investors/results-presentations/) from 07.00am on 27 November. Management will host a Q&A conference call for analysts and investors at 09.30am. To join the call in listen-only mode, please click on the following link (https://brrmedia.news/PETS_HY_24). Those wishing to participate in the Q&A session should email pets@accordience.com for call details.

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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 over 450 pet care centres, many of which also have vet practices and grooming salons. The Group also operates a leading small animal veterinary business, with over 440 veterinary general practices located both **in our pet care centres** and in standalone locations. For more information visit: **http://petsathomeplc.com/**

Disclaimer

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Chief Financial Officer's Review

The FY25 period represents the 28 weeks from 29 March 2024 to 10 October 2024. The comparative period represents the 28 weeks from 31 March 2023 to 12 October 2023.

The Group's results are shown as three segments that represent the size of the respective businesses and our internal reporting structures; Retail (includes products purchased online and in-store, pet sales, grooming services and insurance products), Vet Group (includes general practices and our veterinary telehealth business) and Central (includes Group costs and finance expenses).

	FY25 H1	FY24 H1	YoY change
Group statutory revenue (£m)	789.1	774.2	1.9%
Retail	696.3	696.0	0.1%
Vet Group	92.8	78.2	18.6%
Group consumer revenue (£m)[#]	1,048.6	1,007.7	4.1%
Retail	696.3	696.0	0.1%
Vet Group	352.3	311.7	13.0%
Group like-for-like revenue growth[#]	1.6%	6.2%	
Retail	0.0%	5.2%	
Vet Group	18.2%	17.3%	
Group gross profit margin[3]	46.3%	46.3%	(3)bps
Retail[3]	45.2%	45.5%	(31)bps
Vet Group	54.4%	53.4%	97bps
Group statutory PBT (£m)	51.1	34.7	47.3%
Group statutory PBT margin	6.5%	4.5%	199bps
Group underlying PBT[1,2,#] (£m)	54.5	47.8	14.1%
Retail	22.0	23.8	(7.3)%
Vet Group	41.5	32.8	26.2%
Central	(9.0)	(8.8)	2.0%
Group underlying PBT margin[1,2,#]	6.9%	6.2%	73bps
Retail	3.2%	3.4%	(25)bps
Vet Group	44.7%	42.0%	269bps
Statutory basic EPS (p)	7.9	5.2	51.9%
Statutory diluted EPS (p)	7.8	5.2	50.0%
Underlying basic EPS[1,2,#] (p)	8.4	7.4	13.5%
Non-underlying items[1,2] (£m)	(3.4)	(13.1)	9.7
Free cash flow[#] (£m)	33.1	23.1	43.3%
Cash and cash equivalents (£m)	40.0	60.4	(20.4)
Total indebtedness[#] (£m)	373.0	386.0	13.0
Adjusted net (debt)/cash[#] (£m)	(8.3)	12.1	(20.4)
Dividend (p)	4.7	4.5	4.4%
Number of			
Pet care centres	461	458	3
Grooming salons	345	345	0
Joint Venture vet practices	394	391	3
Company managed vet practices	54	55	(1)

1. *H1 FY25 non-underlying items of which £1.7m relates to the transition to our new distribution centre, £3.1m relates to our support office restructuring and £0.9m relates to the costs of the ongoing CMA investigation. Alongside this we had a disposal on investment gain of £2.3m which relates to the disposal of Pure Pet Food*

2. *H1 FY24 non-underlying items of £9.4m relate to transition costs relating to our new distribution centre, £2.6m relating to the consolidation of our vet and retail support offices, and £1.1m relating to the write down of our investment in Tailster, all allocated against non-underlying operating costs.*

3. *Refer to Note 1 of the accounts for an explanation of the prior year restatement.*

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Revenue

Group statutory revenue in FY25 H1 grew 1.9% to £789.1m (FY24 H1: £774.2m) and like-for-like (LFL) revenue grew 1.6%#.

Consumer revenue# grew 4.1%, below our medium term ambition of 7% based on total Petcare market of 4%, to £1,048.6m (Retail £696.3m, Vet Group £352.3m).

Retail revenue grew 0.1% to £696.3m (FY24 H1: £696.0m), with LFL revenue of 0.0%#. Throughout H1 the market backdrop was subdued with the pet retail market declining slightly, lower than our medium term expectations of retail market growth of c3%. Against this subdued backdrop we won share with our stores performing better than online as the latter experienced the impacts of transitioning to a new digital platform.

Q1 saw a Retail LFL of -0.8%# against a strong prior year comparative (+7.1%#), with improvement in Q2 (to 0.9%#) as comparatives eased and we lapped a period of disruption in the prior year. At a category level trends were consistent with prior quarters.

Vet Group revenue was up 18.6% to £92.8m (FY24 H1: £78.2m) and LFL revenue grew by 18.2%#, faster than the growth in practice sales due in part to the unwind of fee remediation. Total Joint Venture fee income increased by 18.0% to £56.3m (FY24 H1: £47.7m) and revenues from company managed practices increased by 15.5% to £27.7m (FY24 H1: £24.0m). Revenue of £2.1m was recognised in relation to The Vet Connection, our telehealth business.

During H1 it became apparent that changes to the customer proposition of our care plans meant that our previous accounting assumptions around the estimated phasing of the care plan services was leading revenue recognition being back-end weighted, and so to a level of income deferral which was not aligned to the actual care plan service usage being evidenced by our customer data.

As a result of this increasing mismatch between cash receipts and revenue recognised, we have re-examined our approach to better align care plan revenue recognition across the contractual period to reflect the plan utilisation evidenced by the customer data we have gathered.

This results in a change in phasing of consumer revenues# for the Vet Group which benefitted H1 FY25 by c£23m and with an offsetting impact in H2, resulting in a c£15m net benefit expected for FY25. The underlying PBT# impact of this change on the Group in H1 FY25 is c£4.5m, with the offsetting impact in H2 resulting in an c£2.5m net benefit for FY25. Had we applied this change retrospectively, the underlying PBT# impact on FY24 would have been immaterial.

Consumer Revenue Growth#	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Retail	7.1%	2.9%	3.5%	2.0%	-0.8%	1.1%
Vet Group	17.9%	15.6%	12.9%	10.4%	13.3%	12.6%
Group	**10.2%**	**6.5%**	**5.8%**	**4.6%**	**3.6%**	**4.7%**

LFL# Revenue Growth	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Retail	7.1%	2.8%	3.7%	2.1%	-0.8%	0.9%
Vet Group	16.6%	18.3%	13.3%	17.8%	19.5%	15.3%
Group	**7.9%**	**4.1%**	**4.4%**	**3.4%**	**1.0%**	**2.2%**

Gross margin

Group gross margin[1] decreased YoY by 3bps to 46.3%

Gross margin[1] within Retail was 45.2%, a reduction of c.30bps over the prior year (FY24 H1: 45.5%), this has been driven by faster growth within our food business relative to our higher margin accessories business (c.20bps) alongside higher freight costs (c.10bps) linked to the ongoing disruption in the Red Sea.

Gross margin[1] within the Vet Group increased by 97bps to 54.4% (FY24 H1: 53.4%) reflecting the strong sales growth across our Joint Venture estate against a relatively fixed cost base.

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Operating costs

Net operating costs[2] of £305.4m (FY24 H1: £316.5m) were down 3.5% impacted mainly by a £9.6m YoY decrease in net non-underlying costs. In FY25 H1, we incurred a total of £3.4m of net non-underlying operating costs (FY24 H1: £13.0m). Before net non-underlying costs, underlying net operating costs[2] were down 0.5%.

(£m)	FY25 H1	FY24 H1	YoY change
Group statutory revenue	*789.1*	*774.2*	*1.9%*
Selling and distribution expenses	249.0	242.5	2.7%
Administrative expenses	59.9	68.0	(11.9)%
Other Income	(6.9)	(7.0)	(1.5)%
Underlying Net operating costs	**302.0**	**303.5**	**(0.5)%**
Net Non-underlying costs	3.4	13.0	(73.8)%
Net Operating costs[2]	**305.4**	**316.5**	**(3.5)%**
Underlying Net operating costs to sales ratio	*38.3%*	*39.2%*	*(93)bps*

We continue to maintain a tight operational grip on industry-wide cost headwinds, most notably in FY25:

- The 9.8% increase in National Living Wage (NLW), a c£16m unmitigated cost headwind to the business
- The removal of business rates relief, a c£2m cost

As well as directly mitigating these costs where possible, we are also proactively offsetting them through our ongoing self-help initiatives, including our support office restructure which was completed in H1, our investments in automation and our ongoing program of lease renegotiations.

We have also seen lower energy costs in the half, distribution costs have normalised at our Stafford DC and our software as a service (Saas) costs continue to taper as we move beyond peak investment within our digital platform.

Looking forward, in the October 2024 budget the government announced a number of measures within the business which will impact from FY26. These include a 6.7% increase in NLW and increases to employer NI contributions. Group payroll costs total c.£260m. Combined these measures are expected to increase costs by £18m before any mitigation, with £10m for increased NIC and £8m for the increased NLW. We will continue to proactively mitigate these impacts where possible, maintaining a tight grip on costs as we have done for many years.

Finance expense

The net finance expense, including interest charged on lease liabilities, increased to £8.6m (FY24 H1: £7.1m). Of this, £7.1m (FY24 H1: £7.3m) related to interest expense on lease liabilities.

Profit before tax (PBT)

Group statutory profit before tax was £51.1m (FY24 H1: £34.7m), in part due to a £9.7m YoY decrease in non-underlying costs. In FY25 H1 we incurred a net total of £3.4m of non-underlying costs, of which £1.7m relates to the transition to our new distribution centre, £3.1m relates to our support office restructuring and £0.9m relates to the costs of the ongoing CMA investigation. Alongside this we had a disposal on investment gain of £2.3m which relates to the disposal of Pure Pet Food (a seed investment we made many years ago). In FY24 H1, non-underlying costs totaled £13.1m (£13.0m operating costs, £0.1m interest), of which £9.4m related to our DC transition.

Group underlying profit before tax was £54.5m[#] (FY24 H1: £47.8m[#]), with underlying profit margin[3] of 6.9% (FY24 H1: 6.2%), impacted by lower profits in our retail business, offset by a significant step up in profits in the Vet Group.

