Bringing together the very best in pet care

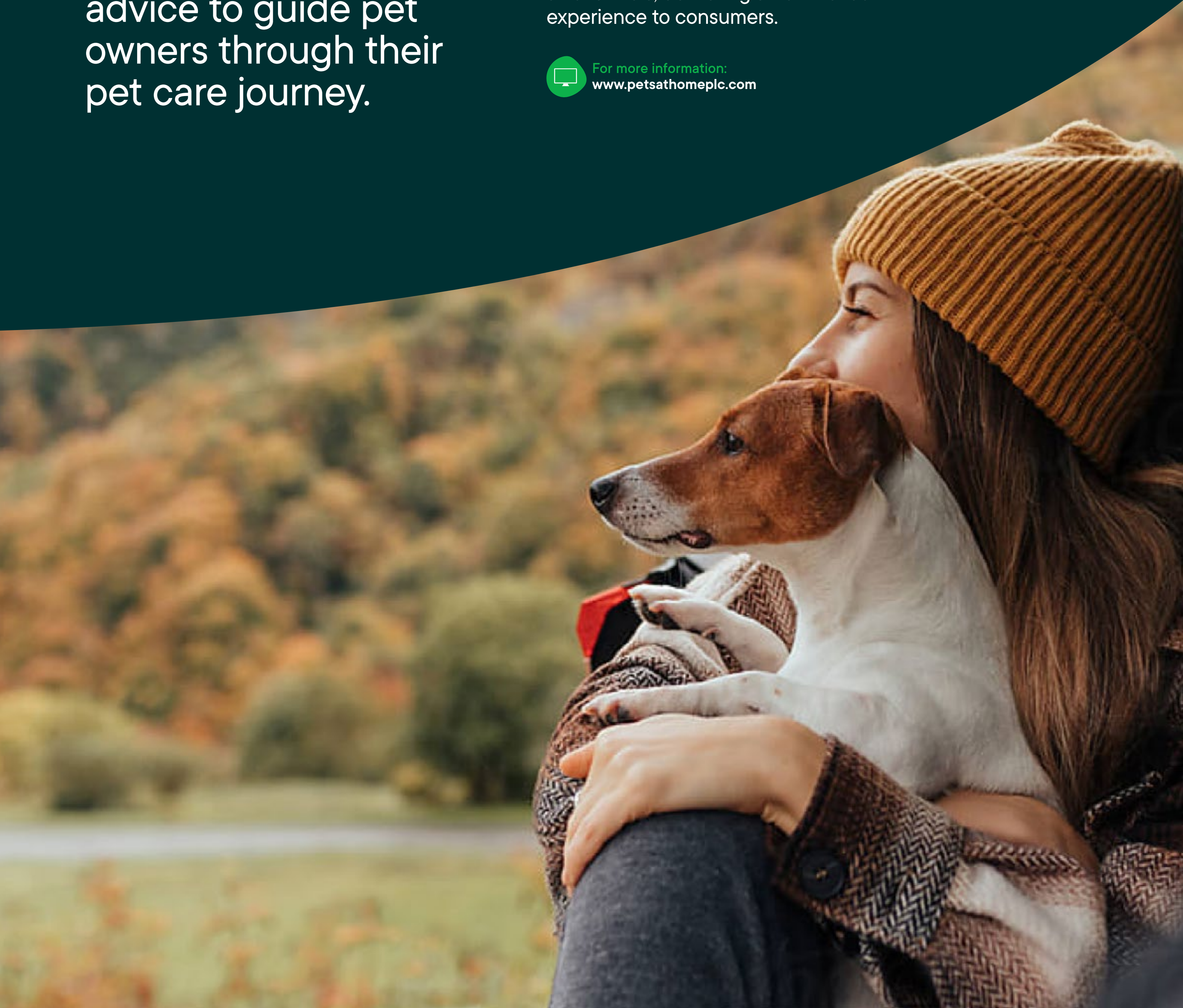
Annual Report and Accounts 2024

Bringing together the very best in pet care

We provide the best products, services and advice to guide pet owners through their pet care journey.

We are the UK's leading pet care business, offering a unique blend of pet care solutions seamlessly connected across all channels, delivering an unrivalled experience to consumers.

For more information:
www.petsathomeplc.com



Highlights

Sustainability highlights

£9.2m
raised to support pet charities

16,000
hours donated to local communities

44%
reduction in absolute scope 1 & 2 CO_2e emissions in 9 years

Financial highlights

Revenue (£m)

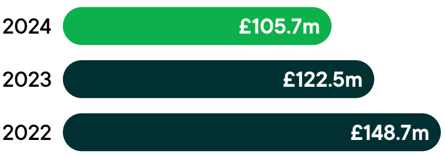
£1,476.6m
+5.2%

Underlying PBT[1] (£m)

£132.0m
(3.2)%

Profit before tax (PBT) (£m)

£105.7m
(13.7)%



Dividend per share (pence)

12.8p

[1] Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on pages 168 to 170.

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Delivering our strategy

Ian Burke, Chair

> FY24 has been a pivotal year for the business, in delivering against our strategy to build the world's best pet care platform. We have delivered some key foundations that will support long-term growth, alongside a resilient financial performance, in what remains a challenging economic environment. We have also made progress against our sustainability agenda.

Strategy

Our business has a clear purpose – 'to create a better world for pets and the people who love them' – and a clear strategy to deliver this.

This strategy is to build an integrated, omnichannel, consumer centric platform which unifies our unique blend of products, services, and advice, connecting them seamlessly across all channels to deliver an unrivalled experience for consumers.

In what has been a challenging year for many, I am proud to say we have delivered progress against this strategy. We continued to support the nation's pet owners through offering a unique combination of convenient and affordable pet care solutions.

The launch of our unified Pets brand last April helped bring together all our products and services under one master brand, representing our consumer positioning as a provider of all pet owners' pet care needs.

Last Summer, we launched our new distribution centre (DC) in Stafford, which is now supporting all store deliveries. We will complete the transition of our online business to the new DC in the coming year which will vastly improve our operational capability, underpinning our capacity needs for the next decade.

And most recently, we reached a major milestone in the digitisation of the business, launching our brand new app and website to consumers. Once the integration of our new vet practice management system is implemented, this will provide pet owners a digital home for all of their pet care needs.

Our commitment to running a sustainable business plays a critical role in supporting this strategy. Acting responsibly has always been at the heart of our business and by focusing on financial sustainability, as well as the sustainability of human and natural capital, our strategy will ensure we continue to generate long-term sustainable growth for all of our stakeholders.

Colleagues

Our colleagues, and their unrivalled skill, passion, and expertise, remain a key strategic advantage. They are the face of our business, and work tirelessly every day to help guide pet owners through their pet care journey.

The last 12 months represent a critical year for the business with much to celebrate, but also with some challenges, such as the transition to our new DC, which our colleagues have successfully navigated by working well together. Personally, and on behalf of the Board, I would like to thank them for their ongoing hard work and dedication.

Governance

During the year, we were delighted to welcome Natalie-Jane Macdonald to the Board as an independent Non-Executive Director. Natalie has deep knowledge of the healthcare sector including experience at Bupa and Nuffield Health. Her experience will be of great value to the business as it embarks on the next stage of its ambitious growth plan, particularly in our veterinary business.

We also welcomed Angelique Augereau to the Board as an independent Non-Executive Director. Angelique has extensive experience in data, Artificial Intelligence and machine learning, having served as the Chief Analytics Officer at Capital One Financial Corporation. Her skills and expertise will ensure the Board is well placed to deal with future growth in this field.

Dennis Millard, who served as the Company's Senior Independent Director for nine years, stood down from that position in February 2023, however remained a Director of the Company for a further year. The Directors, on behalf of the Company, wish to thank him for his dedicated service.

Susan Dawson, who has served on the Board as an independent Non-Executive Director since 2018, has decided to step down from the Board at this year's AGM. Myself and the Board would like to thank Susan for her service to the business.

Dividend

The business continues to be highly cash generative, and despite strong levels of investment, we finish the year in a net cash position.

As such, the Board has recommended a final dividend of 8.3 pence per share, taking the total dividend for the year to 12.8 pence per share. The final dividend will be payable on 16 July 2024 to shareholders on the register at the close of trading on 7 June 2024.

Looking ahead

Looking ahead, the growth outlook for the pet care sector remains promising, and our fully integrated omnichannel model positions Pets at Home well to benefit from these favourable market trends. The significant investments we have made in the business over the last year will continue to deliver benefits in the years ahead, and our balance sheet strength enables us to continue investing in the new capabilities needed to build the world's best pet care platform. We look to the future with much optimism and I remain confident that our unique pet care strategy will continue to deliver long-term sustainable value to all our stakeholders.

Ian Burke
Chair
28 May 2024

Our Purpose

To create a better world for pets and the people who love them

Our Vision

To build the world's best pet care platform

Integrated
A unified blend of products, services and advice

Omnichannel
Seamlessly connected

Consumer-centric
An unrivalled experience

Our Sustainability Commitments

Planet
To make pet care environmentally sustainable

Pets
To improve the life of every pet in the UK

People
To be the best employer and developer of talent

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Business Model

Retail

A wide range of pet products are available both online and in our stores, which offer far more to the pet owner than just a place to buy food and accessories. Through a combination of our in-store experience and services, knowledgeable colleagues and award winning Pets loyalty club, we aim to make pet ownership convenient, affordable and rewarding.

Vet Group

We provide a comprehensive range of small animal veterinary services through a network of general practices, which handle all aspects of general veterinary care. We also offer round-the-clock veterinary telehealth advice and triage so clients can access all their pet healthcare needs whenever they need to.

Investment Case

A clear and compelling investment case

Leading position in a growing, resilient market

- We have a leading position in the £8.2bn pet care market, providing significant opportunity to take further share
- The pet care market is in structural growth underpinned by increasing humanisation, premiumisation and penetration

23%
market share

Unique pet care model

- An expanding platform of pet care, combining products, services and expert advice from a trusted, well known brand
- Only business in the UK offering complete pet care to owners throughout the full pet care journey, seamlessly connected across all channels

£178
average customer value

Best in class digital platform

- Creating a proprietary digital platform where customers can access their entire pet care needs in one place
- Launched new customer app and website in FY24, a key foundation for future growth, enabling us to deliver a succession of improvements in the years ahead

+12%
average online order growth YoY

Differentiated veterinary business

- Largest branded veterinary business in the UK, with practices located in two-thirds of stores
- Practice maturity represents a significant future growth opportunity, with further upside from practice rollout, extension and advanced capabilities

447
veterinary practices

Unrivalled proprietary data set

- Unique loyalty club, providing over 10 years' worth of proprietary analytical pet data
- By leveraging our data insights, we can offer more personalised, targeted solutions, driving customer loyalty, retention and lifetime value

7.8m
active loyalty club members

Well-invested nationwide physical network

- A well-located network of pet care centres, 58% with co-located grooming and veterinary services
- Well-invested estate, with 41 refits completed in FY24, offering an engaging and rewarding experience for consumers

458
pet care centres

Strong financial position and returns potential

- Robust balance sheet with good liquidity, low leverage and significant headroom on banking covenants
- Highly cash generative with free cash flow of £69.0m and dividend per share of 12.8p

12.8p
Dividend per share

Unwavering commitment to sustainability

- Strong commitment to sustainability with a strategy designed to balance the interests of all stakeholders
- Balanced Board of Directors with a broad range of skills, experience and expertise

£9.2m
raised for charities

Extensive pet care expertise

- Our colleagues, and their unrivalled skill, passion, and expertise, are a key strategic advantage
- Unique ability to provide pet owners with clinical, nutritional, and wellbeing advice through physical and digital channels

6,000+
trained nutritionists

Laying the foundations for future growth

Financial highlights

Consumer Revenue[1]

£1,906.3m

Revenue

£1,476.6m

Free cash flow[1]

£69.0m

Statutory PBT

£105.7m

Underlying PBT[1]

£132.0m

Dividend per share

12.8p

Strategic highlights

FY24 has been a year of delivery

Opened new DC

Stafford DC launched, now supporting 100% of stores. Online fulfilment next.

Launched digital platform

Launched new app and website to customers in FY24 as planned.

Invested in our physical assets

5 new stores, 41 refits, 3 new vets, 26 vet extensions and 10 company managed practices converted to JV.

Winning on vet talent

Improved attraction and retention, more vets driving growth in visits.

New brand

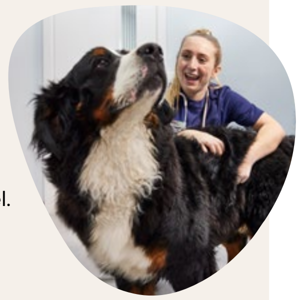
Launched our new Pets brand, bringing together our products and services under one master brand.

Accelerated innovation

Accelerated innovation across food and accessories, driving growth into own brand and premium categories.

CMA review

Responded to the CMA review into the veterinary sector, highlighting the uniqueness of our Joint Venture model.



For more information:
www.petsathomeplc.com

[1] Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on pages 168 to 170.

Chief Executive Officer's Review

We have successfully delivered year one of our strategy

Lyssa McGowan, CEO

"FY24 has been a pivotal year for the business, having delivered some key building blocks of our platform for long-term growth, and I am proud of the progress we have made in the year. The business has come together brilliantly to navigate any challenges faced this year, and we have delivered some key milestones of our strategy.

An integrated consumer experience

- Our pet care platform truly integrates our unique blend of products, services and advice. Once complete, it will span the entire group, seamlessly connecting consumers, vets and retail colleagues.
- Our Pets Club loyalty programme provides unique insights into the UK pet population, with over 10 years of analytical data on 10 million pets. We now have 7.8m active members, +2% YoY.
- Growing share of wallet is our greatest opportunity, unlocked by creating easy, frictionless, and enjoyable customer journeys across our platform.

A unique data and digital platform

- Our new app and website are live, transforming the shopping and subscription experience for pet owners. Early insights are positive, with average daily app sales up c25% vs pre-launch.
- This marks a major step in the digitisation of the business, but is only the beginning of what we will offer consumers, and we will continue to deliver a succession of improvements in the years ahead.
- We will increasingly leverage data to drive targeted and highly personalised offers, improve operational efficiency, and grow predictable, sticky revenue streams.

Differentiated, sector-leading vets

- We are the only business which has successfully brought together clinical and retail services at scale, a key part of offering complete pet care to customers.
- Our unique practice owner model has driven record growth and consistent market outperformance, with consumer revenues now £576m, acting as a material contributor to the overall group.
- As more practices reach maturity it unlocks opportunities to drive additional growth through advanced capabilities, practice extensions, and the planned rollout of 5 to 15 new practices a year.

An unrivalled retail proposition

- We will leverage our category authority and expertise to lead on innovation in food, led by our own brands (up 13% YoY), introducing new ranges, and increasing our presence in emerging areas.
- We plan to return accessories to growth through driving premiumisation, leveraging exclusive licenses and tie-ups, and creating points of engagement around major events.
- We will continue to open new pet care centres in attractive catchments, particularly urban, targeting 35 to 40 new openings over the medium term, as well as continuing to invest in our existing estate.

Spotlight on Sustainability

Acting responsibly has always been at the heart of our business, and our sustainability agenda, which we call our Better World Pledge, is fully integrated into our strategy, centred around a shared purpose of creating a better world for pets and the people who love them.

We are proud of the progress we have made this year:

- Planet: We will continue to reduce the carbon intensity of our own operation. Our 3.5% reduction in Scope 1 and 2 emissions in FY24 takes the reduction over the past 9 years to 44%.
- Pets: We remain the biggest supporter of pet-related charities in the UK through the Pets Foundation, having raised over £9.2m in this year alone.
- People: We continue to support the communities in which we operate, and our colleagues have collectively donated over 16,000 hours to local causes through our Better World Pledge days.

For more information:
Please visit out 2024 Sustainability Report

Strong progress in year one of our strategy

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

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

Financial KPIs shown represent those used by the business to monitor performance. Management recognise that as Alternative Performance Measures[1] they differ to statutory metrics, but believe they represent the most appropriate KPIs.

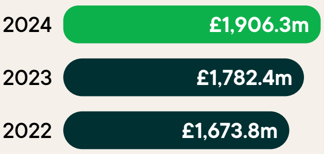
In order to consolidate the reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of non-financial reporting, the list on page 91 shows where in the Annual Report to find each of the disclosure requirements.

For more information:
www.petsathomeplc.com

Financial performance

Consumer revenue[1] (£m)

£1,906.3m
+6.9%



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

Why is it important?
By growing consumer revenue across all parts of our business ahead of the market, we are able to gain market share. In particular, this means focusing on the sales made by general vet practices, whether they be under the Joint Venture or Company managed model.

Future plans
We expect our strategic initiatives to deliver like-for-like[1] growth ahead of the market across both the Retail and Veterinary segments.

Underlying profit before tax[1] (£m)

£132.0m
(3.2)%

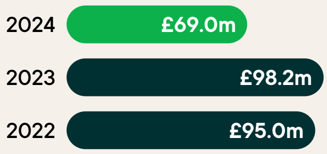
What we are measuring
The underlying profitability of the Group as a result of our strategic progress. We have shown underlying profit before tax[1] prepared on the same accounting basis including the clarification of IAS 38 Intangible Assets relating to Cloud Computing Arrangements, first adopted in FY22. Statutory PBT in FY24 was £105.7m, down 13.7% YoY.

Why is it important?
By generating strong levels of underlying profit, we are able to demonstrate that our strategy remains the right one, and that we are delivering against our strategic objectives.

Future plans
We expect the business to sustain underlying profit growth going forward in line with our medium-term financial framework.

Free cash flow[1] (£m)

£69.0m
(29.7)%



What we are measuring
The cash available for return to shareholders after investing in the needs of the business.

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

Future plans
Generating free cash flow from our vet business remains a significant value creation opportunity. This, alongside further profit growth in Retail, will enable Group underlying free cash flow to grow sustainably in the medium term.

[1] Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on pages 168 to 170.

Strategic performance

Number of active Pets Club members

7.8m
+1.6%

2024	7.8m
2023	7.7m
2022	7.3m

What we are measuring
Growth in the net number of active members of our Pets loyalty club. An active member is defined as a consumer who has transacted with the Group in the last 52 weeks.

Why is it important?
By providing complete pet care through a trusted brand, we will attract more pet owners to engage with the Group, increasing our market share.

Future plans
We will continue to leverage our integrated omnichannel pet care model to make it convenient and rewarding for consumers to engage seamlessly across our full platform of products, services and advice.

Average Consumer Value

£178
+5.7%

2024	£178
2023	£168
2022	£165

What we are measuring
The average annual spend from our Pets loyalty club members across the Group. This includes all spend across both the Retail and Vet Group businesses.

Why is it important?
Our Pets loyalty club is a unique asset providing data and insight to help us increase share-of-wallet, engagement and loyalty, encouraging further spend across our full pet care platform.

Future plans
Continuing to leverage our data capabilities is a key underpin of our future growth plans. We are harnessing our deep actionable insights to better serve the needs of pet owners and deliver more personalised content and offers relevant to each individual pet.

% of consumer revenue[1] from subscriptions

10.0%
+330bps

2024	10.0%
2023	6.7%
2022	6.0%

What we are measuring
The proportion of total consumer revenue contributed by our three core subscription offerings, namely veterinary health care plans, flea and worm subscriptions and our Easy Repeat food auto ship service.

Why is it important?
The ability to offer consumers convenient pet care through subscription services is a key competitive differentiator for the Group.

Future plans
Generating sales from subscriptions is an essential part of being a pet care platform and not solely a retailer. We will continue to focus on growth in this area of the business following the launch of our digital platform this year.

Clinical FTE

3.3k
+10.0%

2024	3.3k
2023	3.0k
2022	3.0k

What we are measuring
The number of full-time-equivalent vets and nurses working across our vet practices whether employed directly by the Group or not.

Why is it important?
By creating additional clinical capacity in our vet practices, it enables us to meet the growing demand from pet owners, and further grow our vet business through new practice openings and practice extensions.

Future plans
By driving improvements in recruitment, retention, and wellbeing, we will ensure we remain the employer of choice for vets and nurses, helping to underpin continued growth across our vet business.

A growing pet care market

The pet care market remains resilient and in growth.

For more information:
www.petsathomeplc.com

Market driver:

A stable UK pet population

The UK is a nation of pet lovers, with the pet population now remaining stable, after three years of significant growth, as more people than ever before have sought the companionship and support a pet can offer.

Our approach:

We cater for a variety of pet types at accessible locations nationwide and online and offer a wide range of pet products and pet care services. We are increasingly focused on introducing pet owners to all parts of our pet care offering, nurturing lifelong relationships with them.

Market driver:

Humanisation of pets

Pets are increasingly being treated as a member of the family with a continued trend of selecting higher quality diets, an increased focus on gifting and wellness, and a greater desire to use the very best health care treatments and supplements.

Our approach:

Through our in-store colleagues and online content, we are able to explain the health benefits of feeding your pet a better quality diet, whilst competitive pricing makes higher quality Advanced Nutrition pet food increasingly accessible. With many colleagues being pet owners themselves, they understand the emotional bond between pets and their owners.

Market driver:

Continued channel shift to online

Online penetration of the pet products market continues its upwards trend. Price competitiveness and convenience remain important to the online shopping experience, driven by ease of price comparison and the different delivery options typically offered.

Our approach:

The recent launch of our digital platform, investment in fulfilment capability, together with competitive pricing, have enabled us to take share of the online market. However our approach extends beyond just traditional online shopping, with a multi-faceted omnichannel proposition encompassing collect in-store, order in-store and subscription plans, all of which offer increased convenience for customers.

Market trends spotlight:

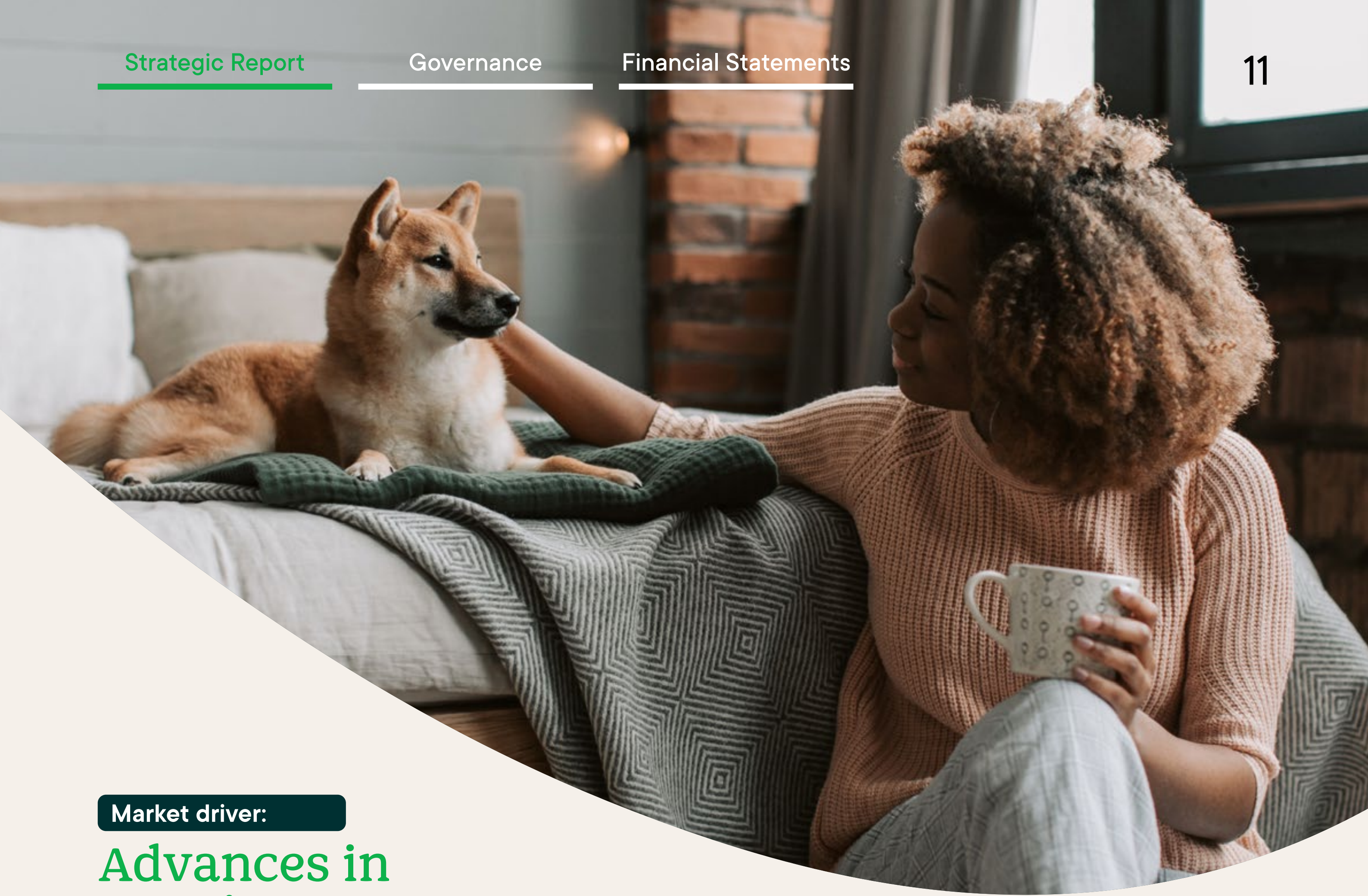
Gifting

Gifting is an increasing trend amongst pet owners, with occasions such as Halloween, Valentines Day, and Easter, now all major events in a pet owners' calendar. We cater for this through innovative products and highly curated ranges, many of which are exclusive to Pets at Home. This creates a point of differentiation versus competitors, whilst providing customers with everything they need to celebrate these special occasions with their pets.

Market trends spotlight:

Freeze dried food

The benefits of feeding your pet a raw diet is well understood, however some pet owners remain unclear on storage requirements and feeding processes. In response we developed an exclusive freeze dried product that offers all the nutritional benefits of raw food, but with the convenience of an ambient product. By continuing to innovate, we can ensure we are able to capture our share of these emerging trends.



Market driver:

Advances in veterinary care

The veterinary care market continues to advance through scientific research, and the range of healthcare options available to pet owners is increasing. Together with a growing awareness and affordability of pet insurance, more pet owners are able to do what is best for their pet throughout their lifetime.

Our approach:

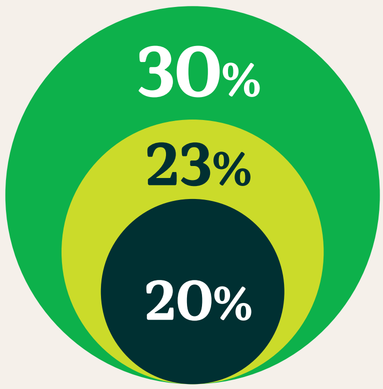
We aim to partner with the very best veterinarians and vet nurses across our network of Joint Venture and Company managed practices to deliver the best possible care to clients. By locating vet practices across the UK, both inside Pets at Home stores and in standalone locations, and offering 24/7 access to trusted advice through our telehealth business, we make access to this high quality care easy and convenient for pet owners.

UK pet care market

By sector value 2023[1]

- Accessories[2] £1.6bn
- Food[2] £3.5bn
- Veterinary[3] £2.8bn
- Grooming £0.3bn

Our market share in 2023[1] (%)



Market growth in 2023[1]

- Accessories[2] flat
- Food[2] +7%
- Veterinary[3] +10%

Market growth

7%

Estimated total YoY growth in UK pet care market

Market share

23%

Our share of the UK pet care market

1 Source: Pets at Home data and UK market reports.
2 Includes online and instore spend from pet products.
3 Veterinary includes small animal general practices.

Engaging with our key stakeholders

Section 172(1) of the Companies Act 2006 requires each Director to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to the:

- Likely consequences of any decisions in the long term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the Company.

Effective stakeholder engagement is fundamental to good governance. Stakeholder engagement takes place at all levels within Pets and is an important part of how we are delivering on our purpose of creating a better world for pets and the people who love them. The Board continues to engage directly and indirectly with its priority stakeholders. There are different processes across the business to ensure stakeholder considerations are embedded into Board decision-making.

This engagement helps provide a better understanding of stakeholder's points of view and the impact the Group has on their day-to-day lives and communities. Read more about the engagement of Board members with stakeholders in the Board reports on pages 28 to 82.

The Board has identified its key stakeholder groups as being: (1) colleagues, (2) customers, (3) charities and communities, (4) government and industry regulators, (5) investors and (6) suppliers.

Colleague

Headlines

Our colleagues are the beating heart of our business. They bring our purpose to life and serve our customers and clients throughout the year. We are committed to continuing to create and deliver compelling pet care careers for all in an environment where they can truly be themselves.

FY24 priorities

- Company culture and values
- Rewards and benefits
- Wellbeing
- Diversity and inclusion
- Sustainability
- Pet welfare
- Training and development
- Change management

How we engaged and outcomes

Led by the Chair, all Board members spent days out in stores and practices during the year meeting with colleagues and discussing key engagement priorities. The Chair has quarterly catch ups with colleagues in practices, pet care centres and the distribution centre. Four Non-Executive Directors spent time at the annual colleague conference engaging with colleagues on their experiences and views of the business. Natalie-Jane Macdonald is the newly appointed NED with responsibility for colleague engagement, and she hosted five listening sessions. These followed the pulse engagement survey and focused on key themes from it. The pulse engagement survey checked colleague sentiment within the business during the year. The business ensures regular communication with colleagues through various channels including business area specific shoals, intranet updates and CEO communications. These channels deliver essential business updates and highlight engagement areas such as diversity and inclusion, pet welfare, and sustainability. There is a focus on involving and highlighting colleagues and teams from diverse sectors within the business. Business-specific updates are disseminated weekly across relevant departments.

The Company hosted its inaugural joint retail, vet and support office conference, and organised a dedicated nutrition conference for retail. Diversity and inclusion remain central to the Company's engagement strategy, championed by the Board and sponsored by the CEO. Initiatives included events for National Inclusion Week featuring internal and external speakers, ongoing campaigns to encourage colleagues to provide diversity data, and establishment of an inclusion advocates network. Building on the sustainability listening campaign conducted in the previous fiscal year, a colleague-led Planet Champions group was launched. All members of the Executive Management team spend time with colleagues in various operational settings at least once per period, ensuring active engagement, listening to concerns, and identifying opportunities for improvement across all areas of the business.

Looking ahead

- Continued focus on Diversity and Inclusion
- Colleague engagement
- Streamlined colleague communications through intranet and communities
- Reward and wellbeing
- Pet-led expertise development
- Change management

Customer

Headlines

Our purpose, creating a better world for pets and people who love them, provides us with a continual guiding light to help us understand our consumers. It helps us support and guide them through their pet care journey, as well as anticipating their future needs and wants before they realise them using our data-led approach. Our customers would do anything for their pets and so would we.

FY24 priorities

- Omnichannel
- Personalised experience
- Availability and seamless delivery of products
- Value for money
- Digital capability development
- Tailored advice and services
- Exceptional clinical care

How we engaged and outcomes

We continually invest in consumer insight and talking to our consumers daily to understand their needs and get their feedback, and all senior stakeholders, including the Board are critical in delivering this. Our customer panels provide us with qualitative and quantitative insight from a diverse set of backgrounds. Thousands of customers participated in these during the year. Polestar, our new omnichannel platform and Pets Club have been developed from consumer feedback and consistent testing and learning with consumers as we built the design and features as an example. This ongoing iterative development approach will continue so our customers inform the development as much as us. Following consumer feedback our longstanding market-leading consumer loyalty programme rebranded to Pets Club. This is helping our customers get more from it and more clearly understand the benefits to their selected community charity partners.

We launched new consumer satisfaction surveys to our retail and grooming customers, and vet clients. Customer services are providing quick and direct feedback on our consumer experience at pet care centre and vet practice level and our store and vet teams are now able to quickly and easily see their consumer feedback, as well as colleague recognition, allowing them to consistently improve their service and celebrate their teams' customer service. Board customer closeness events were held bringing a group of consumers in to meet our Board and provide direct feedback and insight on their needs. We have a panel of c15,000 consumers on our 'We're all Ears' consumer panel who we talk to on a regular basis, to understand their consumer sentiment, how they're feeling, attitudes to pet ownership and feedback on our ranges and products.