Retail statutory profit before tax was £22.6m (FY24 H1: £13.3m). Retail underlying profit before tax was £22.0m[#] (FY24 H1: £23.8m[#]) with underlying profit margin[3] of 3.2% (FY24 H1: 3.4%) reflecting the gross margin impacts described above, alongside the increased colleague costs following the 9.8% National Living Wage increase in April.

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Vet Group statutory profit before tax was £41.5m (FY24 H1: £30.2m). Vet Group underlying profit before tax was £41.5m# (FY24 H1: £32.8m#) with underlying profit margin[3] of 44.7% (FY24 H1: 42.0%), driven by ongoing strong sales performance as we continue to improve clinical capacity.

Central costs of £13.0m (FY24 H1: £8.8m) includes payroll costs for Group functions, professional fees, and PLC related costs. Underlying central costs were £9.0m (FY24 H1: £8.8m).

(£m)	FY25 H1	FY24 H1	YoY change
Group statutory PBT (£m)	**51.1**	**34.7**	**47.3%**
Retail	*22.6*	*13.3*	*69.9%*
Vet Group	*41.5*	*30.2*	*37.4%*
Central	*(13.0)*	*(8.8)*	*47.7%*
Group statutory PBT margin	6.5%	4.5%	199bps
Non-underlying items (£m)	(3.4)	(13.1)	(74.0)%
Group underlying PBT# (£m)	**54.5**	**47.8**	**14.1%**
Retail	22.0	23.8	*(7.3)%*
Vet Group	*41.5*	32.8	*26.2%*
Central	*(9.0)*	(8.8)	*2.0%*
Group underlying PBT margin[3]	6.9%	6.2%	73bps

Taxation, profit after tax & EPS

Total tax expense was £13.5m for the period, an effective rate of 26.4%. Statutory profit after tax increased by 48.6% to £37.6m (FY24 H1: £25.3m). Statutory basic earnings per share (EPS) were 7.9 pence (FY24 H1: 5.2 pence) and underlying basic earnings per share# were 8.4 pence (FY24 H1: 7.4 pence).

Working capital

The cash flow movement in working capital[4] for FY25 H1 was an inflow of £3.4m vs year end driven by an increase in payables (£23.3m inflow), in increase in inventories (£16.7m outflow), an increase in receivables (£2.3m outflow) and provisions (£0.9m outflow).

Compared to H1 last year:

- Inventories decreased by £2.8m to £114.1m due to a reduction in core inventory (-£4.7m) offset by growth in inventory on Water due to issues in the Red Sea ships are now taking a longer route to the UK delaying transit time (+£1.6m).
- Trade and other receivables increased by £8.7m to £64.2m, primarily driven by timing differences.
- Trade and other payables have decreased by £6.6m to £272.8m, due to a mixture of lower stock and lower electricity costs.

Investment

Capex in H1 was £24.1m (FY24 H1: £18.4m). Investment remains focused on three strategic growth areas; £4.4m (FY24 H1: £1.6m) into digitising the business, £3.5m (FY24 H1: £3.3m) investment into distribution, and £15.6m (FY24 H1: £13.2m) investment into our stores estate including new stores and refits.

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Free cash flow

Free cash flow after interest and tax, was £33.1m# (FY24 H1: £23.1m#). The increase in free cash flow compared with the prior year primarily reflects the lower purchase of own shares for colleague share schemes due to sufficient shares having been acquired in prior periods.

Free cash flow# (£m)	FY25 H1	FY24 H1
Net cash flow from operating activities	**105.7**	**103.1**
Lease payments[5]	(36.1)	(38.1)
Net cash capex[6]	(25.1)	(22.4)
Net interest[7]	(8.6)	(7.7)
Purchase of own shares for colleague share schemes	(2.9)	(11.8)
Free cash flow#	**33.1**	**23.1**

Divisional free cash flow	FCF (£m)
Retail	1.2
Vet Group	45.7
Central	(13.9)
Group#	**33.1**

The cash generation described above, enables us to grow our dividend payment and fund our £25m buyback programme. Our adjusted net debt position# at the end of the period was £8.3m (cash £40.0m, debt £48.3m), and total indebtedness# was £373.0m post lease liabilities (£364.7m). This represents a leverage ratio# of 0.0x underlying EBITDA or 1.5x on a lease adjusted basis.

Adjusted Net cash (£m)	FY25 H1	FY24 H1
Opening adjusted net cash#	**8.8**	**54.7**
Free cash flow#	33.1	23.1
Equity dividends paid	(38.4)	(39.5)
Share buyback	(12.5)	(25.1)
Acquisitions[8]	(1.3)	(1.1)
Disposals[9]	2.0	-
Closing adjusted net (debt) / cash#	**(8.3)**	**12.1**
Pre IFRS 16 leverage#	**0.0x**	**(0.1)x**
Lease adjusted leverage#	**1.5x**	**1.6x**

1. *Gross margin is calculated as gross profit as a percentage of revenue. Refer to Note 1 of the accounts for an explanation of the prior year restatement.*
2. *Operating costs are the sum of selling and distribution expenses, administrative expenses and other income. Refer to Note 1 of the accounts for an explanation of the prior year restatement.*
3. *Underlying profit margin is calculated as underlying profit before tax as a percentage of revenue. Refer to Note 1 of the accounts for an explanation of the prior year restatement*
4. *Working capital is the sum of YoY movements in trade and other receivables, inventories, trade and other payables, and provisions.*
5. *Lease payments are cash payments for the principal portion of the right-of-use lease liability.*
6. *Net cash capex is proceeds from the sale of property, plant and equipment less costs to acquire right-of-use assets and acquisition of property, plant and equipment and other intangible assets.*
7. *Net interest is interest received less interest paid, interest paid on lease obligations, and debt issue costs.*
8. *FY25 includes £1.0m investment in Good Dog Food, £0.3m relating to the acquisition of JV practices*
9. *FY25 relates to the disposal on investment gain of £2.3m which relates to the disposal of Pure Pet Food, £0.3m disposals of group managed practices net of cash disposed*

The Group's underlying cash return on invested capital (CROIC)# in the period decreased to 19.1% (FY24 H1: 20.1%) having been through a period of heightened investment as we built our digital platform and launched our new DC, with the cash benefits to come in future years.

Capital allocation

Our capital allocation policy prioritises investing cash in areas that will expand the Group and deliver attractive returns. These areas include organic investment (into our digital capability, our infrastructure, and our store refit program), our dividend policy (which approximates to 50% of earnings per share) and value-accretive opportunities including M&A (which are strategically aligned to expanding our platform in core and adjacent markets). We will return to shareholders any surplus cash after these items, and it is the Board's intention to review this on an annual basis. Having completed £100m in share buybacks over the past two years, and a further £25m buyback in the current financial year.

Dividend

The Board has recommended an interim dividend of 4.7 pence per share, 4.4% ahead of the prior year which was 4.5 pence per share. The interim dividend will be payable on 10 January 2025 to shareholders on the register at the close of trading on 5 December 2024.

Mike Iddon
Chief Financial Officer
27 November 2024

Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on page 15-18.

Risks and Uncertainties

An effective risk management process has been adopted to help the Group achieve its strategic objectives and enjoy long term success. The Board have reviewed the principal risks and uncertainties since the publication of the annual report for the 52 week period ended 28 March 2024 and confirm they remain relevant and unchanged. The principal risks and uncertainties comprise:

- Brand and reputation
- Information security and business critical systems
- Omnichannel consumer proposition
- Sustainability and climate change
- People and organisational capability
- Competition and consumers
- Responsible sourcing and supply chain
- Liquidity and credit
- Treasury and finance
- Legal and compliance

The Board continues to review the risks and uncertainties that may arise as a result of geopolitical tensions and the actual and potential impact on supply chains, as well as energy cost inflation and foreign exchange volatility.

A detailed explanation of the risks and uncertainties which were identified for the 52 week period ended 28 March 2024 can be found on pages 22 to 32 of the 2024 Annual Report which is available at http://investors.petsathome.com.

Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein)

By order of the Board on 27 November 2024

Lyssa McGowan, Chief Executive Officer

Mike Iddon, Chief Financial Officer

Disclaimer

This statement of interim financial results does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Pets at Home Group Plc shares or other securities nor should it form the basis of or be relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial advisor.

Certain statements in this statement of interim financial results constitute forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this statement of interim financial results. As a result you are cautioned not to place reliance on such forward-looking statements. Nothing in this statement should be construed as a profit forecast.

INDEPENDENT REVIEW REPORT TO PETS AT HOME GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 28 week period ended 10 October 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 16.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 28 week period ended 10 October 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT REVIEW REPORT TO PETS AT HOME GROUP PLC *(continued)*

Auditor's Responsibilities for the review of the financial information

In reviewing the interim financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the interim financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
27 November 2024

Alternative Performance Measures ('APMs')

Guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authority came into effect for all communications released on or after 3 July 2016 for issuers of securities on a regulated market.

In the reporting of financial information, the Directors have adopted various APMs of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS).

The Directors measure the performance of the Group based on the following financial measures which are not recognised under UK-adopted IFRS and consider these to be important measures in evaluating the Group's strategic and financial performance. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group.

APMs are also used to support the comparability of information between reporting periods, by adjusting for non-underlying items to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year. These APMs may not be directly comparable with other companies' APMs and the directors do not intend to for these to be superior to, or a substitute for, IFRS measures.

All APMs relate to the current period's results and comparative periods where provided.

Several APMs exclude non-underlying items (see definition below) in order to reflect management's view of the performance of the business. Due to this, APMs should not be regarded as a complete picture of the Group's financial performance, which is presented in its financial statements. The exclusion of non-underlying items may result in adjusted earnings being materially higher or lower than total earnings.

A full glossary of APMs is included in the most recent Annual Report & Accounts which are available at http://investors.petsathome.com.

References to **Underlying GAAP measures and Underlying APMs** throughout the interim statements are measured before the effect of non-underlying items.

Alternative Performance Measures ('APMs') (continued)

APM	Definition and purpose	Reconciliation

Consumer revenue

Consumer revenue being statutory Group revenue, less Joint Venture veterinary practice fee income (which forms part of statutory revenue within the Vet Group), plus gross consumer sales made by Joint Venture veterinary practices (unaudited). This is an important measure as it includes the revenue from all vet practices whether they be under the Joint Venture or Company managed model which is used in the assessment of market share.