Looking ahead

- Continued focus on value and own-brand
- Tailored pet-led journey through our leading ecosystem
- Retail colleague and vet clinicians advice and expertise
- Ongoing omnichannel focus and development of digital capabilities

Charity and Community

Headlines

Our number one value has always been 'we put pets first'. It's in the DNA of our business and always will be. We are committed to improving the life of every pet in the UK and to improving the lives of the people who love them. We do this through the work of our Foundation, our Pets Club, community work and our incredible colleagues and partners.

FY24 priorities

- Pet rescue support
- Community support at point of need
- Supporting and championing the pet, people bond
- Supporting local communities

How we engaged and outcomes

Through our Foundation and Pets Club we raised over £9m for causes that support pets and the people who love them. This money was donated to over 800 community charity partners, as well as national and local rescues. The Pets Foundation remains the largest donor to pet rescues in the UK and our continued focus on multi-year pet-people grants. Our second Summer fundraiser for Hearing Dogs for the Deaf raised £580k bringing the total raised for the charity in 14 months to £1.1m. Our pet food bank partnership with the Blue Cross now has pet food drop off points in over 400 pet care centres which are partnered with a foodbank within 15 miles of the store. All pet care centres continue to support charities which they select. These are typically pet rescues and they benefit from fundraising campaign donations and time in stores. Stores support several other community initiatives at their discretion. Attendance at industry events, including roundtables, conferences, Government events and more means we are continually listening to all key stakeholders in our sector and the wider charitable industry. Regular conversations with senior Board members, our trustee board and relevant stakeholders in the business mean we are always engaging. Our trustee board represents expert voice in the business and wider industry. Their views and opinions give us the right level of challenge and support. The Pets at Home Board spent time with our charity team at Company conferences and the Chair spent a day visiting rescue partners with our Head of Charity and Community.

Colleagues volunteer annually for community projects of their choice and over 16,000 hours were donated this year. All bonusable colleagues can take one day a year for community volunteering.

Looking ahead

- Ongoing support of pet rescues
- Strategic partnerships and grants to keep pets with the people who love them
- Community support led by our colleagues who know their communities best

At Pets at Home, animal welfare is at the heart of everything that we do. We consistently work to improve the lives of pets across the country.

Government and Industry

Headlines

Industry bodies influence the regulatory environments in which our business operates and lobby on our, and our industry's, behalf in critical areas. Government directly influences our environment. Maintaining close relationships means we keep the critical two-way dialogue going to inform, support and communicate our positions, help us stay aware of where policies may impact our strategies or people and to lobby in areas of importance, such as animal welfare, sustainability, veterinary medicines or human capital consultations.

FY24 priorities

- Key government consultations
- Animal welfare
- Veterinary legislation
- Health and safety
- Sustainability

How we engaged and outcomes

We consistently work to improve the lives of pet welfare, but often find that a key barrier to this is the requirement for better education on how to care for pets. Through our industry and government engagement we're working to change that. Meetings with external stakeholders including key MPs, and policy advisers happen throughout the year in our pet care centres, at Westminster and at industry events, where we engage directly and through our industry representatives including, the British Retail Consortium (BRC) and, British Veterinary Association (BVA). We have undertaken direct departmental engagement to raise the need for better pet welfare education. This has included meetings with key officials in the Department for Environment, Food and Rural Affairs, as well as an appearance before the Environment, Food and Rural Affairs Committee by our former Chief Veterinary Officer as part of their evidence session on Pet Welfare and Abuse. We were also involved in a roundtable discussion ahead of the second reading of Selaine Saxby's Private Member's Bill – Animal Welfare (Import of Dogs, Cats, and Ferrets) Bill. The CMA's review of the veterinary services sector for household pets providing us with further opportunity to articulate and present the benefits of our unique joint venture model, as well as ensuring that the voices of our practice owners and their veterinary professionals are represented in the information we share with the CMA and our clients.

We continue to be active members of the BRC, participating in all their specialist groups and putting our name and voice to key consultations involving the retail sector. Areas of focus have included crime rates, wages, immigration law changes and sustainability. We remain chair of one of the five net-zero pathways for BRC and active participants in the other four.

Looking ahead

- Engagement with the next steps in the CMA's market investigation (announced 23 May 2024) into the veterinary sector looking to ensure a fair outcome for all.
- Represent the views of our colleagues and consumers in key animal welfare and veterinary reforms
- Immigration law changes will remain a core regulatory lobbying area to ensure we can attract talent to our business to help deliver our strategy
- Contribute to relevant retail industry lobbying areas, for example through our membership of the BRC

Investors

Headlines
In order to shift perception of Pets at Home from a retailer to a complete pet care platform, it is vitally important to engage with investors to explain our unique business model and articulate the future strategy. We have engaged investors around specific topics over the course of the year including our sustainability agenda, capital allocation and our refreshed strategy and vision.

FY24 priorities
Providing sufficient context and clarity surrounding key events in the year, namely the transition to our new distribution centre, and the CMA review into the veterinary sector.

How we engaged and outcomes
The CEO, CFO and Investor Relations team are involved in ongoing interaction throughout the year via conference calls, meetings and small round table events. We have also held a number of site visits to our pet care centres and vet practices as part of our ongoing engagement, as well as attendance at investor conferences both in the UK and overseas. A strategy update was hosted alongside our full year results, featuring a range of presentations from senior management.

We have positive, ongoing and transparent dialogue with our shareholder base and we value feedback and insight which is considered by the Executive Management Team. The investor website, which has been refreshed and relaunched in the year, is kept updated with all of the latest announcements and provides information about the Group and its activities. We have had extensive dialogue with investors following the announcement by the CMA that they are conducting a review into the veterinary sector, sharing our views on the CMA's concerns and how our business is positioned relative to them.

Looking ahead
- As we continue to execute our strategy in the year ahead, it is crucial we keep investors informed of any significant developments
- Likewise, as the CMA have now announced a market investigation (on 23 May 2024), it is likely to continue at least into the next year. We will continue to engage with investors to ensure they are fully aware of the impact this could have on the business

Suppliers

Headlines
Strong, stable supplier relationships built on trust are essential to all businesses. As we look at our current challenges and opportunities and those in the future, such as climate change and continued technological innovation, it is more important than ever that we engage effectively with our suppliers. Obtaining value for our business, security of the supply chain and investment in product innovation, are all key areas.

FY24 priorities
- Development of long-term partnerships
- Supplier agreements which meet the needs of all parties
- Focus on margin
- Security of supply chains
- Growth opportunities
- Responsible product manufacturing and sourcing
- Launch of supplier climate action programme

How we engaged and outcomes
Supplier engagement remains critical to the business and Board. From day to day contact, to top to top meetings we aim to ensure that the needs of all are considered but that critically our suppliers believe in our business and our purpose, helping us to create a better world for pets and the people who love them. The annual supplier conference for all priority suppliers is attended by key internal stakeholders, including Board members. It provides an important opportunity to update on our business priorities and shared objectives. Supplier codes of conduct, our responsible sourcing handbook and our supplier climate action programme are examples of our engagement with suppliers to deliver responsible sourcing, manufacturing and business practices. Our long-term partnership announced with Cranswick Plc in FY23 is now well established with more own-brand products moving to them. Our investment in Meatly is an example of investing and working with suppliers to secure a sustainable future for all. Top to top meetings with high priority suppliers were revised and relaunched during the year with a focus on long-term partnerships, innovation, value and sustainability.

Responsible sourcing and manufacturing in our supply chain from a human rights perspective, raw materials and carbon and nature-based impacts remains a key priority. We have clear modern slavery policies for all suppliers and our responsible sourcing handbook details our requirements from a raw materials, climate action, packaging and human rights perspective. In FY24 we increased our headcount in this area, including hires in our East Asia office. Further details can be found through our Modern Slavery Statement.

Looking ahead
- Price and security of supply
- Delivery of value and innovation for our customers
- Responsible product sourcing and manufacturing
- Opportunities for long-term partnerships
- Development of our category leading own-brand ranges
- Progression of supplier maturity in our supplier climate action programme

Our Better World Pledge

Strategy overview

Our sustainability approach was originally developed in FY20; during FY23 we refreshed the strategy and FY24 has been the first full year of implementing this updated strategy. We call it 'Our Better World Pledge' and it articulates how we deliver our purpose 'to create a Better World for Pets and the People who love them'. We are incredibly proud of our achievements and ambitions, it creates value for all of our stakeholders and sets us apart from other pet care and veterinary businesses.

Our materiality assessment ensures that we prioritise and focus on issues that are important for environmental or social reasons, where we are best placed to act and where we can make a significant impact. We have aligned our strategic priority areas with our business strategy to make sure we are integrating our approach. Our strategic focus on sustainable pet food, advocating for pet welfare, and creating rewarding and sustainable careers in pet care for everyone, are good for the planet, pets and people but also integral to the business' financial sustainability. This alignment is key to driving engagement and action and ultimately achieving our goals.

This year we are delighted with the progress that we have made launching new initiatives for our colleagues and new programmes with our suppliers as we develop a deeper understanding of our value chain environmental impacts. This year we have been focused on implementing the key programmes of the strategy and embedding involvement across the organisation.

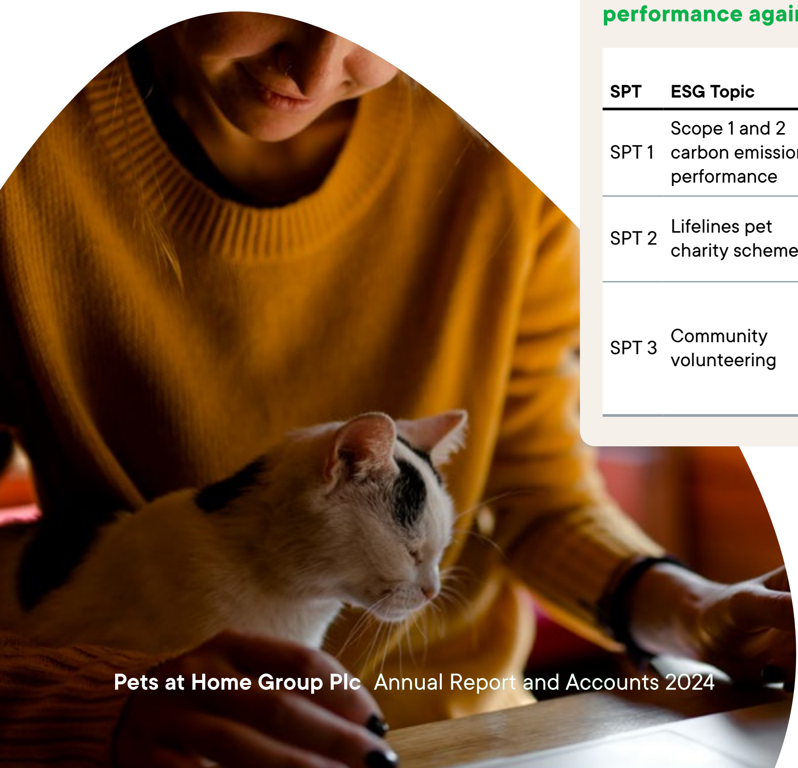
Embedding our strategy in our business

We continue to have a fantastic response to our volunteering programme called Our Better World Pledge days, which has remained an underpin to annual bonus for relevant colleagues. Over 16,000 hours have been donated during the year which is an increase of over 40% vs the previous year and over 2,400 colleagues have participated.

From FY24, the annual bonus criteria has included a sustainability target representing 10% of the maximum award. The Directors' Remuneration Report from page 66 contains more details.

During the year, we have launched planet advocates to embed this important area further across the business, providing collaboration and education opportunities for the advocates and a listening channel for ideas and feedback.

Our revolving credit facility, agreed in March 2022, is linked to sustainability targets. We now have financial incentives (or penalties) to accelerate our work on pets, people and planet through targets focused on carbon reduction, supporting pets in need and community action. In the second year of this scheme we have achieved all three targets as summarised in the table below. More details on our performance can be found on our corporate website.



Sustainability linked revolving credit facility: summary of FY24 performance against Sustainable Performance Targets (SPTs)

SPT	ESG Topic	SPT description	Measurement	FY24 target	FY24 actual	Achieved
SPT 1	Scope 1 and 2 carbon emissions performance	Carbon emissions (Scope 1 and 2 tCO_2e) intensity	Tonnes CO_2e divided by Group Statutory revenue	18.1	15.7	Yes
SPT 2	Lifelines pet charity scheme	Monies raised through the VIP lifelines scheme	£m	£2.98m	£3.30m	Yes
SPT 3	Community volunteering	Total hours donated through 'Better World Pledge Days' programme	Hours	12,814	16,453	Yes

Sustainability strategy: Our Better World Pledge

Our purpose

To create a better world for pets and the people who love them

Planet

To make pet care environmentally sustainable

By leading in sustainable pet food:

- Environmental impacts on carbon, land use, water and nature
- Innovative, sustainable packaging
- Nutritional needs met, affordably

Highlights

- Launch of Manufacture 2030 platform, a carbon reporting and management tool, to our priority suppliers
- Pet food carbon foot printing is underway with the first 60 products completed
- Woodland Trust pet memory scheme has completed its third year, over £700k donated to date which has created, restored and protected over 6,000 acres of UK native woodland
- Following the award winning Big Listen, a colleague-wide environmentally-themed listening programme in 2023, planet packs have launched to every veterinary practice and pet care centre, to support them to be environmentally focused on waste and energy use, and we now have Planet Champions in place across the business

For more information about the Planet pillar progress see our sustainability report on page 6

Pets

To improve the life of every pet in the UK

By being the leading advocate for pet welfare:

- Adopting the highest welfare and clinical standards for pets in our care
- Providing pet owners with the best products, service and advice
- Using our voice and expertise to advocate for pets
- Being the largest grant giver to pet charities in the UK

Highlights

- Our charity 'The Pets Foundation', raised over £5.9m during FY24 and reached a cumulative total over £55m of funds raised since forming in 2006
- The 'Pets Club' loyalty scheme raised 'lifelines' worth over £3.3m. 'Lifelines' are points earnt through spending in our pet care centres, vets or groomers that are then converted into vouchers and donated to local and national pet charities
- Pet food collection points are now in all stores in partnership with the Blue Cross. During the year donated pet food has enabled over 1.3m pets to be fed for one day

For more information about the Pets pillar progress see our sustainability report on page 18

People

To be the best employer and developer of pet care talent

By creating rewarding, sustainable careers in pet care for everyone:

- Continuous investment in pet care expertise
- Compelling clinical careers and development opportunities
- Colleagues fully representing our diverse communities

Highlights

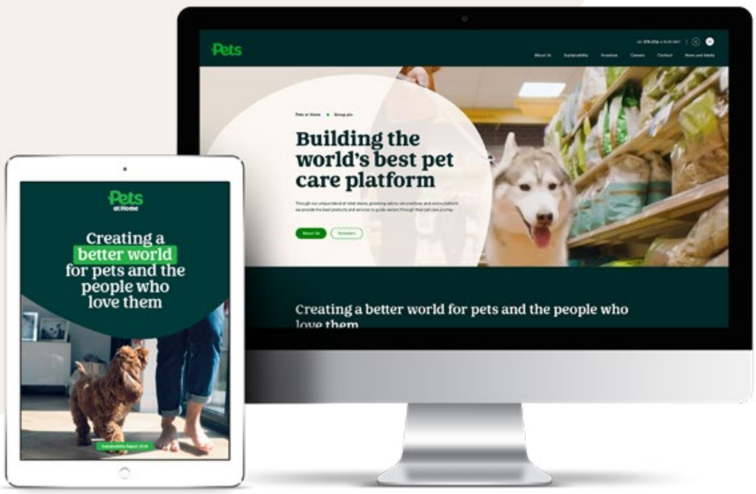
- Increase of 10% in our vet nurse apprentices, and our vet graduate programme has 266 graduates across both cohorts
- 815 colleagues have been trained to pet care expert level and we have over 1850 suitably qualified persons (SQP) working in our pet care centres
- Over 6,000 colleagues have completed the four modules of our nutritionist core training programme and over 1,400 have completed the five modules of the intermediate level nutritionist training
- Development of our diversity data, meeting our target of over 80% data completion rates for support office and retail based colleagues
- Increased investment in our Human Rights team with the recruitment of an in house ethical expert in our Hong Kong sourcing office

For more information about the People pillar progress see our sustainability report on page 30

Looking ahead

As we look ahead to this year we have some clear priorities outlined which will enable the implementation of our strategy.