Consumer revenue (£m)	HY25	HY24	Note
Statutory Group revenue	789.1	774.2	CIS
Joint Venture fee income	(56.3)	(47.7)	2
Revenue by Joint Venture practices	315.8	281.2	
Consumer revenue[1]	1,048.6	1,007.7	

[1]Consumer revenue cannot be directly referenced in the financial statements as revenue by all veterinary practices relates to all Joint Venture consumer revenue.

CIS = Consolidated Income Statement

Like-for-like revenue

Like-for-like revenue growth comprises total revenue in a financial period compared to revenue achieved in a prior period for stores, online operations, grooming salons and veterinary practices that have been trading more than 52 weeks prior to both the current and prior period reporting date, excluding fee income from Joint Venture practices where the Group has bought out the Joint Venture Partners or will offer to buy out the Joint Venture Partners in the future. The measure is used widely as an indicator of sales performance.

Like-for-like revenue (£m)	HY25	HY24	Growth	Note
Retail revenue	696.3	696.0	0.1%	2
New stores and grooming salons	(4.0)	(3.5)		
Retail like-for-like revenue	692.3	692.5	0.0%	
Vet Group revenue	92.8	78.2	18.6%	2
New practices	(6.5)	(5.9)		
Vet Group other income	(6.7)	(5.0)		
Vet Group like-for-like revenue	79.6	67.3	18.2%	
Statutory Group revenue	789.1	774.2	1.9%	CIS
New stores, grooming salons and practices	(10.5)	(9.4)		
Vet Group other income	(6.7)	(5.0)		
Group like-for-like revenue	771.9	759.8	1.6%	

Underlying profit before tax

Underlying profit before tax (PBT) is based on pre-tax profit before the impact of certain costs or incomes that are excluded as they are not generated from ordinary business operations, infrequent in nature and unlikely to reoccur in the foreseeable future in order to reflect management's view of the performance of the Group. The underlying profitability of the Group is an important measure of delivery against strategic objectives.

Underlying PBT (£m)	HY25	HY24	Note
Underlying PBT	54.5	47.8	CIS
Non-underlying items	(3.4)	(13.1)	CIS
Profit before tax	51.1	34.7	

CIS = Consolidated Income Statement

Underlying basic EPS

Underlying basic earnings per share (EPS) is based on earnings per share 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 nature in order to reflect management's view of the performance of the Group.

Underlying basic EPS (p)	HY25	HY24	Note
Underlying basic EPS	8.4	7.4	4
Non-underlying items	(0.5)	(2.2)	
Basic earnings per share	7.9	5.2	4

Free cash flow

Net decrease in cash before the impacts of dividends paid, share buybacks, investment movements, acquisition and disposal of subsidiaries, proceeds from new loans and repayment of borrowings. This measure shows the cash generated by the Group during the year that is available for strategic investments or returning to shareholders.

Free cash flow (£m)	HY25	HY24	Note
Net decrease in cash	(17.1)	(117.6)	CFS
Remove effects of:			
Dividends	38.4	39.5	CFS
Investment movements	(1.3)	1.0	CFS
Acquisition of subsidiary	0.3	0.1	CFS
Disposal of subsidiaries	0.3	–	CFS
Repayment of borrowings	–	75.0	CFS
Share buyback	12.5	25.1	CFS
Free cash flow	33.1	23.1	

CFS = Consolidated Statement of Cash Flows

Alternative Performance Measures ('APMs') (continued)

Underlying CROIC

Cash return on invested capital ('CROIC') represents cash returns divided by the average of gross capital invested (GCI) for the last 12 months. Cash returns represent underlying operating profit before share-based payments subject to tax, then adjusted for underlying 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 Initial Public Offering of the Group by KKR (£906,445,000) plus net working capital, before the effect of non-underlying items in the period. It is used as a measure of the level of cash generated from the business.

Net working capital is a measure of the cash required by the business to fund its inventory, trade and other receivables and payables. Payables includes trade and other payables, income tax payable and other financial liabilities.

Figures have been presented on a rolling 52 week pro forma basis.

Underlying CROIC (£m)	HY25	HY24	Note
Cash returns:			
Underlying operating profit	153.7	138.1	
Share based payment charges	6.0	5.2	
	159.7	143.3	
Tax rate	25.0%	22.3%	
Tax charge on above	(39.9)	(32.0)	
	119.8	111.3	
Underlying depreciation and amortisation	99.8	102.3	
Cash returns	219.6	213.6	
Gross capital invested (GCI):			
Gross property, plant and equipment	462.1	421.5	8
Gross right-of-use assets	683.5	649.7	9
Intangibles	1,052.8	1,046.8	10
Less KKR goodwill	(906.4)	(906.4)	
Investments	10.7	8.7	
Trade and other receivables	64.2	55.5	CBS
Inventory	114.1	116.9	CBS
Payables	(272.8)	(279.4)	CBS
Provisions	(11.8)	(13.4)	CBS
GCI (at period end)	1,196.4	1,099.9	
Average	1,148.1	1,061.1	
Underlying CROIC	19.1%	20.1%	

Adjusted net (debt)/cash

Cash and cash equivalents less the face value of loans and borrowings. Lease liabilities are excluded.

Adjusted net (debt)/cash (£m)	HY25	HY24	Note
Cash and cash equivalents	40.0	60.4	CBS
Loans and borrowings (face value)	(48.3)	(48.3)	12
Adjusted net (debt)/cash	(8.3)	12.1	

Alternative Performance Measures ('APMs') (continued)

Total indebtedness

Cash and cash equivalents less loans and borrowings plus lease liabilities.

Total indebtedness (£m)	HY25	HY24	Note
Adjusted net (debt)/cash (above)	(8.3)	12.1	
Lease liabilities	(364.7)	(398.1)	9
Total indebtedness	(373.0)	(386.0)	

Pre IFRS 16 leverage

Adjusted net cash (above) divided by underlying earnings before interest, taxes, depreciation and amortisation ('EBITDA') less expected rental charges. Figures have been presented on a rolling 52 week proforma basis. This measure is important because it is a covenant metric.

Pre IFRS 16 Leverage	HY25	HY24	Note
Adjusted net cash above	(8.3)	12.1	
Statutory operating profit	137.1	118.0	
Underlying depreciation of property, plant and equipment	27.5	25.8	
Underlying depreciation of right-of-use assets	63.5	66.2	
Amortisation of intangible assets	8.8	10.3	
Non-underlying depreciation of property, plant and equipment	1.1	3.5	
Non-underlying depreciation of right-of-use assets	2.8	2.5	
Other non-underlying items in EBITDA	12.8	14.0	
Underlying EBITDA	253.6	240.3	
Less:			
Proforma rental charges	(76.7)	(81.1)	
Underlying EBITDA (pre IFRS 16) [1]	176.9	159.2	
Pre IFRS 16 Leverage	0.0x	-0.1x	

[1]Proforma rental charges pre IFRS 16 cannot be directly referenced in the financial statements as the balance represents 52 weeks (FY24: 52 weeks) of rental charges for each lease held at the balance sheet date.

Lease adjusted leverage

Total indebtedness divided by underlying EBITDA. Underlying EBITDA has been presented on a rolling 52 week proforma basis.

Lease adjusted leverage	HY25	HY24	Note
Total indebtedness (above)	(373.0)	(386.0)	
Underlying EBITDA (above)	253.6	240.3	
Lease adjusted leverage	1.5x	1.6x	

Condensed consolidated income statement

		28 week period ended 10 October 2024			28 week period ended 12 October 2023 (restated)[1]		
	Note	**Underlying trading £m**	**Non-underlying items (note 3) £m**	**Total £m**	Underlying trading £m	Non-underlying items (note 3) £m	Total £m
Revenue	2	**789.1**	–	**789.1**	774.2	–	774.2
Cost of sales		(424.0)	–	(424.0)	(415.8)	–	(415.8)
Gross profit		**365.1**	–	**365.1**	358.4	–	358.4
Selling and distribution expenses		(249.0)	(1.7)	(250.7)	(242.5)	(9.3)	(251.8)
Administrative expenses		(59.9)	(4.0)	(63.9)	(68.0)	(3.7)	(71.7)
Other income	3	6.9	2.3	9.2	7.0	–	7.0
Operating profit	2	**63.1**	**(3.4)**	**59.7**	54.9	(13.0)	41.9
Financial income		1.7	–	1.7	2.2	–	2.2
Financial expense		(10.3)	–	(10.3)	(9.3)	(0.1)	(9.4)
Net financing expense		**(8.6)**	–	**(8.6)**	(7.1)	(0.1)	(7.2)
Profit before tax		**54.5**	**(3.4)**	**51.1**	47.8	(13.1)	34.7
Taxation	5	(14.9)	1.4	(13.5)	(12.2)	2.8	(9.4)
Profit for the period		**39.6**	**(2.0)**	**37.6**	35.6	(10.3)	25.3

1 See note 1 for an explanation of the prior year restatement.

Basic and diluted earnings per share attributable to equity shareholders of the Company:

	Note	**28 week period ended 10 October 2024**	28 week period ended 12 October 2023
Equity holders of the parent – basic	4	**7.9p**	5.2p
Equity holders of the parent – diluted	4	**7.8p**	5.2p

Dividends paid and proposed are disclosed in note 6.

Condensed consolidated statement of comprehensive income

	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Profit for the period	**37.6**	25.3
Other comprehensive income		
Items that are or may be recycled subsequently into profit or loss:		
Effective portion of changes in fair value of cash flow hedges	(0.4)	3.1
Net change in fair value of cash flow hedges reclassified to profit or loss	0.1	–
Other comprehensive (expense)/income for the period, before income tax	**(0.3)**	3.1
Income tax on other comprehensive income/(expense) (note 5)	0.2	(0.7)
Other comprehensive (expense)/income for the period, net of income tax	**(0.1)**	2.4
Total comprehensive income for the period	**37.5**	27.7

The notes on pages 24 to 45 form an integral part of these consolidated interim financial statements.