Read more in our:
2024 Sustainability Report



Reducing our scope 3 carbon emissions remains our biggest priority within the planet pillar and we will continue to engage our suppliers on the management of carbon in our product supply chains through their involvement in the Manufacture 2030 programme. The work of understanding and then managing the reduction of carbon in pet food will be focused on embedding our pet food sustainability principles and guardrails into new product development and product listings and in our ongoing programme of carbon foot printing our own brand food ranges. We will also develop our pet care accessories' sustainability strategy which will connect changes in materials into carbon savings that will feed into our net zero carbon reduction pathways and transition plan.

There remain challenges that face businesses like ours to the delivery of our emissions reduction targets. For example the development of battery technology and supporting charging infrastructure for heavy goods vehicles, the adoption of regenerative and more sustainable agricultural practices so we will also collaborate on factors that are outside of our direct control but remain vital to deliver our emissions reduction targets.

Within the Vet Group we will build on the successful launch of the anaesthetic gas stewardship programmes and developing our new clinical academy which will help us to create a sustainable pipeline of highly engaged vet and nurse talent, with the clinical and behavioural skills and experiences to create leading clinical teams.

We will continue our involvement in a multi-year ground-breaking antimicrobial usage research project in partnership with the Royal Vet College and Vet Compass. This project will focus on improved stewardship in veterinary antimicrobial usage across all of our practices using a blended qualitative and quantitative approach.

The Pets Foundation will continue to be there for pets when they need us through our fundraising and grant programme and to support programmes that support people through pets. We will be focused on refining our impact measurements from our donations. Now that we have national coverage of pet food banks in every pet care centre, in partnership with Blue Cross, we will be focused on maximising the customer donations that we receive that can be passed on to local food banks.

From a people perspective we will be further developing our market leading pet expertise programmes. The next cohort of our 'Pet Care Experts' programme will begin their nine-month learning programme, and our unique nutrition training programme will continue to be rolled out to all colleagues involved in pet care across our ecosystem, including our clinical colleagues.

We are focused on increasing the representation of ethnic diversity amongst our colleagues to better connect with diverse pet owners and reflect the communities we work in. We will be further developing our inclusive recruitment processes, and inclusive leadership education to enable our leaders and managers to fulfil new representation goals in an authentic and credible way. We'll be monitoring progress through our enhanced diversity data capture and reporting.

Our standalone sustainability report provides stakeholders with a detailed overview of our sustainability strategy including our performance against our refreshed targets.

The ESG Committee report which includes our TCFD statement is on page 52.

Chief Financial Officer's Review

A resilient performance whilst delivering our strategy

Mike Iddon, CFO

> FY24 has been a pivotal year for the business and we have delivered a resilient performance whilst making great progress towards our strategy of building the world's best pet care platform.

FY24 Financial highlights

Revenue

£1,476.6m

+5.2%

Statutory PBT

£105.7m

(13.7)%

Underlying PBT#

£132.0m

(3.2)%

Dividend per share

12.8p

Financial review of FY24

The FY24 period represents the 52 weeks from 31 March 2023 to 28 March 2024. The comparative period represents the 52 weeks from 1 April 2022 to 30 March 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).

Revenue

Consumer revenue# grew 6.9%, in line with of our medium-term ambition, to £1.9bn (Retail £1.3bn, Vets £0.6bn), with all channels remaining in growth.

Group statutory revenue in FY24 grew 5.2% to £1,476.6m (FY23: £1,404.2m) and like-for-like (LFL) revenue grew 5.1%#.

Retail revenue grew 4.0% to £1,330.1m (FY23: £1,278.7m), with LFL revenue growth of 4.1%#. This includes the short-term disruption to our in-store sales performance in Q2 due to the transition to our new DC, which impacted Q2 LFL by c3%.

Outside of this, the shape of performance has remained broadly consistent throughout the year with strong growth and share gains in food, but softer trends in discretionary accessories as noted previously. Performance in Q4 was in line with our expectations and as previously guided.

Vet Group revenue was up 16.8% to £146.5m (FY23: £125.5m) and LFL revenue grew by 16.5%#. Total Joint Venture fee income increased by 15.7% to £89.3m (FY23: £77.2m) and revenues from company managed practices increased by 18.7% to £44.6m (FY23: £37.5m). Revenue of £3.2m was recognised in relation to The Vet Connection, our telehealth business.

Gross margin

Group gross margin[1] decreased YoY by 123 bps to 46.8% (FY23: 48.0%).

Gross margin[1] within Retail was 46.2%, a reduction of 137 bps over the prior period (FY23: 47.5%), predominantly driven by food growing faster than accessories (76bps impact on Group gross margin), as well as a foreign exchange impact as our contracted $ rate was lower YoY (90bps impact on Group gross margin). We have now hedged c80% of our foreign exchange requirements for FY25 at an average rate of $1.25 (FY24: $1.19), meaning FX will act as a slight tailwind to gross margin in the year ahead.

Chief Financial Officer's Review continued

Gross margin[1] within the Vet Group decreased by 53 bps to 52.7% (FY23: 53.3%) including a £2.2m impact from a planned one-off marketing investment into our TV brand launch campaign, which is charged against gross margin. Excluding this impact, the strong sales growth across our Joint Venture estate against a relatively fixed cost base, as well as the YoY improvement in performance in our company managed practices, helped deliver a 92bps YoY gross margin expansion.

Operating costs

Operating costs[2] of £584.7m (FY23: £550.0m) grew at 6.3% including a £13.3m YoY increase in non-underlying costs. In FY24, we incurred a total of £26.2m of non-underlying operating costs (FY23: £12.9m). Before non-underlying costs, operating costs[2] grew 4.1%.

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, a c£16m unmitigated cost headwind to the business.
- The removal of business rates relief as announced in the Autumn Statement, a c£2m cost to the business.

As well as directly mitigating these costs where possible, we are also proactively offsetting them through our ongoing self-help initiatives. Our programme of store rent reductions is progressing well; where we have actively sought to reduce the rent at property lease events, we have achieved an average reduction of 20%. We expect to complete 40 lease renegotiations in FY25. We also continue to target efficiencies across consumables and goods not for resale, and we are driving further productivity gains across our stores and supply chain, using technology to lower our overall cost to serve.

Finance expense

The net finance expense, including interest charged on lease liabilities, reduced to £13.6m (FY23: £14.3m). Of this, £13.3m (FY23: £12.4m) related to interest expense on lease liabilities.

Profit before tax (PBT)

Group statutory profit before tax was £105.7m (FY23: £122.5m), in part due to a £12.4m YoY increase in non-underlying costs. In FY24 we incurred a total of £26.3m of non-underlying costs (£26.2m operating costs, £0.1m interest), of which £21.5m relates to the transition to our new distribution centre. In FY23, non-underlying costs totalled £13.9m (£12.9m operating costs, £1.0m interest), of which £11.1m related to our new DC.

Group underlying profit before tax was £132.0m# (FY23: £136.4m), with underlying profit margin[3] of 8.9% (FY23: 9.7%), impacted by lower profits in our retail business, offset by a significant step up in profits in our vet business.

Retail statutory profit before tax was £64.8m (FY23: £87.7m). Retail underlying profit before tax was £87.4m# (FY23: £98.8m) with underlying profit margin[3] of 6.6% (FY23: 7.7%) reflecting the gross margin impacts described above as food grew ahead of accessories, higher distribution costs as we transitioned to our new DC, and increased colleague costs following the 9.7% National Living Wage increase in April.

Vet Group statutory profit before tax was £58.8m (FY23: £51.3m). Vet Group underlying profit before tax was £61.6m# (FY23: £51.3m) with underlying profit margin[3] of 42.0% (FY23: 40.9%), driven by ongoing strong sales performance as we continue to improve clinical capacity.

Central costs of £17.9m (FY23: £16.5m) includes payroll costs for Group functions, professional fees, and finance expenses. Underlying central costs were £17.0m (FY23: £13.7m).

Taxation, profit after tax, and EPS

Total tax expense was £26.5m for the period, an effective rate of 25%. Statutory profit after tax decreased by 21.4% to £79.2m (FY23: £100.7m). Statutory basic earnings per share (EPS) were 16.6 pence (FY23: 20.5 pence) and underlying basic earnings per share# were 20.7 pence (FY23: 22.8 pence).

Working capital

The movement in working capital[4] for FY24 was an outflow of £4.6m (FY23: £19.8m inflow) reflecting a more normalised working capital position. In the prior year, working capital was supported by three main factors; growth in GNFR payables relating to the timing of invoicing and project spend, a growth in provisions built ahead of closing our legacy DCs, and a reduction in receivables attributable to a significant decrease in operating loans due to strong performance in our vets.

Inventories decreased by £11.1m YoY reflecting in part the unwind of the stock position built ahead of the transition to our new DC last year, along with tighter stock control.

Payables decreased by £5.3m YoY primarily driven by the reduction in inventory position.

Receivables increased £6.3m YoY, partly driven by timing differences in supplier-funded marketing activity. Within receivables, the strong financial performance across our Joint Venture vet practices contributed to the gross value of operating loans reducing by £5.0m to £8.8m from £13.8m at FY23 year end.

Investment

Capex was £42.9m (FY23: £75.3m) in the year as we continue to move past the period of peak investment in our strategy.

Investment was focused on three strategic growth areas; £9.5m (FY23: £7.9m) into digitising the business, a £6.4m (FY23: £43.7m) investment as we completed our new distribution centre, and £19.6m (FY23: £17.5m) to continue with our store refit programme.

Capital investment in the year was below our original plan due to three primary factors; the rephasing of our store development plan, as well as adopting a more capital-light approach to store refits; timing impact of opting for a lower cost, highly efficient technology in our solar panel installation in our new DC; and a change in phasing regarding our new practice management system, however total capital investment over the course of our medium-term plan is unchanged at c£280m.

In addition, £2.7m investment in vet practices, initially included in our capex guidance, is now classified as investments. This relates to investments in refits, extensions and advanced capabilities. The equivalent figure in FY23, which was included within capex, was £0.4m.

Free cash flow

Free cash flow after interest and tax, but before acquisitions was £69.0m# (FY23: £98.2m). The decrease in free cash flow compared with the prior year primarily reflects the underlying profit decline, and the normalisation in working capital, offset in part by lower capex as we move past our peak investment phase.

Free cash flow# (£m)	FY24	FY23
Net cash flow from operating activities	**210.0**	251.2
Lease payments[5]	**(68.4)**	(68.9)
Cash receipts from lease incentives	**–**	22.0
Debt issue costs	**(0.9)**	(0.1)
Net cash capex[6]	**(48.5)**	(77.2)
Net interest[7]	**(12.4)**	(14.7)
Purchase of own shares	**(10.8)**	(14.1)
Free cash flow#	**69.0**	**98.2**

The cash and cash equivalents at the end of the year were £57.1m, down £120.9m year-on-year (FY23: £178.0m).

Divisional free cash flow	FCF (£m)
Retail	**27.7**
Vet Group	**58.3**
Central	**(16.9)**
Group#	**69.0**

The cash generation described above, enables us to maintain our dividend payment and fund the £50m share buyback programme completed in the year. Our net cash position# at the end of the period was £8.8m (cash £57.1m, debt £48.3m), and total indebtedness# was £372.0m post lease liabilities. This represents a leverage ratio# of (0.1)x underlying EBITDA or 1.5x on a lease adjusted basis.

Net cash (£m)	FY24	FY23
Opening net cash#	**54.7**	66.0
Free cash flow#	**69.0**	98.2
Equity dividends paid	**(60.7)**	(58.7)
Share buyback	**(50.3)**	(50.3)
Acquisitions[8]	**(2.4)**	(0.5)
Disposals[9]	**(1.5)**	–
Closing net cash#	**8.8**	54.7
Pre-IFRS 16 leverage#	**(0.1)x**	(0.3)x
Lease adjusted leverage#	**1.5x**	1.5x

The Group's underlying cash return on invested capital (CROIC)# in the period decreased to 19.4% (FY23: 22.7%) having been through a period of heightened investment as we build our digital platform and bring our new DC onstream, 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 programme), 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, we have today announced a further £25m buyback for the year ahead.

Dividend

The Board has recommended a final dividend of 8.3 pence per share, taking the total dividend for the year to 12.8 pence per share. Dividends have been maintained in the year despite the YoY decline in EPS, resulting in a payout ratio of 61%. In the years ahead we will gradually move our payout ratio closer to the 50% stated in our capital allocation policy. The final dividend will be payable on 16 July 2024 to shareholders on the register at the close of trading on 7 June 2024.

TCFD

During the year we have further integrated our ESG strategy into our financial planning with the development of the quantification of climate change risks as outlined in our TCFD statement on pages 59 and 60. This follows on from including sustainability metrics into our revolving credit facility from 2022 as outlined on page 16.

Mike Iddon
Chief Financial Officer
28 May 2024

Alternative Performance Measures (APMs) are defined and reconciled to IFRS information, where possible, on pages 168 to 170.

[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 and administrative expenses. 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.
[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] FY24 includes £1.0m investment in Good Dog Food (FY23: £nil) and £1.5m (FY23: £0.5m) investment in certain company managed practices.
[9] FY24 disposals relates to the disposal of certain company managed practices as we converted them to joint venture partnerships.

A practical approach

Effective risk management is an integral part of running our business and is fundamental to us achieving our strategic objectives, implementing core business initiatives, and protecting long-term stakeholder value.

Risk management

The Board is responsible for the nature and level of the principal risks we are willing to take and have overall responsibility for the Group's risk and internal control frameworks and for reviewing the effectiveness of these at least annually. As such they have approved our principal risks as set out on pages 24 to 32.

Risk Governance

The diagram below provides an overview of our risk governance framework and responsibilities for risk management that support this framework.

Top down
Oversight, identification, assessment and mitigation of Group level risks

Escalation

Principal risks and uncertainties

Board
- Sets strategy.
- Collectively responsible for managing risk.
- Sets tone from the top.
- Sets risk appetite, risk tolerance and determines the nature and level of principal risks.

Audit and Risk Committee (ARC)
Oversee the Group's internal control and risk management frameworks.
- Provide oversight and challenge to the assessment of principal, corporate, and emerging risks
- Advises the EMT on risk appetite

Corporate risks

Executive Management Team (EMT)
Collectively responsible for identifying and managing risk, and monitoring risk exposure.

Bottom up
Identification, assessment and mitigation of risk across key business areas

Business risks

First line of defence

Operational senior management & risk champions
Ensure risk management process is adhered to.

Management Committees
Provide oversight over the management of business level risks.

Second line of defence

Business assurance functions
Monitor compliance with Company policies and procedures and provide assurance over business controls to the Management Committees and the EMT.

Operational Risk
Monitor adherence with risk appetite framework, implement risk management processes and risk framework improvements.

Third line of defence

Group Internal Audit
Provides objective assurance to the Board and ARC on the effectiveness of the risk management framework.
- Has a direct reporting line to the ARC
- Risk based internal audit plan approved by the ARC
- Respond to new areas of risk or change and re-prioritise plan throughout the year

For further details about key roles and responsibilities within our governance structure, please see the Governance report on page 33.

Risk management process

We take a practical approach to risk management. Our process has five steps, integrated across the three lines of defence and our governance framework. Having a top down, bottom-up approach gives us a comprehensive view of risks, either current or emerging, their status and the effectiveness of mitigation plans. An appropriate level of oversight and assurance is provided through this process.

1&2. Identify and assess – Each business, function and key project team identify their current and emerging risks considering their strategic plan, objectives, and external environments. A standardised risk scoring methodology is used across the Group to analyse risks. This helps the escalation and consolidation of risks into a Group-wide view. Horizon scanning exercises are conducted with the senior management team as part of the annual strategy and business planning cycles and risk management processes.

3. Manage – Each business, function and key project maintain detailed risk registers and mitigation plans which are reviewed and approved by their leadership teams and the appropriate Executive Management Team (EMT) member three times a year. Each principal, corporate and emerging risk is owned by a member of the EMT who is accountable for confirming that adequate controls and necessary mitigation plans are in place to bring the risk within an acceptable tolerance. A range of risks which are not currently considered significant enough to be included on the corporate risk register are managed on an ongoing basis.

4. Monitor – Each risk register is reviewed by the relevant senior management team at least three times a year before submission to the EMT. Threats on the watch list are reviewed alongside the risk registers. Risk scoring and key risk indicators are also reviewed to track the risk and progress of mitigation plans. Assurance is obtained from across the three lines of defence to support this process. Risks are also reported to relevant management committees, such as the Environmental, Social and Governance Committee (ESG Committee).

5. Report – The Corporate risk register is reported to the EMT, Board and Audit and Risk Committee (ARC) three times a year. Risks are considered both independently and collectively alongside emerging risks to fully understand their dependencies and potential impact on the business. The ARC conducts deep dives in key risk areas with the EMT and functional leadership teams. The principal risks and uncertainties are submitted to the ARC ahead of final review and approval by the Board.

Emerging risks and opportunities

We define emerging risks as those that can potentially have a significant impact on the Group in the medium to long term, where the full extent of the scale, impact, or likelihood may not be fully understood but needs to be tracked. Identification and review of emerging risks and opportunities follows our risk management process described above. Emerging risks considered a priority are summarised against each principal risk.

Climate risks

Climate change risks are also integrated into our risk management process. Actions identified are captured on the Group's risk register and are monitored by the ESG Committee (supported by the ARC). Details of this and our overall approach can be found in our Sustainability review on page 16.

Risk Review continued

Brand & Reputation

Owner: Chief Consumer Officer
Risk Type: Strategic

Links to strategy 1 2 3 4 5 6 7 | **Risk profile** H | **Risk appetite** L | **Change on previous year:** < >

Description

Protecting and enhancing our strong brand value and holding pet welfare as our number one priority is essential in attracting and retaining our consumers and clinical talent and the trust and value our stakeholders place in us. This is the responsibility of every colleague. We are aware that trust and reputation can quickly be lost so we continuously monitor and ensure that our business actions align to pet welfare and consumer and clinical expectations.

Key responses

- The Pet Welfare Committee upholds and drives animal welfare standards within our own operations including the quality and welfare considerations of our products and services.
- The majority of practices are accredited or working towards being accredited under the RCVS Practice Standards Scheme (PSS).
- Rigorous pet welfare standards are in place operationalised through quarterly unannounced audits across stores, in-store adoption centres, and grooming salons. Quarterly announced audits and three separate, external, independent veterinary led audits each year for each animal supplier.
- Risk-based product safety and integrity testing and inspection programme to monitor ongoing safety compliance of our own label products.
- Own label products developed with the support of the Group's internal veterinary expertise and external behavioural experts.
- Dedicated Compliance Team to monitor customer reviews and customer complaints.
- Tested product recall procedures.
- Conducted monthly research with our consumers and wider market to understand their changing needs and expectations and understand their opinions and expectations on our brand to drive business action.
- Third party media, digital and social media monitoring service in place to track corporate and consumer brand references. Ongoing horizon scanning to identify and track emerging themes and threats.
- Onboarded an integrated corporate affairs agency to support with media engagement and corporate reputation management.

Outlook and further actions planned

- Protecting, enhancing, and communicating our strong brand value will remain our focus in FY25, with core messages around pet welfare and clinical expertise.
- A new Clinical Governance and QI Framework will be rolled out over FY25 and FY26. We are committed to continual monitoring, improving capability, and supporting our colleagues and supply partners to maintain high pet health and welfare standards.
- Review of clinical complaints processes and management reporting.
- Implementing a comprehensive brand and consumer tracking programme to continually monitor our consumer expectations, brand health and consumer reputation. The results will drive business action where required.
- Establish stronger processes for managing digital and social media risks.
- Continue to build a credible and visible evidence based active leading voice on pet health and welfare with consumers and the pet care industry to drive the highest standards and change where required. Provide expert opinion to decision makers around potential changes to the Veterinary Surgeons Act 1966.
- Review of Non-Traditional Companion Animals (NTCA) and how we respond and educate.
- Introducing new data-driven platforms to identify and monitor product safety risk and improve reporting on raw material sources.

Emerging risks

- Continued impact on consumers with cost of living and pet care challenges.
- New and emerging animal diseases particularly associated with imported pets.
- Veterinary professional regulatory changes.
- Veterinary professional and public opinion around the keeping and selling of NTCA.
- Competition and Markets Authority (CMA) investigation into veterinary services for household pets in the UK.

Risk appetite

We place the welfare of pets and the value of our brand at the front and centre of all we do, along with our societal responsibilities in relation to the planet and people. The Group has low appetite for any risk which may compromise the trust and value which our communities and stakeholders place in our brand.

Link to strategy 1 Disrupt the status quo in the veterinary industry 2 Deliver our omnichannel consumer proposition 3 Strengthen our brand, marketing, and go to market approach 4 Evolve our pet care centres to power our omnichannel model 5 Drive premiumisation and share gain in food 6 Broaden our appeal through best-in-class accessory ranges 7 Create a Better World for planet, pets, and people

Risk Profile/ Risk Appetite L Low M Medium H High

Change on previous year < > Stable ^ Increased ∨ Decreased

Information security and business critical systems

Owner: Chief Information Officer
Risk Type: Strategic/Operational

Links to strategy 1 2 4 | **Risk profile** H | **Risk appetite** M | **Change on previous year:** Increased

Description

The availability and security of our IT systems and accurate data is vital for us to operate safely whilst maintaining the security of customer, colleague, and Company confidential data.

Key responses

- Continued to invest in our cyber security position delivering the cyber security strategy.
- Continued to focus on colleague awareness and training across the business.
- Delivered new technologies to provide advanced phishing protection and vulnerability management.
- Updated colleague authentication controls to reflect industry best practices including Multi Factor Authentication.
- Provided six monthly updates to the PLC board at the ARC.

Outlook and further actions planned

- While our security maturity has improved significantly over the last 12 months, cyber-attacks continue to grow in frequency and complexity.
- Our Cyber Security strategy, that began in FY23, is designed to take a risk-based approach to improve our security maturity, minimise the likelihood of and increase the ability to identify and respond to a cyber-attack.
- The strategy includes colleague awareness and training, improved third party risk management and privilege account management.
- We continue to monitor for emerging and changing threats to ensure we appropriately respond and protect against an ever adapting threat landscape.
- We are continuing to invest in a programme of activity to improve our IT controls framework, which will further support our Cyber Security strategy and system resilience.

Emerging risks

- Artificial Intelligence has been observed in increasing the complexity and volume of attacks such as phishing as the threat actors automate processes.
- There is a significant rise in attacks using QR codes as a method of attempting to circumnavigate security awareness and controls.
- Geopolitical situations are creating more advanced attacks, which may inadvertently impact our business or be repurposed by organised cybercrime gangs.
- As more companies become victims of cyber-attacks, customers and colleagues who reuse emails and passwords become an attack vector.

Risk appetite

The Group has zero tolerance for cyber security risk which may compromise our reputation, our technology solutions, and the personal data within them. We endeavour to protect our data in line with legislation and best practice. The Group accepts a balanced level of operational technology risk to protect and enhance our operations. We have plans in place to minimise the likelihood and impact of any business-critical technology failure.

Omnichannel consumer proposition

Owner: Chief Consumer Officer
Risk Type: Strategic

Links to strategy 1 2 4 5 6 | **Risk profile** M | **Risk appetite** M | **Change on previous year:** Decreased

Description

A key part of the Group's strategy is to grow and strengthen our omnichannel pet care platform, which offers a wide range of pet product and services through both physical and digital channels. If we fail to deliver our planned growth in our footprint and services, our expected growth and financial performance could be adversely impacted.

Key responses

- Opened 5 new Pet Care Centres and completed 41 refits to create enhanced locations.
- Continued investment in our veterinary business, with 3 new practices and 26 practice extensions; we also relaunched our unique Practice Owner value proposition at the London Vet Show in Autumn 2023.
- Our priority investment programmes that help enable our Omnichannel model have been delivered in FY24. Our new distribution centre in Stafford, which became operational in June 2023 and our multi-year digital capability programme (Project Polestar) which went live in March 2024, offering much improved user experience and functionality across app and website.
- Our store estate remains entirely leased, which gives us great flexibility.

Outlook and further actions planned

- The Group is in a strong competitive position through our unique omnichannel pet care model.
- We will continue to invest in our physical locations (both pet care centres and vet practices), including new sites and refits and in the key enabling infrastructure, in particular our supply chain and digital platform.
- We will continue to evolve our value propositions (including subscriptions) based on consumer insights and feedback.

Emerging risks

- Speed of change in innovation and advances in pet care and clinical technology.
- Cost increases seen in materials and labour.
- Material changes in customer behaviour and needs, driven by concerns around affordability, sustainability, and the environment making pet ownership less attractive.

Risk appetite

We have a higher appetite for risk in the creation of long-term value, developing our strategy and taking advantage of opportunities. In the execution of our strategic initiatives, where we need to maximise benefits realisation, we will only accept a moderate level of risk.

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Risk Profile/ Risk Appetite L Low M Medium H High

Change on previous year Stable Increased Decreased

Risk Review continued

Sustainability and climate change

Owner: Chief People & Legal Officer
Risk Type: Strategic

Links to strategy 6 7 **Risk profile** M **Risk appetite** M **Change on previous year:** < >

Description

The success of our business over the long term depends on the Group operating sustainably in financial, environmental, and social terms. Our stakeholders, including investors, colleagues and customers need to be assured that we are acting responsibly across our business operations and supply chains. If we do not meet these expectations the Group's brand reputation, licence to operate and financial performance could be threatened. This includes progressing towards our 2040 net zero target across our own operations and our value chains and over the long term managing the physical risks from climate change and the transition risks from failing to effectively decarbonise our business.

We have a sustainability programme 'Our Better World Pledge' with governance covering the different areas of the business in relation to environmental responsibilities. This is important as we navigate the need to balance commercial decisions with environmental and regulatory requirements and management of potential increased costs of sustainable materials. This governance also oversees consideration to potential future disclosure requirements such as The Taskforce on Nature-related Financial Disclosures (TNFD).

Key responses

- Long-term SBTi approved (2040) net zero and medium-term (2030) carbon reduction targets in place.
- Assessment of physical and transitionary climate change related risks (see TCFD statement page 54).
- Allocation of capital across five years from FY23 to enable the delivery of further operational carbon reductions.
- Launch of the Manufacture 2030 platform with our suppliers to support their decarbonisation.
- Launch of the sustainable anaesthesia programme with vet practices to enable them to manage their use of anaesthetic gases within a framework of clinical excellence.
- Launch of a second long-term strategic pet food supplier partnership.
- Increased dedicated in-house sustainability resource with the addition of a sustainability analyst who is focusing on the carbon foot printing of our products.
- Since FY23 the inclusion of ESG objectives for salaried colleague linked to bonus schemes (see remuneration report page 66).

Outlook and further actions planned

- Our progress in delivering our updated sustainability strategy, 'Our Better World Pledge' can be found in summary on page 16 and in our separate sustainability report. This includes our performance against our new targets relating to sustainability and climate change.
- Expanding our product standards and environmental requirements detailed in our Responsible Sourcing Handbook to include a more extensive list of non-food raw materials such as textiles and plastics.
- We will continue to progress the initiatives that we have begun in FY24 including supplier decarbonisation support, carbon foot printing of pet food products and anaesthetic gas stewardship.
- Solar panels will be installed on our new DC site in Stafford during FY25.
- Ongoing sustainability training for senior leadership team.

Emerging risks

- Our TCFD scenario analysis identified the sustainability of pet ownership as an emerging risk. Our TCFD statement on page 54 explains this risk in more detail.

Risk appetite

The Group takes its responsibilities in relation to sustainability seriously, not only because it is the right thing to do, but because it is critical to ensuring the sustainability of the business. We define sustainability as achieving environmental sustainability, social sustainability as well as financial sustainability and all three of these dimensions are critical to creating value in the long term.

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Risk Profile/ Risk Appetite L Low M Medium H High

Change on previous year < > Stable ^ Increased v Decreased

People and Organisational Capability

Owner: Chief People & Legal Officer
Risk Type: Strategic

Links to strategy 1 2 4 7 | **Risk profile** M | **Risk appetite** M | **Change on previous year:** Stable

Description

Our 17,000+ colleagues and Practice Owners are fundamental to the success of our business. It is essential that we attract, retain, develop, and reward our talent across the Group. Having the right talent will help us meet the needs of our consumers, drive our consumer-centric, omnichannel pet care ecosystem and deliver our business strategy.

Key responses

- Reward and Wellbeing strategy to attract and retain talent.
- Expansion of external candidate pipeline outside mainstream talent pools.
- Development of career pathways to retain talent groups and develop internal capability.
- Further embedding 'Great Conversations' (our performance management tool) to better drive colleague performance.
- Promoting the brand through a national tactic to recruitment with 'always on' approach.
- Proactively attract international recruitment for clinical talent.
- Optimisation of social media sites and careers website.
- Investment in the approach to contracts for locum population in practices.

Outlook and further actions planned

- We continue to focus on the attraction and retention of critical talent, reducing colleague turnover and the development of colleague skills ensuring we have the right skills and organisational capability to deliver the business strategy.
- There are continuing global restrictions and challenges in the specialist and clinical talent market, most recently with the changes in the government's migration policy.
- FY25 will also focus on organisational capability and the effectiveness of our people systems to be an enabler to this.
- People data and analytics will continue to be key in ensuring the People strategy supports the delivery of the business strategic pillars.
- Through our colleague engagement surveys and listening groups we will continue to listen to our colleagues and act upon their feedback.

Retail

- We will continue to review the structures of our Pet Care Centres ensuring that roles fully encapsulate the skills and capability needed for the future.
- We will continue to drive knowledge and expertise along with providing transparent career pathways.
- We will review existing colleague development programmes along with creating management development programmes.
- We will review our total reward and wellbeing offering for colleagues and managers.

Vet business

- Deliver a suite of career and personal development activities to practice colleagues via our Clinical Academy.
- Scaling of our Extra Mural Studies (EMS) bursary programme working within the community and early careers partners to increase social mobility and broaden our talent pool and raise the profile of our employer brand within the clinical profession, including internationally.
- Continue to work with the British Veterinary Association (BVA) to support implementation of the BVA Good Workplace Code and its principles within practice.
- Put a new focus on attracting those who have left the profession (e.g. family leave, non-returners or those who have retired early) to further understand our appeal to this talent pool.
- Adapt international strategy to focus on graduates and senior veterinary surgeons following immigration legislation changes.

Emerging risks

- Continuing restrictions and challenges in the specialist and clinical talent market.
- New legislation on sponsoring overseas talent and the removal of veterinary roles from the shortage occupation list. The impact of increased salary requirements for skilled worker visas.
- Increasing trend in reduction of adults available to work in the UK and increase in long-term absences from the workplace.

Risk appetite

We expect our colleagues and Practice Owners to act in line with our culture, values, and behaviours. The business has no appetite for risk relating to the health, safety, and wellbeing of our colleagues. We do however accept that there is an inherent level of risk in attracting and retaining critical talent across the business.

Risk Review continued

Competition and Consumers

Owner: Chief Consumer Officer
Risk Type: Strategic

Links to strategy 1 3 5 6 7 | **Risk profile** H | **Risk appetite** M H | **Change on previous year:** Increased

Description

The Group competes in a wide-ranging competitive market including other pet specialists, pure play online competitors, online marketplaces, direct to customer businesses, supermarkets, discounters, online pet healthcare platforms, veterinary groups, and independent practices. There continues to be strong online competition including new start-ups, and those focused on subscriptions. We must continue to offer an attractive model for our future veterinary Practice Owners while keeping ahead of, and responding to, developments by our competitors around price, range of services offered, clinical care, and experience. There also remains a level of uncertainly around the UK economy and consumer confidence. Failing to be aware and manage all these factors could have an adverse impact on the Group's financial performance and opportunities for growth.