Condensed consolidated balance sheet

	Note	At 10 October 2024 £m	At 12 October 2023 £m	At 28 March 2024 £m
Non-current assets				
Property, plant and equipment	8	159.3	147.0	158.1
Right-of-use assets	9	305.4	337.0	319.3
Intangible assets	10	983.3	984.2	979.7
Derivative non-current assets		11.3	9.7	10.9
		1,459.3	1,477.9	1,468.0
Current assets				
Inventories	11	114.1	116.9	97.5
Derivative financial assets		0.4	1.3	0.3
Trade and other receivables		64.2	55.5	60.9
Income tax receivable		1.1	4.8	-
Cash and cash equivalents		40.0	60.4	57.1
		219.8	238.9	215.8
Total assets		**1,679.1**	1,716.8	1,683.8
Current liabilities				
Trade and other payables		(272.8)	(279.4)	(249.2)
Income tax payable		-	-	(1.4)
Interest-bearing loans and borrowings	12	(2.8)	(1.4)	(2.2)
Lease liabilities	9	(80.0)	(82.6)	(79.8)
Provisions		(6.4)	(2.6)	(7.6)
Derivative financial liabilities		(2.0)	(0.4)	(1.0)
		(364.0)	(366.4)	(341.2)
Non-current liabilities				
Interest-bearing loans and borrowings	12	(43.2)	(43.7)	(43.3)
Lease liabilities	9	(284.7)	(315.5)	(301.0)
Provisions		(5.4)	(10.8)	(5.1)
Deferred tax liabilities		(7.2)	(1.4)	(4.7)
		(340.5)	(371.4)	(354.1)
Total liabilities		(704.5)	(737.8)	(695.3)
Net assets		974.6	979.0	988.5
Equity attributable to equity holders of the parent				
Ordinary share capital		4.6	4.8	4.7
Consolidation reserve		(372.0)	(372.0)	(372.0)
Merger reserve		113.3	113.3	113.3
Translation reserve		(0.1)	(0.1)	(0.1)
Capital redemption reserve		0.4	0.2	0.3
Cash flow hedging reserve		(1.4)	0.5	(0.5)
Retained earnings		1,229.8	1,232.3	1,242.8
Total equity		974.6	979.0	988.5

The notes on pages 24 to 45 form an integral part of these consolidated interim financial statements.

Condensed consolidated statement of changes in equity as at 10 October 2024

	Share capital £m	Consolidation reserve £m	Merger reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 30 March 2024	4.7	(372.0)	113.3	(0.5)	(0.1)	0.3	1,242.8	988.5
Total comprehensive income for the period								
Profit for the period	–	–	–	–	–	–	37.6	37.6
Other comprehensive income	–	–	–	(0.1)	–	–	–	(0.1)
Total comprehensive income for the period	–	–	–	(0.1)	–	–	37.6	**37.5**
Hedging gains & losses reclassified to inventory	–	–	–	(0.8)	–	–	–	(0.8)
Total hedging gains & losses reclassified to inventory	–	–	–	(0.8)	–	–	–	**(0.8)**
Transactions with owners, recorded directly in equity								
Equity dividends paid	–	–	–	–	–	–	(38.4)	(38.4)
Share based payment charge	–	–	–	–	–	–	3.2	3.2
Deferred tax movement on IFRS 2 reserve	–	–	–	–	–	–	0.8	0.8
Share buyback	(0.1)	–	–	–	–	0.1	(12.5)	(12.5)
Purchase of own shares	–	–	–	–	–	–	(3.7)	(3.7)
Total contributions by and distributions to owners	(0.1)	–	–	–	–	0.1	(50.6)	(50.6)
Balance at 10 October 2024	4.6	(372.0)	113.3	(1.4)	(0.1)	0.4	1,229.8	974.6

Condensed consolidated statement of changes in equity as at 12 October 2023

	Share capital £m	Consolidation reserve £m	Merger reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 30 March 2023	4.8	(372.0)	113.3	(1.6)	(0.1)	0.2	1,280.5	1,025.1
Total comprehensive income for the period								
Profit for the period	–	–	–	–	–	–	25.3	25.3
Other comprehensive income	–	–	–	2.4	–	–	–	2.4
Total comprehensive income for the period	–	–	–	2.4	–	–	25.3	27.7
Hedging gains & losses reclassified to inventory	–	–	–	(0.3)	–	–	–	(0.3)
Total hedging gains & losses reclassified to inventory	–	–	–	(0.3)	–	–	–	(0.3)
Transactions with owners, recorded directly in equity								
Equity dividends paid	–	–	–	–	–	–	(39.5)	(39.5)
Share based payment charge	–	–	–	–	–	–	3.1	3.1
Deferred tax movement on IFRS 2 reserve	–	–	–	–	–	–	(0.6)	(0.6)
Share buyback	–	–	–	–	–	–	(25.1)	(25.1)
Purchase of own shares	–	–	–	–	–	–	(11.4)	(11.4)
Total contributions by and distributions to owners	–	–	–	-	–	–	(73.5)	(73.5)
Balance at 12 October 2023	**4.8**	**(372.0)**	**113.3**	**0.5**	**(0.1)**	**0.2**	**1,232.3**	**979.0**

Consolidated statement of changes in equity as at 28 March 2024

	Share capital £m	Consolidation reserve £m	Merger reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 30 March 2023	4.8	(372.0)	113.3	(1.6)	(0.1)	0.2	1,280.5	1,025.1
Total comprehensive income for the period								
Profit for the period	–	–	–	–	–	–	79.2	79.2
Other comprehensive income (note 22)	–	–	–	4.3	–	–	–	4.3
Total comprehensive income for the period	–	–	–	4.3	–	–	79.2	83.5
Hedging gains and losses reclassified to inventory	–	–	–	(3.2)	–	–	–	(3.2)
Total hedging gains and losses reclassified to inventory	–	–	–	(3.2)	–	–	–	(3.2)
Transactions with owners, recorded directly in equity								
Equity dividends paid	–	–	–	–	–	–	(60.7)	(60.7)
Share-based payment charge	–	–	–	–	–	–	5.9	5.9
Deferred tax movement on IFRS2 reserve	–	–	–	–	–	–	(1.0)	(1.0)
Share buyback	(0.1)	–	–	–	–	0.1	(50.3)	(50.3)
Purchase of own shares	–	–	–	–	–	–	(10.8)	(10.8)
Total contributions by and distributions to owners	(0.1)	–	–	–	–	0.1	(116.9)	(116.9)
Balance at 28 March 2024	4.7	(372.0)	113.3	(0.5)	(0.1)	0.3	1,242.8	988.5

The notes on pages 24 to 45 form an integral part of these consolidated interim financial statements.

Condensed consolidated statement of cash flows

	Note	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Cash flows from operating activities			
Profit for the period		37.6	25.3
Adjustments for:			
Depreciation and amortisation		54.2	60.1
Financial income		(1.7)	(2.2)
Financial expense		10.3	9.4
Profit on disposal		(2.3)	
Share based payment charges		3.2	3.1
Taxation	5	13.5	9.4
		114.8	105.1
Increase in trade and other receivables		(2.3)	(1.8)
Increase in inventories		(16.7)	(8.3)
Increase in trade and other payables		23.3	24.0
Decrease in provisions		(0.9)	(3.4)
Movement in working capital		3.4	10.5
Tax paid		(12.5)	(12.5)
Net cash flow from operating activities		105.7	103.1
Cash flows from investing activities			
Acquisitions of other investments		(1.0)	(1.0)
Proceeds from the sale of other investments		2.3	-
Investment capital contributions		(0.7)	-
Proceeds from repayment of initial partner loans		0.9	-
Interest received		1.7	2.2
Costs to acquire right-of-use assets		(0.3)	-
Acquisition of subsidiaries, net of cash acquired		(0.3)	(0.1)
Disposal of subsidiaries, net of cash disposed		(0.3)	0.4
Acquisition of property, plant and equipment and other intangible assets		(25.1)	(22.8)
Net cash used in investing activities		**(22.8)**	(21.3)
Cash flows from financing activities			
Equity dividends paid	6	(38.4)	(39.5)
Repayment of borrowings	13	-	(75.0)
Cash payments for the principal portion of the right-of-use liability		(35.9)	(38.1)
Purchase of own shares in respect of share incentive schemes		(2.9)	(11.8)
Share buyback		(12.5)	(25.1)
Debt issue costs		-	(0.9)
Interest paid		(3.2)	(1.7)
Interest paid on lease obligations		(7.1)	(7.3)
Net cash used in financing activities		(100.0)	(199.4)
Net decrease in cash and cash equivalents		(17.1)	(117.6)
Cash and cash equivalents at beginning of period		57.1	178.0
Cash and cash equivalents at end of period		40.0	60.4

The notes on pages 24 to 45 form an integral part of these consolidated interim financial statements.

Notes (forming part of the condensed consolidated interim financial statements)

1 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated interim financial statements.

Basis of preparation

Pets at Home Group Plc (the 'Company') is a company incorporated in the United Kingdom and registered in England and Wales, its registered office is Epsom Avenue, Stanley Green, Handforth, Cheshire, SK9 3RN. The Company is listed on the London Stock Exchange.

The condensed consolidated interim financial statements as at and for the 28 week period ended 10 October 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated financial statements of the Group as at and for the 52 week period ended 28 March 2024 are available on request from the Company's registered office and via the Company's website.

The annual financial statements of Pets at Home Group Plc will be prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the UK. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 52 week period ended 28 March 2024.

The financial information included in this interim statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the 'Act'). The statutory accounts for the 52 weeks ended 28 March 2024 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report of the Annual Report for the 52 week period ended 28 March 2024. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review. In addition, note 12 and 13 to these interim financial statements include the Company's policies and processes for managing its capital; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors of the Group have prepared cash flow forecasts for a period of at least 12 months from the date of the approval of these interim financial statements which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its revolving credit facility, to meet its liabilities as they fall due for that period.

In preparing the forecasts for the Group, the Directors have carefully considered the impact of consumer confidence, climate change, geopolitical tensions, and the actual and potential impact on supply chains, energy cost inflation and foreign exchange volatility on liquidity and future performance. In addition, the forecasts also include the potential additional costs to National Insurance and National Living Wage as a result of the announcements in the Autumn 2024 budget.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern *(continued)*

The Group has access to a revolving facility of £300m, which expires in September 2028, with £25.0m drawn down on 10 October 2024 and a £26.0m asset backed loan, with £23.3m drawn down which expires on 27 March 2030. The Group also has cash balances of £40.0m. The lowest level of liquidity headroom forecast over the next 12 months from the date of signing of the interim results is in January 2025 and is in excess of £317m in the base case scenario which is also in excess of the net current liabilities of £144.2m in the Group. Under the most severe but plausible downside scenario described below, the lowest level of headroom forecast over the next 12 months from the date of approving of the financial statements is £277m.

The Group has been in compliance with all covenants applicable to this facility within the financial year and is forecast to continue to be in compliance for 12 months from the date of signing of the financial statements.