Key responses

- Continued focus on the execution of our consumer-centric strategy, including delivery in FY24 of two of our biggest strategic investments: our new distribution centre in Stafford, which is now fulfilling all stores, and the launch of our new digital petcare platform, including our updated App and website.
- Relaunch of our loyalty scheme – Pets Club – and continued optimisation of our member offers utilising proprietary propensity modelling.
- Improvements to our subscription propositions, including the expansion of our Easy Repeat proposition by >1K Stock Keeping Units (SKUs).
- Continued focus on new product development and innovation, including our exclusive partnerships with innovative brands such as Butternut Box and Bella and Duke in fresh and raw food categories.
- Monthly consumer research and brand sentiment tracking to understand changes to consumer behaviour, identify opportunities and to monitor the effectiveness of our brand marketing communications; we also rolled out an updated consumer satisfaction tracking service.
- We also increased the frequency of our consumer and competitor insight reviews to quarterly; these materials are reviewed by our EMT and are used to shape and evolve the businesses' priorities during the year.

Outlook and further actions planned

- We will remain within a highly competitive market and there remains ongoing uncertainty for our consumers as to the impact of the economic backdrop on household budgets. However, we have the strategies, processes, and structures in place to continue to monitor this and review our consumer propositions as required.
- Continued investment into our consumer experience – both in our pet care centres and within our new digital pet care platform.
- Well established product development processes, which will ensure we launch new or enhanced products/ranges to our core food, health, and accessories categories.
- Developing and expanding our veterinary services by continuing to open new practices, extending existing practices, investing in our practice infrastructure (including our new Practice Management System), and enhancing the omnichannel journeys for our vet clients.
- Regular monitoring of the market and competitor pricing to ensure we continue to provide competitive value and provide the best options for our consumers.
- Monitoring the effectiveness of our processes by regularly tracking our business and competitors against the measures our consumers tell us are important to them and drive their behaviour.
- Continue the development of impactful consumer propositions which meet consumers' pet care needs and deliver differentiated value.

Emerging risks

- Increased uncertainty due to the Competition and Markets Authority (CMA) investigation into veterinary services for household pets in the UK.
- Disruption from new competitors taking advantage of new market dynamics and/or existing competitors receiving greater investment.
- Increased competition from generalist retailers putting greater focus on the pet category.
- Macroeconomic weakness and low levels of consumer confidence.
- Material changes in consumer buying behaviour driven by concerns around affordability, sustainability, and the environment making pet ownership less attractive.

Risk appetite

The Group recognises that to successfully compete and grow the business we need to take an acceptable level of risk, whilst staying within our overall Group risk appetite. We have a higher appetite for risk in the creation of long-term value, developing our strategy and taking advantage of opportunities. In the execution of our strategic initiatives, where we need to maximise benefits realisation, we will only accept a moderate level of risk.

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Risk Profile/ Risk Appetite L Low M Medium H High

Change on previous year Stable Increased Decreased

Responsible sourcing and supply chain

Owner: Retail Chief Operating Officer and Vet Chief Operating Officer
Risk Type: Operational

Links to strategy 2 5 6 7 | **Risk profile** L | **Risk appetite** L | **Change on previous year:** < >

Description

As we source our products and raw materials globally, we are exposed to the risks associated with international trade, such as supplier failure or disruption, inflation, changing regulatory frameworks and currency exposure. Failing to meet our responsible sourcing commitments could damage consumer confidence and our business reputation, which could have a negative impact on business performance. A disaster at one of our distribution centres or the wholesaler for veterinary products may result in a significant disruption to the supply of stock to stores, essential products to our practices and in the fulfilment of internet orders.

Key responses

- Our Responsible Products Committee is responsible for developing the strategy for managing the environmental and ethical impacts of our products on our value chain.
- A comprehensive Supplier Code of Conduct provides clear supplier expectations in relation to human rights, environmental, ethical, and legal standards. This is supported by a Responsible Sourcing Handbook which brings our Supplier Code of Conduct to life with detailed implementation requirements, guidance, and signposting to additional resources. Our responsible sourcing requirements form a key part of our contractual agreements with suppliers.
- Roll out of Manufacture 2030 initiative giving us much greater insight into impact of our third-party upstream logistics.
- Engagement with industry bodies and external experts for collaboration, sharing and development of industry best practice.
- Qualified Internal Ethical Auditor.
- Modern slavery awareness training forms a key part of our mandatory colleague training for Support Office colleagues.
- Dedicated whistleblowing reporting mechanism for workers within our supply chain to report concerns.
- Robust onboarding and ongoing monitoring programme of own label supplier standards including announced and semi-announced audits (i.e. aware audit is due but not informed of date) of production facilities conducted by Pets at Home colleagues or third-party audit bodies. Suppliers are supported to remediate non-conformances.
- Data systems are used to manage our audit and supplier data. This enables us to better track the resolution of issues and understand more about our suppliers, their workforce, and their risk profile.
- Vaccine supply and freight costs for veterinary products has stabilised through close interaction with the supplier plus ongoing managed allocation of product until there was enough supply in the UK to return to unrestricted supply. Agreed ring-fenced stock has partially protected us from market shortages of products.
- Business continuity plans are in place for the distribution centres. We can service all stores and orders for a priority range of SKUs from a single distribution centre whilst we source a second facility and recover full product supply.

Outlook and further actions planned

- Rising production, material and labour costs, potential changes to shipping routes and the disruption of raw material supply chains puts pressure on suppliers and means normal levels of due diligence could be bypassed to ensure the continuity of labour and materials for the fulfilment of customer orders. This increases the risk of human rights violations and environmental damage occurring undetected in lower tiers of supply chains. We work in partnership with our suppliers and in collaboration with industry to understand and mitigate these risks together.
- We are mindful of the potential risk of supplier failure, either through insolvency or through an inability to deliver products due to global supply chain challenges.
- Our overseas supplier audit programme continues. We have invested in the team and from April 2024 we have increased the frequency and depth of supplier compliance and ethical audits, whilst proactively reviewing risks and potential suppliers from other countries before we engage.
- We are working with our own label suppliers to map lower tiers of the supply chain and to support them in conducting risk assessments. Where there is a high risk commodity, industry, sourcing location or vulnerable workers, we will work with them to ensure we have full visibility of ethical standards.

Emerging risks

- Geopolitical uncertainty and disruption.
- Continuing labour shortages in the UK manufacturing, logistics and agricultural sectors.

Risk appetite

The Group does not tolerate any breach of Company policies, local laws, or regulations in our supply chain. We have clear expectations of our suppliers in relation to upholding human rights, providing safe working conditions, meeting acceptable labour standards, and protecting the environment. The safety and integrity of our products is of paramount importance so we will not compromise standards. We always collaborate with our suppliers to help them achieve our requirements but where standards are persistently not met or we encounter a zero-tolerance issue, we will end our business relationship.

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Risk Profile/ Risk Appetite L Low M Medium H High **Change on previous year** < > Stable ^ Increased v Decreased

Risk Review continued

Liquidity and credit

Owner: Chief Financial Officer
Risk Type: Finance

Links to strategy 1 2 3 4 5 6 7 | **Risk profile** L | **Risk appetite** M | **Change on previous year:** < >

Description

The Group requires adequate cash resources to enable it to fund its growth plans through its capital projects and working capital requirement. Without adequate cash resources, the Group may be unable to deliver its growth plans, with a consequent impact on future financial performance. The Group's growth plans in respect of Joint Venture veterinary practices are predicated on the availability of finance for new Joint Venture Practice Owners to fund both the capital cost and working capital requirement for each new practice opening or capacity expansion. The Group also provides additional financial support to veterinary practices to underpin their working capital requirements and growth in clinical capacity. This investment is a particular feature of the Joint Venture operating model and in making this investment the Group considers its total returns across all practices on a portfolio basis.

Key responses

- The Group's finances are continually monitored in the context of its growth plans and of the wider economic landscape. The Group's core financing facilities are in place until September 2028. The Group maintains close working relationships with its banking partners to ensure sufficient liquidity and credit is available. The Group monitors a range of potential cash flow sensitivities to ensure the banking facilities in place remain sufficient and adequate considering evolving macro and micro-economic factors.
- The Group ensures that all cash surpluses are invested with banks that have credit ratings and investment criteria that meet the requirements set out in the Group Treasury Policy, which is Board approved.
- The Group's key suppliers are exposed to credit risk and as part of the Group's overall risk management programme, the business has identified alternative suppliers where appropriate and developed contingency plans in respect of own label and private label food products.
- The Group has from time to time bought out and consolidated a number of Joint Venture veterinary practices. As part of these acquisitions, the Group has settled any liabilities for third party bank loans and leases within these practices on behalf of the Joint Venture Practice Owner, with all such liabilities being written off.
- For the practices which the Group continues to operate under a Joint Venture Agreement, the Group has an established credit impairment provision to reflect the assessment of extended loans and investments being repaid over different lengths of time, with different risks of return, to provide for any potential shortfall. The Group has facilities in place with recognised lenders that give us confidence that our medium-term growth plans are financed adequately.

Outlook and further actions planned

- The Group's liquidity headroom in the financial year, and the length of time to expiry of the Group's core financing facilities, will continue to be monitored periodically.
- The evolving political and macro-economic situation is likely to lead to sustained uncertainty in relation to forecast cash flows, liquidity, and credit requirements. We will continue to monitor our finances and build relationships with our finance providers to ensure that the business is well positioned to manage its cash flows effectively and ensure sufficient liquidity is available.
- We recognise the potential need to support some of our Joint Venture veterinary practices with additional funding during the year ahead. Such funding will be available for those businesses that remain viable over the longer term, considering resilience evidenced within the sector throughout the last financial year.

Emerging risks

- The evolving supply chain and inflationary factors.

Risk appetite

We apply a cautious and balanced approach to funding, liquidity, and credit risks to safeguard access to funding whilst maintaining sufficient liquidity to meet our current financial obligations and future financial forecasts. The Group does not tolerate any breach in liquidity and credit contracts or Group liquidity and credit financial policies.

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Risk Profile/ Risk Appetite L Low M Medium H High **Change on previous year** < > Stable ^ Increased v Decreased

Treasury and finance

Owner: Chief Financial Officer
Risk Type: Finance

Links to strategy 1 2 3 4 5 6 7 **Risk profile** L **Risk appetite** L **Change on previous year:** <>

Description

The Group has an exposure to exchange rate risk in respect of the US dollar, which is the principal purchase currency for goods sourced from Asia. The Group also faces risks from changes to interest rates due to its exposure to debt facilities with floating interest rates linked to SONIA. The Group has an exposure to potential tax compliance issues which could lead to financial or reputational loss. If we do not manage these exposures, there could be an impact on the Group's financial performance with a consequential impact on operational and growth plans.

Key responses

- This exposure to exchange rate fluctuation is managed via forward foreign currency contracts that are designated as cash flow hedges. The Group has an established guiderail for foreign exchange hedging in terms of both percentage forecast foreign currency purchase coverage and time horizon hedged out to.
- This exposure to interest rate fluctuation is managed via floating to fixed interest rate swap contracts that are designated as cash flow hedges. The Group has an established guiderail for interest rate hedging in terms of both percentage forecast debt coverage and time horizon hedged out to.
- All hedging activity is undertaken by the Group Treasury function in accordance with the Group Treasury Policy that sets out the criteria for counterparties with whom the Group can transact, which states that all hedging activities are undertaken in the context of known and forecast cash flows, with speculative transactions specifically prohibited.
- The Group operates within the Group Tax Policy framework which aims to maintain a low risk appetite approach to its tax affairs.

Outlook and further actions planned

- The political and macro-economic environment has resulted in ongoing heightened foreign currency volatility and interest rate pressures, and we may see this continue for some time.
- Ongoing currency movements between the US dollar and GBP may result in further exchange risk, particularly considering the geopolitical and macro-economic environment.
- These risks are appropriately mitigated through the Group's Treasury Policy, Tax Policy, and risk management strategies. The Group will continue to manage this through its well-established foreign exchange and interest rate hedging policies, and more widely its Group-wide treasury and tax policies. We do not expect any increased threat from other significant macro-economic changes in the short to medium term.

Emerging risks

- Continued macroeconomic and geopolitical uncertainty.

Risk appetite

The Group has a low appetite for balance sheet risk. We apply a cautious approach to safeguard the strength and resilience of the balance sheet. We also take an ethical and low risk approach to tax. The Group does not tolerate any breach in key financial policies, such as the Group Treasury Policy.

Link to strategy 1 Disrupt the status quo in the veterinary industry 2 Deliver our omnichannel consumer proposition 3 Strengthen our brand, marketing, and go to market approach 4 Evolve our pet care centres to power our omnichannel model 5 Drive premiumisation and share gain in food 6 Broaden our appeal through best-in-class accessory ranges 7 Create a Better World for planet, pets, and people

Risk Profile/ Risk Appetite L Low M Medium H High **Change on previous year** <> Stable ^ Increased V Decreased

Risk Review continued

Legal and compliance

Owner: Chief People & Legal Officer
Risk Type: Legal and compliance

Links to strategy 1 2 3 4 5 6 7 | **Risk profile** L | **Risk appetite** L | **Change on previous year:** Stable

Description

Many of the Group's activities are regulated by national and international legislation, applicable industry regulations and standards including, but not limited to, consumer and competition laws and regulations, trading, advertising, packaging, product quality, health and safety legislation and guidance, pet shop licensing, National Minimum Wage and National Living Wage, Equality Act, modern slavery, anti-bribery and corruption, data protection, environmental regulations, the Corporate Governance Code, the RCVS Code of Professional Conduct for Veterinary Surgeons, and the off-payroll regulations (IR35). There have also been significant global developments in artificial intelligence technologies and a regulator-led approach to AI regulation, together with the upcoming implementation of the EU AI Act which has extra-territorial effect. Failure to comply with the obligations set out in this paragraph and other applicable legislation or recommendations of any regulatory investigations may lead to financial penalties and reputational damage and other consequences for the business and its Directors.

Key responses

- We actively monitor regulatory developments in the UK and Europe (as applicable) and our existing obligations where we have internal policies and standards to ensure compliance where appropriate. Training is provided for colleagues.
- We operate a confidential whistleblowing hotline for colleagues, Practice Owners, suppliers, and people working within our supply chain to raise concerns regarding any potential breach of legal or regulatory obligations in confidence.
- Our suppliers commit to comply with all relevant business regulations for the territories in which they operate and to meet international labour standards which are laid out in our Supplier Code of Conduct. We reinforce this by placing contractual obligations on our suppliers and support where necessary.
- The Group's Data Protection Officer and Executive sponsored Steering Committee monitors Group compliance with legal requirements relating to personal data, ensuring relevant policies are up to date and works with our Information Security Steering Committee which monitors data security.
- We understand the value of ongoing training and communication to raise awareness of the personal data handled by the business, how to keep it safe and how to help prevent personal data incidents. We carry out regular induction, awareness, and refresher training for all our colleagues in Retail, Vets, and the Support Office.

Outlook and further actions planned

- We continue to monitor legal and regulatory developments across the UK and Europe and will plan accordingly.

Emerging risks

- New and amended regulations.
- Significant strengthening of UK consumer laws and regulations including those on the use of digital information, and increasingly stringent environmental regulation.
- Sector review and market investigation by the CMA into veterinary services for household pets in the UK.
- Increasing AI use and regulation.

Risk appetite

The Group is committed to acting ethically, lawfully, and always in the best interests of our stakeholders and therefore has an extremely low appetite for compliance breaches, either regulatory or of our principal internal polices, including for example, our Health and Safety policy and our Code of Business Ethics and Conduct. Anyone who acts on our behalf is expected to act in line with our policies, values, and behaviours and to take the necessary steps to comply with applicable laws and regulations.

Link to strategy 1 Disrupt the status quo in the veterinary industry 2 Deliver our omnichannel consumer proposition 3 Strengthen our brand, marketing, and go to market approach 4 Evolve our pet care centres to power our omnichannel model 5 Drive premiumisation and share gain in food 6 Broaden our appeal through best-in-class accessory ranges 7 Create a Better World for planet, pets, and people

Risk Profile/ Risk Appetite L Low M Medium H High **Change on previous year** Stable Increased Decreased

Chair’s Introduction to Governance

Strong governance to support strategic execution

Ian Burke
Chair

On behalf of the Board, I am pleased to present our Corporate Governance Report for the financial year ended 28 March 2024.

This financial year has seen the business move through a number of critical periods in implementing our strategic initiatives, with projects such as the move to the new Stafford distribution centre and Polestar coming to fruition. Ensuring that the Board and business maintains strong governance to support the execution of such key projects has been essential to support the long-term success of the Company, given the risks and challenges that are inherently involved with such major transformational changes.

During the year, the Board welcomed Angelique Augereau as an independent Non-Executive Director. With the rise of artificial intelligence (AI), it is essential that the Board has appropriate capability to oversee the significant opportunity and risk that AI brings. Angelique’s experience in AI and machine learning complements the Board’s skills and will ensure that the Board is well placed to deal with future growth in this field. In addition, as the business starts to explore new AI uses and opportunities, the Board has considered what governance is necessary for the use of AI across the business. A Responsible AI Use Policy has been developed which is intended for use by all colleagues and is based around the five key principles of: 1) transparency and accountability, 2) fairness and non-discrimination, 3) impact and sustainability, 4) privacy, security and resilience, and 5) consistency with culture – all of which are core values for the Company.

In addition, the Board has maintained a strong focus on external developments, including the CMA review into the veterinary services sector for household pets and, with the considerable experience of the Non-Executive Directors on competition issues, will continue to guide the business through the market investigation.

The Board has continued to monitor corporate governance developments throughout the year, including the changes to be introduced by the Corporate Governance Code 2024 and work is underway to implement the new provisions as appropriate.

The business also took part in the FTSE Women Leaders review and the Parker review again this year and the Board is pleased to see the continued improvements made in this area. Diversity will continue to be a focus for the future.

I hope that this report provides a clear outline of the work the Board has undertaken during the year and how our governance and Board agendas are aligned with the Group’s strategy. I look forward to welcoming shareholders to our AGM at the Pets at Home Support Office on 11 July 2024 at 11am.

Ian Burke
Chair
28 May 2024

Board of Directors

Chair

Ian Burke

Chair

Appointment to the Board
2020

Current roles

Past roles
- Member of the Board of Governors of Birmingham City University
- Non-Executive Chair of Studio Retail Group Plc
- Non-Executive Senior Independent Director of intu properties Plc
- Chair and Chief Executive Officer of Rank Group Plc
- Chief Executive Officer of Holmes Place Health Clubs
- Chief Executive Officer of Thistle Hotels Plc
- Chair of Vet Partners Holdings Ltd

Contribution to the Board
Wealth of experience from the leisure and retail sectors. Ian has significant prior experience of participation in audit and remuneration committees.

Committees
N E

Non-Executive Directors

Zarin Patel

Senior Independent Non-Executive Director

Appointment to the Board
2021

Current roles
- Senior Independent Director and Chair of the Audit and Risk Committee of Anglian Water Services Limited
- Independent Non-Executive Director, Audit and Risk Committee Chair and ESG Committee Chair at Hays Plc
- Independent Non-Executive Director and Chair of the Audit and Risk Committee of HM Treasury
- Trustee of National Trust and Chair of its Audit Committee
- Member of Chapter Zero
- Member of Women on Boards

Past roles
- Non-Executive Director and Senior Independent Non-Executive Director of Post Office Limited and member of its Audit Committee
- Independent member of the Audit and Risk Committee of John Lewis Partnership Plc
- Chief Financial Officer of the BBC
- Chief Operating Officer of The Grass Roots Group Plc

Contribution to the Board
Wide ranging financial and commercial expertise. Zarin is also a Chartered Accountant.

Committees
N E R A

Susan Dawson

Independent Non-Executive Director

Appointment to the Board
2018

Current roles
- Trustee of Pet Blood Bank

Past roles
- Dean of the Institute of Veterinary Science at the University of Liverpool
- Council member of the Royal College of Veterinary Surgeons (RCVS)
- Member of the Veterinary Products Committee
- Member of the Antimicrobial Resistance and Healthcare Associated Infections Committee for the Department of Health

Contribution to the Board
Considerable veterinary experience and expertise on the training and wellbeing of vets.

Committees
N E R A

Natalie-Jane Macdonald

Independent Non-Executive Director

Appointment to the Board
2023

Current roles
- Chair of Nuffield Health
- Chair of Voyage Care
- Non-Executive Director of Riverstone Living

Past roles
- Lecturer in General Medicine and Clinical Pharmacology
- Head of Medical Ethics, British Medical Association
- Managing Director of Bupa Health and Wellbeing
- Chief Executive Officer of Acorn Care and Education
- Chief Executive Officer of Sunrise Senior Living
- Non-Executive Director of Royal National Orthopaedic Hospital
- Non-Executive Director of PHIN
- Non-Executive Director of Which?

Contribution to the Board
Strategic and operational healthcare experience, together with knowledge of complex consumer businesses.

Committees
N E A

Executive Directors

Roger Burnley

Independent Non-Executive Director

Appointment to the Board
2023

Current roles
- Chair of Plate-Up Limited
- Chair of Finnebrogue Artisan
- Luminary Advisor with Accenture

Past roles
- Executive Director at J Sainsbury Plc
- COO and CEO at Asda Stores Limited
- Advisor with Bain & Company

Contribution to the Board
Deep knowledge of the retail sector and food supply chains.

Committees
N E R A

Angelique Augereau

Independent Non-Executive Director

Appointment to the Board
2024

Current roles

Past roles
- Chief Analytics Officer at Capital One Financial Corporation
- Chief Data & Analytics Officer at Apax Partners
- Managing Director of JP Morgan's Global Payment Business

Contribution to the Board
Broad experience of AI and machine learning.

Committees
N E

Lyssa McGowan

Chief Executive Officer

Appointment to the Board
2022

Current role
- Chief Executive Officer

Past roles
- Chief Consumer Officer at Sky UK Limited
- Non-Executive Director at Wm Morrison Supermarkets Plc

Contribution to the Board
Broad experience in consumer-facing businesses, expertise in customer and digital first initiatives, experience in data and digital transformation.

Committees
E

Mike Iddon

Chief Financial Officer

Appointment to the Board
2016

Current roles
- Chief Financial Officer
- Non Executive Director and Audit and Risk Committee Chair of Wickes Group Plc

Past roles
- Chief Financial Officer of New Look from 2014–2016
- Held a number of senior finance roles over 13 years working for Tesco Plc both in the UK and overseas. These included Group Planning, Tax and Treasury Director, UK Finance Director and Chief Financial Officer of Tesco Homeplus (South Korea)
- Number of senior roles with Kingfisher Plc and Whitbread Plc

Contribution to the Board
Financial knowledge and retail industry expertise.

Committees
E

Committees – Key

N Nomination and Corporate Governance
R Remuneration
● Chair of Committee
A Audit and Risk
E ESG (Environmental, Social and Governance)

Principal governance activities during the financial year

2024 Board considerations

During the year the Board spent its time considering a wide range of matters, including:
- Development of the Group's strategic plan;
- In depth reviews on the key strategic initiatives;
- Updates from key business functions, including IT (also covering AI), investor relations and vets;
- Business performance;
- Sustainability and climate matters;
- Overall performance of individual business functions;
- Budgets and long-term plans for the Group;
- Risk management and controls, including reputation risk and corporate governance;
- Financial statements, announcements and financial reporting matters;
- Competitor and customer updates;
- Diversity, talent, capability and succession planning matters;
- Reviewing Committee reports;
- Approving significant items of capital expenditure and contracts requiring Board approval under the Board's reserved matters;
- Group culture, behaviours, engagement and results from the colleague listening surveys;
- Shareholder feedback;
- Regulatory matters, corporate governance and corporate reporting;
- Approval of the financing arrangements and treasury items;
- Non-Executive Director and Executive Management Team succession and talent development;
- Engagement with key stakeholders and the impact of Board decisions on such stakeholders;
- The appointment of the new auditor;
- Capital allocation;
- Political matters and public affairs;
- The CMA review and market investigation into the vet services sector for household pets;
- Board evaluation; and
- Key strategic projects and priorities across the Group.

Compliance with the 2018 UK Corporate Governance Code (the '2018 Code')

The Governance Report outlines how the Board has applied the main principles of good governance as required by the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018, the Disclosure Guidance and Transparency Rules (DTRs) and the Listing Rules (LRs).

The Board is responsible for ensuring that the Group has the necessary frameworks in place to ensure compliance with the Code. The Board believes that during this financial year, the Group was in full compliance with the Code.

Oversight of development and implementation of strategy

The Board continues to oversee and support the transformation and development of the strategic vision for the Group, in line with the Board's aim to generate and preserve long-term value. During the Board meetings this year, increased focus and time has been given to Group strategy and strategic priorities. The Board has considered risks and opportunities to the business throughout the year during the course of Board meetings.

Board meetings and attendance

In this financial year, the Board met formally eight times and attended an annual strategy day meeting. Ad hoc meetings of both the Board and Committees were arranged to deal with matters between scheduled Board meetings as appropriate. Board meetings were preceded by Committee meetings with the meetings lasting the majority of the day in most cases. Topics for the Board meetings are determined at the beginning of the year and new items are added to this as and when appropriate in consultation with the Board and Executive Management Team. All Directors receive papers in advance of Board meetings via an electronic board paper system which enables the fast dissemination of quality information in a safe and secure manner. These include a monthly Board report with updates from each of the Chief Executive Officer and the Chief Financial Officer, which monitors the achievements against the Group's key performance indicators, both financial and strategic. Performance against budget is reported to the Board monthly and any substantial variances are explained.

Forecasts for the year are revised and reviewed regularly. Members of the Executive Management Team and senior leadership teams are also invited to present at Board meetings from time to time so that Non-Executive Directors keep abreast of developments in the Group. For the Board, these meetings are an opportunity to meet colleagues below the level of the Executive Management Team and for colleagues asked to present, this is a valuable part of their career development. It is important to the Group that all Directors understand external views of the Group. Throughout the year, reporting is provided to the Board by the Company's Director of Investor Relations covering broker and shareholder views.

Directors' conflicts of interest

The Articles of Association of the Company give the Directors the power to consider and, if appropriate, authorise conflict situations where a Director's declared interest may conflict or does conflict with the interests of the Company. Procedures are in place at every meeting for individual Directors to report and record any potential or actual conflicts which arise. The register of reported conflicts is maintained by the Company Secretary and reviewed by the Board at least annually. The Board has complied with these procedures during the year.

Number of meetings[1]	Board	Remuneration Committee	Audit and Risk Committee	Nomination and Corporate Governance Committee	ESG Committee
Number of meetings[1]	**8**	4	4	3	3
Director					
Ian Burke (Chair)	**8/8**	–	–	3/3	3/3
Zarin Patel	**8/8**	4/4	4/4	3/3	3/3
Dennis Millard[2]	**7/7**	–	–	2/2	3/3
Susan Dawson	**8/8**	4/4	3/3	3/3	3/3
Roger Burnley	**8/8**	4/4	4/4	3/3	3/3
Natalie-Jane Macdonald	**7/7**	–	2/2	3/3	2/2
Angelique Augereau	**2/2**	–	–	1/1	1/1
Lyssa McGowan[3]	**8/8**	–	–	–	3/3
Mike Iddon[3]	**8/8**	–	–	–	3/3
Sharon Flood	**2/2**	1/1	1/1	–	1/1
Stanislas Laurent	**2/2**	1/1	–	–	1/1

1 Excludes the strategy day, which all Directors (appointed before that date) attended.
2 Dennis Millard stepped down as a formal member of the Audit and Risk Committee and the Remuneration Committee on 14 February 2023. He continued to attend meetings of those Committees as an observer from 14 February 2023. Dennis stepped down from the Board on 29 February 2024.
3 Although not formally appointed as a member of the Audit and Risk and Remuneration Committees, Lyssa McGowan attended meetings of such Committees as an observer at the invitation of the Chair. In addition, Mike Iddon also attended meetings of the Audit and Risk and Remuneration Committees as an observer, despite not being formally appointed as a member of those Committees.

How we are governed

Governance structure

The Group's governance structure in respect of the Board and Committees is as detailed in the diagram below.

Pets at Home Group Plc Board of Directors
The Board is collectively responsible for the long-term success of the Company. The business of the Company is managed by the Board which may exercise all of the powers of the Company. The Board delegates certain matters to Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational management of the business to the Group Chief Executive Officer. Further details can be found on page 39.

Board Committees

- **Audit and Risk Committee**
- **Nomination and Corporate Governance Committee**
- **Remuneration Committee**
- **Environmental, Social and Governance (ESG) Committee**

Chief Executive Officer
Leads the Executive Management Team and represents management on the Board in conjunction with the Group Chief Financial Officer

Executive Management Team
The Executive Management Team supports the Chief Executive Officer with the day-to-day management of the Group's operations and executes the Group's strategy once agreed by the Board

- **Retail Senior Leadership Team**
- **Consumer Senior Leadership Team**
- **Vet Group Senior Leadership Team**

- **Investment Committee**
- **Health and Safety Committee**
- **Pet Welfare Committee**
- **Responsible Product Committee**
- **Climate Change and Waste Committee**
- **Pensions Committee**

The role of the Board

Division of responsibilities
The Company is led and controlled by the Board which is collectively responsible for the long-term and sustainable performance of the Group. The roles of Chair and Chief Executive Officer are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board. The definitions of the roles are published on the Group's website https://www.petsathomeplc.com/investors/corporate-governance/division-of-responsibilities-for-the-ceo-and-the-chairman/.

Board Committees

The Board has established four Board Committees: an Audit and Risk Committee, a Nomination and Corporate Governance Committee, a Remuneration Committee and an ESG Committee. Each Committee has written terms of reference which are approved by the Board and subject to review each year. The terms of reference for each Committee have been reviewed and updated this year, as appropriate to deal with changes in guidance and within the business. The terms of reference are available on request from the Company Secretary and are published on the Group's website https://www.petsathomeplc.com/investors/corporate-governance/.

Executive Management Team

In addition to the Board, the Group has the Executive Management Team which includes: the Chief Executive Officer, Chief Financial Officer, Retail Chief Operating Officer, Vet Group Chief Operating Officer, Chief Legal and People Officer, Chief Information Officer and the Chief Consumer Officer. Supporting the Executive Management Team are senior leadership teams for retail, vet and consumer. The senior leadership teams support the Executive Management Team in the implementation of strategy and risk and governance oversight across their respective divisions.

Management Committees

Details of our management committees are set out below:

Investment Committee
The Investment Committee assists the Board with the Group's store and veterinary surgery rollout and development process to ensure the Group's investment process is managed effectively and rigorously throughout the Group. The Investment Committee is chaired by the Chief Financial Officer and is also attended by the Chief Executive Officer and other members of the Executive Management Team and senior leadership team, including the Director of Property and the Development Director. The Investment Committee meets formally at least nine times a year and otherwise as may be required. Duties of the Investment Committee include reviewing and considering all proposals presented for the acquisition of new stores, standalone veterinary surgeries, vet extensions, Support Offices, Distribution Centres and any other type of property for which occupation is proposed for use by a member of the Group; approving all material variations and works of a capital nature proposed to be carried out to any property in which the Group has a right of occupation; approving all material variations to proposed property and standalone surgery acquisitions; periodically reviewing proposed changes to the reporting and presentation of property investment criteria; reviewing all proposals presented for lease renewals and reviewing alternative strategies for new store investment, formats and geographical markets and reporting on such strategies to the Board for final approval on the terms of any such matter; and reviewing all proposals for the dispositions of all or part of any of the leases on stores including any sub-letting, assignments, surrenders or relocations and approving or rejecting any such proposals as appropriate.

Each of the matters approved by the Investment Committee is subject to further approval by the Board where it falls within the level of expenditure requiring full Board approval. Details from the Investment Committee meetings are provided to the Board on a regular basis.

Health and Safety Committee
Health and safety is a key priority for the Board and senior management. The Board has established a Health and Safety Committee that meets at least on a quarterly basis and is chaired by the Chief Legal and People Officer with the agenda led by the Group Head of Health and Safety. The Committee is attended by key individuals in the business who are responsible for certain areas of health and safety including the veterinary business, retail, and grooming, and the Committee is tasked with reviewing the Group's overall health and safety performance. The Group's wellbeing and engagement manager also attends the meetings. A health and safety policy is in place for the Group which is reviewed on a regular basis. The Distribution Centres have their own dedicated health and safety manager and a separate health and safety sub-committee which also meets on a regular basis. The Vet Group also has a designated health and safety manager and health and safety assessors. Further details of the work of the Health and Safety Committee are contained in our separate Sustainability Report.

Other Management Committees

Pensions Committee

The Pensions Committee operates to consider pensions related issues across the business.