A number of severe but plausible downside scenarios were calculated compared to the base case forecast of profit and cash flow to assess headroom against facilities for the next 12 months. These scenarios included:

Scenario 1: Reduction on Group like-for-like sales growth assumptions of 1% in each year throughout the forecast period, but ordinary dividends continue to be paid.

Scenario 2: Using scenario 1 outcomes and further impacted by a conflated risk impact of £77.7m on sales and £33.1m on PBT per annum (using specific financial risks taken from Group risk register with sales and PBT financial impact quantified), with dividends held at 12.8p per share per annum.

Scenario 3: Group like-for-like sales growth declines to 0% in each year and a conflated risk impact of £125.7m on sales and £52.6m on PBT is applied (using the top risks from Group risk register with sales and PBT impact quantified), with dividends cut to nil to conserve cash.

Against these negative scenarios, adjusted projections showed no breach of covenants. Further mitigating actions could also be taken in such scenarios should they be required, including reducing capital expenditure.

Despite net current liabilities of £144.2m in the Group, the Directors of Pets at Home Group Plc having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and that, therefore, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements as at and for the 28 weeks ended 10 October 2024.

Material accounting policies

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at and for the 28 week period ended 10 October 2024 are consistent with the policies applied by the Group in its consolidated financial statements as at and for the 52 week period ended 28 March 2024, except as described below. Several amendments apply for the first time during the period but have not led to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

1 Accounting policies *(continued)*

Revenue and cost of sales

Veterinary Group income

The Group launched the new 'Complete Care Health' plans in June 2023, which offered a more comprehensive package of services available to customers adding discretionary elements such as clinic visits and telehealth services. Now that we have sufficient data to assess the membership usage of the component parts of the health plans we have reviewed the point at which we consider the treatment/services have been provided. Revenue is recognised in line with specific performance obligations of the plan as they are completed in line with the contract. The majority of these are met at a point in time, with the remainder over time and have been assessed based on the nature of the individual components.

Under the previous application of the policy, revenue from care plans was deferred and recognised at the point at which treatment and/or services were provided against the plan at an amount that reflected the consideration to which the entity expected to be entitled in exchange for those goods or services. Once the plan had expired, any unutilised deferred revenue was recognised as revenue. The impact of this accounting policy application in the interim financial statements is £4.5m.

Note 1.19 of the consolidated financial statements as at and for the 52 week period ended 28 March 2024 details the full revenue and cost of sales accounting policy.

Taxes on income

Taxes on income in the interim periods are accrued using the estimated effective tax rate that would be applicable to expected total annual profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial statements in conformity with UK adopted IFRS requires management to make judgements, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on historical experience and management's best knowledge at the time and the actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key sources of estimation uncertainty and other estimates remain consistent with those presented in note 1 of the Group's 2024 Annual Report and Financial Statements

Critical accounting judgements

Assessment of control with regard to Joint Ventures

The assessment of control with regard to Joint Ventures is now considered to be a critical accounting judgement. This is not a change in the judgement itself which remains unchanged.

The Group has assessed, and continually assesses, whether the level of an individual Joint Venture veterinary practice's indebtedness to the Group, particularly those with high levels of indebtedness, implies that the Group has the practical ability to control the Joint Venture, which would result in the requirement to consolidate. In making this judgement, the Group reviewed the terms of the Joint Venture agreement and the question of practical ability, as a provider of working capital to control the activities of the practice. This included consideration of barriers to the Group's ability to exercise such practical or other control which include difficulty in replacing Joint Venture Partners due to the shortage of veterinarians in the UK and reputational damage within the veterinary network should the Group attempt to exercise control, as well as potential barriers to the Joint Venture Partner exercising their own

Notes *(continued)*

1 Accounting policies *(continued)*

Accounting estimates and judgements *(continued)*

Assessment of control with regard to Joint Ventures *(continued)*

power over the activities of the practice. We note that under the terms of the Joint Venture agreement, the partners run their practices with complete operational and clinical freedom. The Group is satisfied that on the balance of evidence from the Group's experience as shareholder and provider of working capital support to the practices, it does not have the current ability to exercise control over those practices to which operating loans are advanced, and therefore non-consolidation is appropriate.

Prior year restatement

Supplier discounts

The directors have corrected the presentation error on supplier early payment discounts, previously offset against expenses within selling and distribution expenses, and have presented them as a reduction of the costs of the relevant inventory within cost of sales. Comparatives have been restated for consistency. As a result, selling and distributions expenses have increased by £3.2m and cost of sales have decreased by £3.2m. There is no effect on profit for the year or net assets. This is consistent with the restatement presented in the annual report and accounts for the period ended 28 March 2024.

2 Segmental reporting

The Group has three reportable segments, Retail, Vet Group and Central which are the Group's strategic business units which are consistent with those reported in the 28 week period ended 12 October 2023. The Group's operating segments are based on the internal management structure and internal management reports, which are reviewed by the Executive Directors on a periodic basis. The Executive Directors are considered to be the Chief Operating Decision Makers.

The Group is a pet care business with the strategic advantage of being able to provide products, services and advice, addressing all pet owners' needs. The strategic business units offer different products and services, are managed separately and require different operational and marketing strategies.

The operations of the Retail reporting segment comprise the retailing of pet products purchased online and in-store, pet sales, grooming services and insurance products. The operations of the Vet Group reporting segment comprise veterinary General Practices and the veterinary telehealth business. Central includes group costs and finance expenses.

The following summary describes the operations in each of the Group's reportable segments. Performance is measured based on segment underlying operating profit, as included in the management reports that are reviewed by the Executive Directors. These internal reports are prepared in accordance with IFRS accounting policies consistent with these interim financial statements. All material operations of the reportable segments are carried out in the UK and all revenue is from external customers. A large proportion of revenue recognised within the Vet Group relates to fee income from joint venture veterinary partners which are considered to be related parties. Further information regarding these related party transactions is disclosed in note 15.

Notes *(continued)*

2 Segmental reporting *(continued)*

	28 week period ended 10 October 2024			
	Retail £m	**Vet Group £m**	**Central £m**	**Total £m**
Income statement				
Revenue	696.3	92.8	-	789.1
Gross profit	314.6	50.5	-	365.1
Depreciation and amortisation	(51.6)	(2.4)	(0.2)	(54.2)
Underlying operating profit/(loss)	29.0	41.1	(7.0)	63.1
Non-underlying items	0.6	-	(4.0)	(3.4)
Segment operating profit/(loss)	**29.6**	**41.1**	**(11.0)**	**59.7**
Net financing expenses underlying	(7.0)	0.4	(2.0)	(8.6)
Profit/(loss) before tax	**22.6**	**41.5**	**(13.0)**	**51.1**
Total non-underlying items	(0.6)	-	4.0	3.4
Underlying profit/(loss) before tax	**22.0**	**41.5**	**(9.0)**	**54.5**

Non-underlying operating expenses in the periods ended 10 October 2024 and 12 October 2023 are explained in note 3.

	28 week period ended 12 October 2023 (restated) [1]			
	Retail £m	Vet Group £m	Central £m	Total £m
Income statement				
Revenue	696.0	78.2	-	774.2
Gross profit	316.6	41.8	-	358.4
Depreciation and amortisation	(56.7)	(3.2)	(0.2)	(60.1)
Underlying operating profit/(loss)	30.8	32.7	(8.6)	54.9
Non-underlying items	(10.4)	(2.6)	-	(13.0)
Segment operating profit/(loss)	20.4	30.1	(8.6)	41.9
Net financing expenses underlying	(7.0)	0.1	(0.2)	(7.1)
Net financing expenses non-underlying	(0.1)	-	-	(0.1)
Profit/(loss) before tax	13.3	30.2	(8.8)	34.7
Total non-underlying items	10.5	2.6	-	13.1
Underlying profit/(loss) before tax	23.8	32.8	(8.8)	47.8

[1] See note 1 for an explanation of the prior year restatement.

	28 week period ended 10 October 2024		
Segmental revenue analysis by revenue stream	**Retail £m**	**Vet Group £m**	**Total £m**
Retail – Food	428.3	-	428.3
Retail – Accessories	239.3	-	239.3
Retail – Services	28.7	-	28.7
Vet Group - Joint Venture fee income	-	56.3	56.3
Vet Group – Company managed practices	-	27.7	27.7
Vet Group – Other income	-	6.7	6.7
Vet Group - Veterinary telehealth services	-	2.1	2.1
Total	**696.3**	**92.8**	**789.1**

	28 week period ended 12 October 2023		
Segmental revenue analysis by revenue stream	Retail £m	Vet Group £m	Total £m
Retail – Food	427.5	-	427.5
Retail – Accessories	241.6	-	241.6
Retail – Services	26.9	-	26.9
Vet Group – Joint Venture fee income	-	47.7	47.7
Vet Group – Company managed practices	-	24.0	24.0
Vet Group – Other income	-	5.0	5.0
Vet Group - Veterinary telehealth services	-	1.5	1.5
Total	696.0	78.2	774.2

Notes *(continued)*

3 Expenses

Included in operating profit are the following:

	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Non-underlying items		
Costs relating to the implementation of the Stafford Distribution Centre		
Provisions for retention and relocation bonuses for colleagues at existing Distribution Centres	–	0.7
Project management costs of opening new Distribution Centre	–	1.3
Dual running costs of operating new and existing Distribution Centre	0.8	2.7
Depreciation of property plant and equipment at legacy sites	–	2.3
Depreciation of right-of-use assets (dual running costs)	0.9	1.2
Transitional costs of opening a new Distribution Centre	–	1.1
	1.7	9.3
Group restructure costs		
Group restructure costs and legal settlement costs	3.1	1.2
Depreciation of property plant and equipment (Group restructure costs)	–	0.8
Depreciation of right-of-use assets (Group restructure costs)	–	0.6
	3.1	2.6
Other non-underlying items		
Impairment of investment	–	1.1
Disposal of investment	(2.3)	–
Other legal costs	0.9	–
	(1.4)	1.1
Total non-underlying cost within operating profit	3.4	13.0
Interest expense on the lease liabilities of the Distribution Centres	–	0.1
Total non-underlying items	**3.4**	13.1
Underlying items		
Depreciation of property, plant and equipment	14.8	13.8
Amortisation of intangible assets	4.5	5.8
Depreciation of right-of-use assets	34.0	35.6
Share based payment charges	3.2	3.1
Rentals under operating leases:		
Expenses relating to short-term leases	–	0.1
Other income		
Rental income from sub-leasing right-of-use assets to third parties	(0.1)	(0.1)
Rental and other occupancy income from related parties	(6.9)	(7.0)

Notes *(continued)*

3 Expenses *(continued)*

Non-underlying items in operating profit

Stafford Distribution Centre

During the 28 week period ended 10 October 2024, the Group continued to incur a number of costs in the process of bringing into operation a new retail Distribution Centre to replace the legacy Distribution Centres. The process was a significant operational change for the Group, outside of the ordinary course of business. As part of the transition, the Group incurred operational costs which it has classified as non-underlying:

£0.8m (£2.7m in the 28 week period ended 12 October 2023) of non-underlying charges relate to costs incurred whilst the legacy Distribution Centres and the new Distribution Centre are both in operation. These costs incurred are temporary and will not continue after the closure of the legacy Distribution Centres and £0.9m (£1.2m in the 28 week period ended 12 October 2023) in relation to depreciation of the right-of-use assets for the legacy site.

Additional non-underlying charges made during the 28 weeks ending 12 October 2023 relate to:

- £0.7m of non-underlying charges related to a provision for retention bonuses for colleagues at the existing Distribution Centres to remain employed by the Group until the point at which the sites close.
- £1.3m of non-underlying charges related to project management costs of opening the new Distribution Centre.
- £2.3m of non-underlying charges related to depreciation of property plant and equipment at legacy sites.
- £1.1m of non-underlying charges related to costs incurred to transition the operations over to the new site.
- £0.1m of dual running costs relates to the interest expense on the lease liabilities of the Distribution Centres.

Group restructure costs

£3.1m in restructure and legal settlement costs primarily relate to redundancy payments from a central one-off group- wide redundancy programme.

Additional non-underlying charges made during the 28 weeks ending 12 October 2023 relate to £2.6m of non-underlying charges for a restructure within the Vet Group. Included within this cost is £0.8m in relation to accelerated depreciation of premises no longer required and £0.6m in relation to depreciation of the associated right-of-use assets.

Other non-underlying items

During the 28 week period ended 10 October 2024, the Group disposed of its investment in Pure Pet Food Limited which resulted in a profit on disposal of £2.3m within retail.

Other legal costs of £0.9m relate to central legal costs incurred to respond to the Competition and Markets Authority investigation into the veterinary services sector.

Additional non-underlying charges of £1.1m made during the 28 weeks ending 12 October 2023 relate to the impairment of the Group's investment in Dog Stay Limited ('Tailster').

Notes *(continued)*

4 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

	28 week period ended 10 October 2024		28 week period ended 12 October 2023	
	Underlying trading	After non-underlying items	Underlying trading	After non-underlying items
Profit attributable to equity shareholders of the parent (£m)	39.6	37.6	35.6	25.3
Basic weighted average number of shares (m)	473.8	473.8	481.4	481.4
Dilutive potential ordinary shares (m)	6.4	6.4	5.6	5.6
Diluted weighted average number of shares	480.2	480.2	487.0	487.0
Basic earnings per share	8.4p	7.9p	7.4p	5.2p
Diluted earnings per share	8.2p	7.8p	7.3p	5.2p

5 Taxation

Recognised in the income statement

	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Current tax expense		
Current period	9.8	7.3
Current tax expense	**9.8**	7.3
Deferred tax expense		
Origination and reversal of temporary differences	3.7	2.1
Deferred tax expense	**3.7**	2.1
Total tax expense	**13.5**	9.4

The UK corporation tax and deferred tax standard rate for the period was 25% (2023: 25%).

Deferred tax recognised in comprehensive income

	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Effective portion of changes in fair value of cash flow hedges	(0.2)	0.7

Notes *(continued)*

5 Taxation *(continued)*

Reconciliation of effective tax rate

	28 week period ended 10 October 2024			28 week period ended 12 October 2023		
	Underlying trading £m	**Non-underlying items £m**	**Total £m**	Underlying trading £m	Non-underlying items £m	Total £m
Profit for the period	39.6	(2.0)	37.6	35.6	(10.3)	25.3
Total tax expense/(credit)	14.9	(1.4)	13.5	12.2	(2.8)	9.4
Profit excluding taxation	**54.5**	**(3.4)**	**51.1**	47.8	(13.1)	34.7
Tax using the UK corporation tax rate for the period of 25% (28 week period ended 12 October 2023:25%)	13.6	(0.8)	12.8	11.9	(3.3)	8.6
Expenditure not eligible for tax relief	1.3	(0.6)	0.7	0.3	0.5	0.8
Total tax expense	**14.9**	**(1.4)**	**13.5**	12.2	(2.8)	9.4

The UK corporation tax standard rate for the period was 25% (28 week period ended 12 October 2023: 25%). The effective tax rate before non-underlying items for the 28 week period ended 10 October 2024 was 27.3% (28 week period ended 12 October 2023: 25.6%). The effective tax rate after non-underlying items for the 28 week period ended 10 October 2024 was 26.4% (28 week period ended 12 October 2023: 27.1%).

6 Dividends paid and proposed

	28 week period ended 10 October 2024 £m	28 week period ended 12 October 2023 £m
Declared and paid during the period		
Final dividend of 8.3p per share (2023: 7.5p per share)	**38.4**	39.5
Proposed for approval by shareholders at the AGM		
Interim dividend of 4.7p per share (2023 4.5p per share)	**21.8**	21.4

The trustees of the following holdings of Pets at Home Group Plc shares under the Pets at Home Group Employee Benefit Trusts have waived or otherwise foregone any and all dividends paid in relation to the period ended 10 October 2024 and to be paid at any time in the future (subject to the exceptions in the relevant trust deed) on its respective shares for the time being comprised in the trust funds:

Computershare Nominees (Channel Islands) Limited (holding at 10 October 2024 5,751,440 shares, holding at 12 October 2023 6,683,643 shares).

Notes *(continued)*

7 Business combinations

Acquisition of Joint Venture veterinary practices

In the 28 week period ended 10 October 2024, the Group has acquired 100% of the ‘A’ shares of three veterinary practices, which were previously accounted for as Joint Venture veterinary practices. These practices were previously accounted for as Joint Venture veterinary practices as the Group only held 100% of the non-participatory ‘B’ ordinary shares equating to 50% of the total shares. Acquisition of the ‘A’ shares has led to the control and consolidation of these practices. The primary reason for the business combination is to hold these practices as company-owned until a suitable Joint venture partner is found at which point the intention is to convert them into Joint Venture partnerships. A detailed explanation for the basis of consolidation can be found in note 1.4 of the annual consolidated financial statements for the 52 week period ended 28 March 2024.

In the 28 week period ended 10 October 2024, £0.9m of operating loans relating to these practices were written off in advance of the acquisitions.

Up to the date of acquisition and in the 52 week period ended 28 March 2024, the entities listed below were all accounted for as Joint Venture veterinary practices where the Group held 100% of the non-participatory ‘B’ ordinary shares. Acquisition of the ‘A’ shares has led to control and consolidation of these practices on the dates below, leading to control from the date of acquisition and consolidation from that date forward.

Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of voting equity instruments acquired	Total proportion of voting equity instruments owned following the acquisition	Cash consideration transferred £m
Lichfield Vets4Pets Limited	Veterinary practice	04/04/2024	50%	100%	-
Bishop's Stortford Vets4Pets Limited	Veterinary practice	02/04/2024	50%	100%	-
Trafford Park Vets4pets Limited	Veterinary practice	02/04/2024	50%	100%	-

Assets acquired and liabilities recognised at the date of acquisition
The acquisition disclosures have been combined as each acquisition is considered to be individually immaterial to the Group. As the fair value of net assets acquired was £nil, there was no goodwill arising on acquisition.

In line with IFRS3, the present value of the lease liability is measured as if the lessee had entered into a new lease at the acquisition date. The right-of-use asset has been brought on at a value equal to the lease liability, adjusted for any unfavourable market conditions. These leases relate to standalone veterinary practices.

Notes *(continued)*

8 Property, plant and equipment

	Freehold property	Leasehold improvements	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
Balance at 28 March 2024	**2.4**	**82.5**	**345.4**	**14.4**	**444.7**
Additions	–	6.2	11.4	5.7	23.3
On acquisition	–	0.4	0.4	–	0.8
Transfers[1]	–	–	(5.7)	–	(5.7)
Disposals	–	(0.5)	(0.5)	–	(1.0)
Balance at 10 October 2024	**2.4**	**88.6**	**351.0**	**20.1**	**462.1**
Depreciation					
Balance at 28 March 2024	**0.4**	**41.5**	**244.7**	**–**	**286.6**
Depreciation charge for the period	0.1	2.7	12.0	–	14.8
On acquisition	–	0.3	0.3	–	0.6
Transfers[1]	–	–	1.7	–	1.7
Disposals	–	(0.5)	(0.4)	–	(0.9)
Balance at 10 October 2024	**0.5**	**44.0**	**258.3**	**–**	**302.8**
Net book value					
At 28 March 2024	**2.0**	**41.0**	**100.7**	**14.4**	**158.1**
At 10 October 2024	**1.9**	**44.6**	**92.7**	**20.1**	**159.3**

[1] The transfers balance of £5.7m cost and £1.7m accumulated depreciation is in relation to assets previously categorised within fixtures, fittings, tools and equipment being transferred to software within intangibles.

	Freehold property	Leasehold improvements	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
Balance at 30 March 2023	2.4	78.0	296.4	28.5	405.3
Additions	–	2.8	11.4	3.7	17.9
On acquisition	–	0.1	0.1	–	0.2
Brought into use	–	–	4.9	(4.9)	–
Disposals	–	(1.0)	(0.9)	–	(1.9)
Balance at 12 October 2023	2.4	79.9	311.9	27.3	421.5
Depreciation					
Balance at 30 March 2023	0.4	36.7	221.3	–	258.4
Depreciation charge for the period	–	2.8	14.1	–	16.9
Disposals	–	(0.2)	(0.6)	–	(0.8)
Balance at 12 October 2023	0.4	39.3	234.8	–	274.5
Net book value					
At 30 March 2023	2.0	41.3	75.1	28.5	146.9
At 12 October 2023	2.0	40.6	77.1	27.3	147.0

Notes *(continued)*

9 Leases

As lessee
Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

The majority of the Group's trading stores, standalone veterinary practices, distribution centres and support offices are leased under operating leases, with remaining lease terms of between 1 and 18 years. The Group also has a number of non-property leases relating to vehicle, equipment and material handling equipment, with remaining lease terms of between 1 and 4 years.

Right-of-use assets

	Property £m	Equipment £m	Total £m
Cost			
Balance at 28 March 2024	**640.5**	**22.2**	**662.7**
Additions	20.2	0.8	21.0
Disposals	-	(0.2)	(0.2)
Balance at 10 October 2024	**660.7**	**22.8**	**683.5**
Depreciation			
Balance at 28 March 2024	**327.8**	**15.6**	**343.4**
Depreciation charge for the period	32.9	2.0	34.9
Disposals	-	(0.2)	(0.2)
Balance at 10 October 2024	**360.7**	**17.4**	**378.1**
Net book value			
At 28 March 2024	312.7	6.6	319.3
At 10 October 2024	**300.0**	**5.4**	**305.4**

	Property £m	Equipment £m	Total £m
Cost			
Balance at 30 March 2023	614.8	20.3	635.1
Additions	14.9	1.3	16.2
Disposals	(1.3)	(0.3)	(1.6)
Balance at 12 October 2023	628.4	21.3	649.7
Depreciation			
Balance at 30 March 2023	263.5	12.0	275.5
Depreciation charge for the period	35.1	2.3	37.4
Disposals	-	(0.2)	(0.2)
Balance at 12 October 2023	298.6	14.1	312.7
Net book value			
At 30 March 2023	351.3	8.3	359.6
At 12 October 2023	329.8	7.2	337.0

9 Leases *(continued)*

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

Lease liability maturity analysis – contractual undiscounted cash flows

	At 10 October 2024 £m	At 12 October 2023 £m	At 28 March 2024 £m
Less than one year	80.0	82.6	79.8
Between one and three years	133.3	142.2	133.9
Between three and five years	85.6	91.6	86.1
Between five and ten years	90.2	94.0	96.5
More than ten years	39.5	55.1	43.0
Total undiscounted lease liabilities	**428.6**	465.5	439.3
Carrying value of lease liabilities in the statement of financial position	**364.7**	398.1	380.8
Current	80.0	82.6	79.8
Non-current	284.7	315.5	301.0

For lease liabilities at 10 October 2024, a 0.1% reduction in the discount rate would have increased the carrying value of lease liabilities by £1.1m (12 October 2023: £1.0m).

In relation to new leases and lease extensions entered into by the Group during the period, these are discounted at the rate implicit in the lease which ranges from 5.2% to 6.1% depending on the length of the lease and reflect the impact of increases to the Bank of England base rate during the period.

Surplus and short term leases

The Group has a small number of surplus leases on properties from which it no longer trades. A small number of these properties are currently vacant or the sublet is not for the full term of the lease and there is deemed to be a risk on the sublet. These leases are included within the lease balances disclosed on the face of the balance sheet and a related provision has been made for other property costs relating to these properties.

The Group has a small number of short term leases on properties from which it no longer trades, or a subsection of a trading retail store. These properties are sublet to third parties at contracted rates.

In line with IAS36, the carrying value of the right-of-use asset is assessed for indicators of impairment and an impairment charge will be recognised where management believed there is a risk of default or where the property remained vacant for a period of time. As part of this review the Group has assessed the ability to sub-lease the property and the right-of-use asset has been written down to £nil where the Group does not consider a sublease likely.

10 Intangible assets

	Goodwill £m	Customer list £m	Software £m	Software under construction £m	Total £m
Cost					
Balance at 28 March 2024	**959.5**	**6.6**	**80.1**	**0.2**	**1,046.4**
Additions	–	–	0.7	0.1	0.8
Transfers[1]	–	–	5.7	–	5.7
Disposals	–	(0.1)	–	–	(0.1)
Balance at 10 October 2024	**959.5**	**6.5**	**86.5**	**0.3**	**1,052.8**
Amortisation					
Balance at 28 March 2024	**0.1**	**1.7**	**64.9**	**–**	**66.7**
Amortisation charge for the period	–	0.1	4.4	–	4.5
Transfers[1]	–	–	(1.7)	–	(1.7)
Balance at 10 October 2024	**0.1**	**1.8**	**67.6**	–	**69.5**
Net book value					
At 28 March 2024	959.4	4.9	15.2	0.2	979.7
At 10 October 2024	**959.4**	**4.7**	**18.9**	**0.3**	**983.3**

[1] The transfers balance of £5.7m cost and £1.7m accumulated depreciation is in relation to assets previously categorised within fixtures, fittings, tools and equipment in property, plant and equipment being transferred to software.

	Goodwill £m	Customer list £m	Software £m	Software under construction £m	Total £m
Cost					
Balance at 30 March 2023	959.3	7.0	71.7	8.3	1,046.3
Additions	–	–	0.5	–	0.5
Balance at 12 October 2023	959.3	7.0	72.2	8.3	1,046.8
Amortisation					
Balance at 30 March 2023	0.1	1.7	55.0	–	56.8
Amortisation charge for the period	–	0.4	5.4	–	5.8
Balance at 12 October 2023	0.1	2.1	60.4	–	62.6
Net book value					
At 30 March 2023	959.2	5.3	16.7	8.3	989.5
At 12 October 2023	959.2	4.9	11.8	8.3	984.2

Amortisation
The amortisation charge is recognised in total in operating expenses within the income statement.

Notes *(continued)*

11 Inventories

	At 10 October 2024 £m	At 12 October 2023 £m	At 28 March 2024 £m
Finished goods	**114.1**	116.9	97.5

The cost of inventories recognised as an expense and included in 'cost of sales' is £366.0m (period ended 12 October 2023: £364.8m).

Inventory expensed to cost of sales includes the cost of the Stock Keeping Units (SKUs) sold, supplier income, stock wastage and foreign exchange variances.

At 10 October 2024 the inventory provision amounted to £4.2m (12 October 2023: £4.3m). The inventory provision is calculated by reference to the age of the SKU and the length of time it is expected to take to sell. The value of inventory against which an ageing provision is held is £8.3m (12 October 2023: £7.4m).

The provision percentages applied in calculating the provision are as follows:

- Discontinued stock greater than 365 days: 100%
- Current stock greater than 365 days with a use by date: 50%
- Current stock within 180 and 365 days with a use by date: 25%
- Greater than 180 days with no use by date: 25%

Included in the provision is an amount held to account for store stock losses during the period since which the SKU was last counted.

In the 28 week period ended 10 October 2024, the value of inventory written off to the income statement amounted to £4.5m (28 week period ended 12 October 2023: £3.4m).

Notes *(continued)*

12 Interest-bearing loans and borrowings

	At 10 October 2024 £m	At 12 October 2023 £m	At 28 March 2024 £m
Non-current liabilities			
Unsecured bank loans	22.7	21.8	22.2
Asset backed loans	20.5	21.9	21.1
	43.2	43.7	43.3
Current liabilities			
Asset backed loans	**2.8**	1.4	2.2

Terms and debt repayment schedule

				At 10 October 2024		At 12 October 2023	
	Currency	Nominal interest rate	Year of maturity	Face value £m	Carrying amount £m	Face value £m	Carrying amount £m
Revolving credit facility	GBP	SONIA +1.30%	2028	25.0	22.7	25.0	21.8
Asset backed loan	GBP	SONIA +1.50%	2030	23.3	23.3	23.3	23.3
				48.3	**46.0**	48.3	45.1

The drawn amount on the revolving credit facility of £300.0m was £25.0m at 10 October 2024 (£25.0m at 12 October 2023) and this amount is reviewed each month. Interest is charged at SONIA plus a margin based on leverage on a pre-IFRS 16 basis (net debt: EBITDA). The loan also has environmental, social, and corporate governance (ESG) linked metrics which are reflected in the margin payable, which is +/- 5bps. Face value represents the principal value of the revolving credit facility. The facility is unsecured.

On 27 March 2023, the Group entered into a loan agreement to fund the purchase of capital items. The drawn amount on the £26.0m facility at 10 October 2024 was £23.3m. Interest is charged on the amount drawn at SONIA plus 1.5%. The Group will make monthly repayments until the loan matures on 27 March 2030. The repayments do not begin until the full facility has been drawn.

Interest-bearing borrowings are recognised initially at fair value, being the principal value of the loan net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at a carrying value, which represents the amortised cost of the loans using the effective interest method.

The analysis of repayments on the loans is as follows:

	At 10 October 2024 £m	At 12 October 2023 £m	At 28 March 2024 £m
Within one year or repayable on demand	2.8	1.4	2.2
Between one and two years	4.7	4.1	4.3
Between two and five years	39.2	37.2	37.9
Greater than 5 years	1.6	5.6	3.9
	48.3	48.3	48.3

The £25.0m revolving credit facility at 10 October 2024 is held by the Company. The £23.3m asset backed loan is held by Pets at Home Limited, a 100% owned subsidiary company.

The Group's policy with regard to interest rate risk is to hedge the appropriate level of borrowings by entering into fixed rate agreements. As of 10 October 2024 there were no interest rate hedges in place due to the level of borrowings.

Notes *(continued)*

13 Financial instruments

Fair value hierarchy

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 10 October 2024

Carrying amount	Fair value - hedging instruments £m	FVOCI - equity instruments £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m	Total carrying amount £m
Financial assets measured at fair value					
Other investments	-	3.1	-	-	3.1
Forward exchange contracts used for hedging	0.1	-	-	-	0.1
	0.1	**3.1**	**-**	**-**	**3.2**
Financial assets not measured at fair value					
Investments in Joint Venture veterinary practices	-	-	3.3	-	3.3
Current trade and other receivables	-	-	25.7	-	25.7
Amounts owed by Joint Venture veterinary practices - funding, trading and operating loans	-	-	13.2	-	13.2
Cash and cash equivalents	-	-	40.0	-	40.0
Loans to Joint Venture veterinary practices – initial set up loans	-	-	4.4	-	4.4
Loans to Joint Venture veterinary practices – other loans	-	-	0.1	-	0.1
Other receivables	-	-	0.7	-	0.7
	-	**-**	**87.4**	**-**	**87.4**
Financial liabilities measured at fair value					
Fuel forward contract used for hedging	(0.1)	-	-	-	(0.1)
Forward exchange contracts used for hedging	(1.9)	-	-	-	(1.9)
	(2.0)	**-**	**-**	**-**	**(2.0)**
Financial liabilities not measured at fair value					
Current lease liabilities (note 9)	-	-	-	(80.0)	(80.0)
Non-current lease liabilities (note 9)	-	-	-	(284.7)	(284.7)
Trade payables	-	-	-	(151.0)	(151.0)
Amounts owed to Joint Venture veterinary practices	-	-	-	(4.8)	(4.8)
Other interest-bearing loans and borrowings (note 12)	-	-	-	(46.0)	(46.0)
	-	**-**	**-**	**(566.5)**	**(566.5)**

Notes *(continued)*

13 Financial instruments *(continued)*

At 10 October 2024

Fair value	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets measured at fair value				
Other investments	-	-	3.1	3.1
Forward exchange contracts used for hedging	-	0.1	-	0.1
Financial assets not measured at fair value				
Amounts owed by Joint Venture veterinary practices - funding, trading and operating loans	-	-	13.2	13.2
Loans to Joint Venture veterinary practices – initial set up loans	-	-	4.4	4.4
Loans to Joint Venture veterinary practices – other loans	-	-	0.1	0.1
Other receivables	-	-	0.7	0.7
Financial liabilities measured at fair value				
Fuel forward contract used for hedging	-	(0.1)	-	-
Forward exchange contracts used for hedging	-	(1.9)	-	-
Financial liabilities not measured at fair value				
Other interest-bearing loans and borrowings (note 12)	-	-	(48.3)	(48.3)

At 12 October 2023

Carrying amount	Fair value - hedging instruments	FVOCI - equity instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
	£m	£m	£m	£m	£m
Financial assets measured at fair value					
Other investments	-	2.0	-	-	2.0
Forward exchange contracts used for hedging	0.9	-	-	-	0.9
Fuel forward contract used for hedging	0.1	-	-	-	0.1
Interest rate swaps used for hedging	0.1	-	-	-	0.1
	1.1	2.0	-	-	3.1
Financial assets not measured at fair value					
Investments in Joint Venture veterinary practices			0.4		0.4
Current trade and other receivables			34.5	-	34.5
Amounts owed by Joint Venture veterinary practices - funding, trading and operating loans	-	-	8.1	-	8.1
Cash and cash equivalents	-	-	60.4	-	60.4
Loans to Joint Venture veterinary practices – initial set up loans	-	-	6.1	-	6.1
Loans to Joint Venture veterinary practices – other loans	-	-	0.7	-	0.7
Other receivables	-	-	0.6	-	0.6
	-	-	110.8	-	110.8
Financial liabilities measured at fair value					
Forward exchange contracts used for hedging	(0.4)	-	-	-	(0.4)
Interest rate swaps used for hedging	-	-	-	-	-
	(0.4)	-	-	-	(0.4)
Financial liabilities not measured at fair value					
Current lease liabilities (note 9)	-	-	-	(82.6)	(82.6)
Non-current lease liabilities (note 9)	-	-	-	(315.5)	(315.5)
Trade payables	-	-	-	(157.4)	(157.4)
Other interest-bearing loans and borrowings (note 12)	-	-	-	(45.1)	(45.1)
	-	-	-	(600.6)	(600.6)

Notes *(continued)*

13 Financial instruments *(continued)*

At 12 October 2023

Fair value	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets measured at fair value				
Other investments	-	-	2.0	2.0
Forward exchange contracts used for hedging	-	0.9	-	0.9
Fuel forward contract used for hedging	-	0.1	-	0.1
Interest rate swaps used for hedging	-	0.1	-	0.1
Financial assets not measured at fair value				
Investments in Joint Venture veterinary practices	-	-	0.4	0.4
Amounts owed by Joint Venture veterinary practices - funding, trading and operating loans	-	-	8.1	8.1
Loans to Joint Venture veterinary practices – initial set up loans	-	-	6.1	6.1
Loans to Joint Venture veterinary practices – other loans	-	-	0.7	0.7
Other receivables	-	-	0.6	0.6
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging	-	(0.4)	-	(0.4)
Financial liabilities not measured at fair value				
Other interest-bearing loans and borrowings (note 12)	-	(45.1)	-	(45.1)

Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values at the balance sheet dates, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in equity securities	The fair value of investments in unlisted equity securities are considered to be their carrying value as the impact of discounting future cash flows has been assessed as not material and the investment is non-participatory.	Not applicable	Not applicable
Forward exchange contracts and fuel swaps	Market valuations are obtained from external parties which are based on discounted future cash flows using externally sourced market yield curves eg foreign exchange rates and fuel rates from highly liquid markets	Not applicable	Not applicable

Notes *(continued)*

13 Financial instruments *(continued)*

At 10 October 2024

	Maturity					
	1-6 months	6-12 months	More than 1 year	1-6 months	6-12 months	More than 1 year
	10 October 2024			12 October 2023		
Foreign currency risk						
Forward exchange contracts						
Net exposure (£m)	43.2	24.8	-	40.1	28.9	-
Average GBP-USD forward contract rate	1.27	1.29	-	1.23	1.24	-
Average GBP-EUR forward contract rate	1.16	-	-	1.13	1.15	-
Interest rate risk						
Interest rate swaps						
Net exposure (£m)	-	-	-	-	50.0	-
Average fixed interest rate	-	-	-	-	5.058%	-

14 Seasonality of operations

The Group's sales can be sensitive to periods of extreme weather conditions. The Group sometimes sees a reduction in sales during periods of hot weather in the UK, due to reduced customer footfall and reduced demand as pets eat less and generally spend more time outdoors, reducing the need for essentials such as food and cat litter. If temperatures are extremely high for a prolonged period, declines in sales can be material. The number of customers visiting Pets at Home's stores also declines during periods of snow or extreme weather conditions affecting the local catchment area. In addition, the sales of certain products and services designed to address pet health needs, such as flea and tick problems, can also be seasonal, increasing in times of warm and wet weather. The financial performance in the four-week period to the end of December is stronger than in the other periods, due to Christmas purchasing. Purchasing of accessories is also more prevalent during this season. Timing of the holiday season and any adverse weather conditions that may occur during that season impacting delivery may adversely affect sales in our stores.

Notes *(continued)*

15 Related parties

Joint Venture veterinary practice transactions

The Group has entered into a number of arrangements with third parties in respect of veterinary practices. During the period, the Group had in place certain guarantees over the bank loans taken out by a number of veterinary practice companies in which it holds an investment in non-participatory share capital. At the end of the period, the total amount of bank overdrafts and loans guaranteed by the Group amounted to £3.3m (12 October 2023: £4.9m). The transactions entered into during the period, and the balances outstanding at the end of the period are as follows:

	10 October 2024 £m	12 October 2023 £m	28 March 2024 £m
Transactions			
– Fees for services provided to Joint Venture veterinary practices	56.3	47.7	89.3
– Rental and other occupancy charges to Joint Venture veterinary practices	6.9	6.7	12.7
Total income from Joint Venture veterinary practices	**63.2**	54.4	102.0
Acquisitions			
Consideration for Joint Venture veterinary practices acquired (note 7)	–	0.1	1.0
Included within investments			
– Investments			
– Capital contributions for practices extensions and improvements	3.2	–	2.5
– B Share Capital	0.2	0.7	0.2
Included within trade and other receivables:			
– Operating loans			
– Gross value of operating loans	**5.5**	10.3	8.8
– Allowance for expected credit losses held for operating loans	(1.9)	(3.4)	(3.0)
Net operating loans	3.6	6.9	5.8
Trading balances	**9.6**	0.4	10.9
Included within other financial assets and liabilities:			
Loans to Joint Venture veterinary practices – initial set up loans			
– Gross value of initial set up loans	**4.9**	6.9	5.8
– Allowance for expected credit losses for initial set up loans	(0.5)	(0.8)	(0.6)
– Net initial set up loans	4.4	6.1	5.2
Loans to Joint Venture veterinary practices - other loans			
– Gross value of other loans	**0.1**	0.7	0.5
– Allowance for expected credit losses held for other loans	–	–	–
– Net other loans	0.1	0.7	0.5
Included within trade and other payables:			
– Trading balances	**(4.8)**	(0.3)	(0.8)
Total amounts receivable from veterinary practices (before provisions)	**15.3**	18.0	25.2

Fees for services provided to related party veterinary practices are included within revenue and relate to charges for support services offered in such areas as clinical development, promotion and methods of operation as well as service activities including accountancy, legal and property. In accordance with IFRS 15, revenue in the 28 week period ended 10 October 2024, the 52 week period ended 28 March 2024 and the 28 week period ended 12 October 2023 excludes irrecoverable fee income from Joint Venture veterinary practices.

Funding for new practices represents the amounts advanced by the Group to support veterinary practice opening costs. The funding is short term and the related party Joint Venture veterinary practice draws down their own bank funding to settle these amounts outstanding with the Group shortly after opening.

Trading balances represent costs incurred/income received by the Group in relation to the services provided to the veterinary practices that have yet to be recharged.

Notes *(continued)*

15 Related parties *(continued)*

Operating loans represent amounts advanced to related party Joint Venture veterinary practices to support their working capital requirements and longer term growth. The loans advanced to the practices are interest free and either repayable on demand or repayable within 90 days of demand. No facility exists and the levels of loans are monitored in relation to review of the practice's performance against business plan. Based on the projected cash flow forecast on a practice by practice basis, the funding is often expected to be required for a number of years. As practices generate cash on a monthly basis it is applied to the repayment of brought forward operating loans. For immature practices, loan balances may increase due to operating requirements. The balances above are shown net of allowances for expected credit losses held for operating loans of £1.9m (12 October 2023: £3.4m).

In the 28 week period ended 10 October 2024, the value of loans written off recognised in the income statement amounted to £0.9m (12 October 2023: £0.6m).

Loans to Joint Venture veterinary practices - other loans are provided to Joint Venture veterinary practice companies trading under the Companion Care and Vets4Pets brands, in which the Group's share interest is non-participatory. These loans represent a long-term investment in the Joint Venture, supporting their initial set up and working capital, and are held at amortised cost under IFRS9. The balances above are shown net of allowances for expected credit losses held for initial set up loans of £0.5m (12 October 2023: £0.8m).

At 10 October 2024, the Group had a commitment to increase the loan funding to Joint Venture companies of £0.2m (12 October 2023: £0.4m), this increase in funding is written into the Joint Venture agreements and becomes payable when certain criteria are met.

The Group is a guarantor for the leases for veterinary practices that are not located within Pets at Home stores.

16 Subsequent events

On 11 October 2024, the Group entered into an agreement with HSBC committing to £12.5m spend in relation to the share buyback programme to be completed by 27 March 2025.