Pet Welfare Committee

The Pet Welfare Committee is responsible for leading the business to be the credible, trusted voice in pet welfare and the guardians of the value 'we put pets first'. The Committee considers all pet welfare matters impacting the Group and research.

Responsible Product Committee

The Product and Supply Chain Committee is responsible for considering sustainability issues in the supply chain.

Climate Change and Waste Committee

The Climate Change and Waste Committee considers all climate and waste matters impacting the business.

Division of Responsibilities continued

Internal control and risk management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The Board has carried out a robust assessment of the Group's emerging and principal risks, including those that would threaten its business model, future performance, solvency, liquidity or reputation as detailed on pages 22 to 32. The Board delegates to the Executive Management Team the responsibility for designing, operating and monitoring these systems. The systems are based on a process of identifying, evaluating and managing key and emerging risks, and include the risk management processes set out on page 49 of the Audit and Risk Committee Report.

The systems of internal control were in place throughout the period and up to the date of approval of the Annual Report. The systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives. They can only provide reasonable and not absolute assurance against material errors, losses, fraud or breaches of law and regulations. A number of internal controls operate across the business. The key controls the business relied upon during the year are set out below:

- The annual Group-wide strategic review of the existing five-year strategic plan took place in November 2023 and was reviewed and approved by the Board. Following this approval, the business carried out its annual business plan and budget cycle, again culminating in formal review and approval by the Board on 19 March 2024.
- Management accounts have been reviewed at meetings of the Board. These reviews covered the comparison of actual performance against budget in the period end management accounts and consideration of outturn for the year. The period end accounts are prepared by the finance team and reviewed by the Chief Financial Officer.
- All capital investments during the year have been approved by the Chief Financial Officer; an authority framework is in place which details the approvals required for specific levels of capital spend including those capital projects requiring full Board approval. In line with delegation by the Board, the Investment Committee, chaired by the Chief Financial Officer, has reviewed and approved investments in respect of the acquisition and fit-out of new stores, and new standalone and in-store veterinary practices.
- There is an independent internal audit department in place that has its scope agreed directly with the Audit and Risk Committee and has reported at each Audit and Risk Committee meeting throughout the year. All internal audit reports are presented to the Audit and Risk Committee for review and consideration of any material findings. Where audit findings have been raised, management have agreed appropriate actions and these are prioritised based on risk. Further details of the areas covered in the internal audit reports can be found in the Audit and Risk Committee Report on page 48.
- A clearly articulated delegated authority framework in respect of all purchasing activity is in place across the Group. This is complemented by systemic controls including a contract approval policy that reflects the agreed authority framework and clear segregation of duties between relevant functions and departments.
- A schedule of matters reserved for the Board is in place for approving significant transactions and strategic and organisational change. Board discussion of the key risks and uncertainties facing the Group and the risk management system. Further details are contained in the Audit and Risk Committee Report on pages 46 to 51.

Whistleblowing policy

The Company has a duty to conduct its affairs in an open and responsible way. We are committed to high standards of corporate governance and compliance with legislation and appropriate codes of practice. By knowing about any wrongdoing or malpractice at an early stage, we stand a good chance of taking the necessary steps to stop it. The Group has a whistleblowing policy designed to encourage colleagues to identify such situations and report them without fear of repercussions or recriminations provided that they are acting in good faith. The policy sets out how any concerns may be raised and the response which can be expected from the Company and in what timescales.

A copy of the Group's Code of Ethics and Business Conduct is published on the Group's website https://www.petsathomeplc.com/sustainability/documents-policies/policies/.

Share dealing code

The Company has adopted a share dealing code in relation to its shares. The share dealing code applies to the Directors, any other Persons Discharging Managerial Responsibility and certain colleague insiders of Group companies and they are responsible for procuring the compliance of their respective connected persons with the Company's share dealing code. Pets at Home's investor website is also regularly updated with news and information, including this Annual Report which sets out our strategy and performance together with our plans for future growth https://www.petsathomeplc.com/.

For more information:
www.petsathomeplc.com

Composition, Succession and Evaluation

Board balance and independence

The 2018 Code recommends that at least half the board of Directors of a UK-listed company, excluding the chair, should comprise Non-Executive Directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. The Board currently consists of five Independent Non-Executive Directors and one Non-Executive Chair. The Directors' biographies are contained on pages 34 to 35. The Board considers that all of the current Non-Executive Directors are independent in character and judgement and that both individually and collectively, the Directors have the range of skills, knowledge, diversity of experience and dedication necessary to lead the Group and also contribute significantly to the work of the Board, together with the requisite strategic and commercial experience.

Dennis Millard served on the Board this year, stepping down on 29 February 2024. Dennis had acted as an Independent Non-Executive Director for over nine years and was therefore no longer considered independent in accordance with Provision 10 of the 2018 Code due to exceeding nine years tenure on 13 February 2023.

The skills matrix for the Board on page 43 demonstrates the Board's breadth of experience. More than half of the Directors are considered to be independent in accordance with the 2018 Code. In addition, the 2018 Code recommends that, on appointment, the chair of a company with a premium listing on the Official List should meet the independence criteria set out in the 2018 Code. The Board considers that Ian Burke meets the independence criteria set out in the 2018 Code.

Directors' induction and ongoing training

It is important to the Board that Non-Executive Directors have the ability to influence and challenge appropriately. New Directors receive a full, formal and tailored induction on joining the Board, including meeting with the Executive Management Team and advisors. The induction includes visits to the Group's stores, veterinary surgeries, Distribution Centres and other operational locations together with training on the Group's core values including its culture, environmental, social and governance issues as well as behaviours that are in place to support the Group's values. Individual training needs are reviewed regularly and training is provided where a need is identified or requested. All Directors receive frequent updates on a variety of issues relevant to the Group's business, including regulatory and governance issues. The Group's corporate advisors provided a bespoke training session for the Board this year covering updates on Directors' duties and the market abuse regime. The Board also has access to the Deloitte Academy training portal and Directors have attended a variety of training sessions throughout the year via this system.

Appointment terms and election of Directors

All Directors have service agreements or letters of appointment and the details of their terms are set out in the Remuneration Policy which is located on the company's investor website in the 2023 Annual Report (https://www.petsathomeplc.com/investors/). The service agreements and letters of appointment are available for inspection at the Company's registered office during normal business hours. At each Annual General Meeting of the Company all Directors will stand for re-election in accordance with the 2018 Code. Each financial year the Chair will liaise with Non-Executive Directors to assess and review individual contributions to the Board and performance over the financial period. The skills and experience which each Non-Executive Director brings to the Board are detailed on pages 34, 35 and 43 and why their contribution is, and continues to be, important to the Company's long-term sustainable success.

Board effectiveness

The time commitments of each of the Non-Executive Directors are considered regularly and reviewed annually. The Board is satisfied that the Chair and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

Diversity and inclusion

The Board understands the importance of having a diverse membership and recognises that diversity encompasses not only gender but also background, ethnicity and experience.

The Group's diversity and inclusion aim is to increase diverse representation of colleagues to reflect the communities we live and work in. The Group's policy for all colleagues and applicants is to remove barriers to ensure equality of opportunity regardless of sex, race, ethnic origin or nationality, pregnancy or maternity, age, disability, religious or other philosophical belief, marital status, sexual orientation, gender or gender reassignment. Our culture of inclusivity ensures colleagues with different backgrounds, interests, appearances, perspectives and working styles feel welcome. Applications for employment from candidates who have a disability are given full and fair consideration, and candidates are assessed in accordance with their particular skills and abilities. The Group takes all reasonable steps to meet its responsibilities towards the training and employment of people with a disability, and to ensure that appropriate training, career development and promotion opportunities are available to all colleagues, irrespective of disability. Every effort is made to provide continuity of employment in the event that any colleague becomes disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate job role. The Group continues to be a member of the Business Disability Forum.

Board composition was reviewed by the Board this year to ensure that the requirements of the Code are met. No changes were recommended, however, the Nomination and Corporate Governance Committee will continue to regularly review the diversity of the Board and the Executive Management Team on an ongoing basis. The Board was considered to have an appropriate mix of tenure, skills and experience. The Board believes that appointments should be made solely on merit, an ethos which applies across the business. The Board continues to ensure that it maintains an appropriate balance through a diverse mix of experience, background, skill, knowledge and insight, to further strengthen the diversity and experience already on the Board. Further work has been undertaken by the Group this year on diversity and inclusion, as detailed on pages 12, 17, 18, 45, 53 and in the Sustainability Report.

The Board was pleased to meet the Parker Review targets on ethnic diversity again this year. The Board was also pleased to improve its ranking in the FTSE Women Leaders Report on gender balance again this year.

Composition, Succession and Evaluation continued

The following tables set out the information required by Listing Rule 9.8.6R(10), in the prescribed format.

1. (a) Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	3	37%	2	2	33%
Women	5	63%	2	4	67%
Not specified/prefer not to say	–	–	–	–	–

2. (b) Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	75%	2	5	83%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	2	25%	2	1	17%
Not specified/prefer not to say	–	–	–	–	–

The data above was collected by way of individual confirmation from the Board and Executive Management Team and is correct as at 22 May 2024.

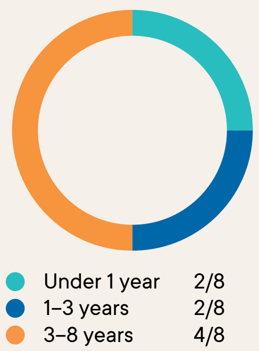
Succession

The Board has continued to focus on succession planning and Group talent development this year. Further detail of the work undertaken by the Nomination and Corporate Governance Committee in this area is included on page 45.

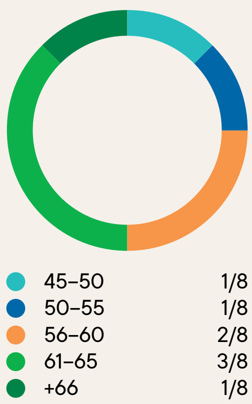
Board evaluation

Further information relating to this year's Board evaluation can be found on page 45 of the Nomination and Corporate Governance Committee report.

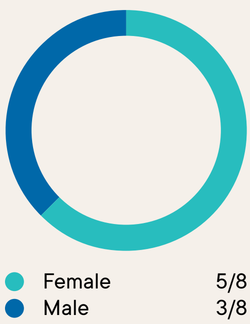
Board by Tenure



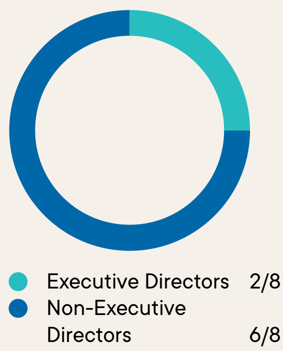
Board by Age



Board by Gender



Balance of the Board (Exec/Non-Exec)



Pets at Home Group Plc – Board Skills Matrix

	Director							
	Ian Burke	Zarin Patel	Susan Dawson	Roger Burnley	Natalie-Jane Macdonald	Angelique Augereau	Lyssa McGowan	Mike Iddon
Pet Owner	✔	✘	✔	✔	✘	✘	✔	✘
Expertise								
Accounting, Finance and Audit	✔	✔	✘	✔	✘	✘	✘	✔
Risk Management	✔	✔	✘	✔	✔	✘	✘	✔
Regulatory	✔	✔	✔	✔	✔	✘	✘	✔
Governance	✔	✔	✔	✔	✔	✘	✔	✔
Corporate Transactions (M&A)	✔	✔	✘	✔	✔	✘	✔	✔
International (running a non UK Business)	✔	✘	✘	✘	✘	✘	✘	✔
General Management (CEO)	✔	✔	✔	✔	✔	✘	✔	✘
People and Culture	✔	✔	✔	✔	✔	✔	✔	✔
General Retailing Experience	✘	✔	✘	✔	✘	✘	✔	✔
Customer Service and Communications Experience	✘	✔	✘	✔	✔	✘	✔	✔
Online Retailing Experience	✔	✔	✘	✔	✘	✘	✔	✔
Marketing/Branding	✔	✔	✘	✔	✔	✘	✔	✔
General Services	✔	✘	✘	✔	✔	✘	✔	✘
Veterinary	✘	✘	✔	✘	✘	✘	✘	✘
Healthcare	✘	✘	✘	✘	✔	✘	✘	✘
Charity/Social Purpose	✔	✔	✔	✔	✔	✘	✘	✔
Data	✘	✔	✘	✔	✔	✔	✔	✘
Artificial Intelligence	✔	✘	✘	✘	✘	✔	✘	✘
IT and Technology	✘	✔	✘	✔	✘	✔	✔	✘
Omnichannel	✔	✔	✘	✔	✔	✘	✔	✔
Strategic Leadership	✔	✔	✔	✔	✔	✔	✔	✔
Vision and Mission	✔	✔	✔	✔	✔	✔	✔	✔
Sustainability and Climate Change	✔	✔	✔	✔	✘	✘	✘	✘
Transformation Leadership	✔	✔	✘	✔	✔	✔	✔	✔
Chair of Plc Board	✔	✘	✘	✘	✘	✘	✘	✘
Chair of Plc Board Committee	✔	✔	✔	✔	✘	✘	✘	✔

Ensuring our future success

Ian Burke
Chair, Nomination and Corporate Governance Committee

Introduction

The Nomination and Corporate Governance Committee is a key committee of the Board whose role is to keep the composition and structure of the Board and its Committees under review and has responsibility for nominating candidates for appointment as Directors to the Board having regard to its structure, size and composition (including the skills, knowledge, experience and diversity of its members).

We are also tasked with ensuring that succession plans are in place for the Directors, the Executive Management Team and the senior leadership teams, taking into consideration the current Board structure, the leadership requirements of the Group and the wider commercial and market environment within which the Group operates. The full terms of reference for the Nomination and Corporate Governance Committee can be found on the Company's website.

Committee membership

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent Non-Executive Directors. The Nomination and Corporate Governance Committee is chaired by myself, and its other members are Zarin Patel, Susan Dawson, Roger Burnley, Natalie-Jane Macdonald and Angelique Augereau. Dennis Millard was also a member of the Committee during the year, prior to stepping down from the Board on 29 February 2024. The majority of the Committee's members are independent Non-Executive Directors. The Nomination and Corporate Governance Committee meets not less than once a year.

There were three formal Committee meetings held in the financial year and members' attendance was as shown in the table above.

Board appointments and resignations

Dr Natalie-Jane Macdonald joined the Board as an Independent Non-Executive Director with effect from 27 May 2023. Natalie is a member of the Nomination and Corporate Governance Committee and the ESG Committee from appointment. Natalie has also taken the role of Non-Executive Director with responsibility for colleague engagement during this financial year. Natalie's previous roles and experience are detailed on page 34. Natalie brings an exceptional level of strategic and operational healthcare experience, together with knowledge of complex consumer businesses at an executive and board level.

The Board was also pleased to welcome Angelique Augereau to the Board as an Independent Non-Executive Director with effect from 22 January 2024. Angelique brings extensive knowledge of AI and machine learning to the business. Her previous roles and experience are detailed on page 35. Angelique is a member of the Nomination and Corporate Governance Committee and the ESG Committee from appointment.

The following Directors served on the Nomination and Corporate Governance Committee during the financial year:

Member	Period from	To	No. of meetings
Ian Burke (Chair)	21 May 2020	To date	3/3
Zarin Patel	20 May 2021	To date	3/3
Dennis Millard	18 February 2014	29 February 2024	3/3
Susan Dawson	12 July 2018	To date	3/3
Roger Burnley	14 February 2023	To date	3/3
Natalie-Jane Macdonald	27 May 2023	To date	3/3
Angelique Augereau	22 January 2024	To date	1/1

What we did in 2024

- Considered Board composition and how it may be enhanced.
- Reviewed and considered Board evaluation and effectiveness.
- Reviewed the independence of the Non-Executive Directors.
- Reviewed and considered Directors' conflicts of interest.
- Reviewed the time commitment and length of service of the Non-Executive Directors.
- Recommended the appointment of Angelique Augereau as Non-Executive Director.
- Reviewed and considered executive succession plans.
- Reviewed the Committee's corporate governance obligations.
- Considered corporate governance updates.

What we will do in 2025

- Continue to review Board composition and effectiveness.
- Consider succession planning.
- Review corporate governance obligations and updates.
- Undertake an external Board evaluation and continue to develop any areas identified for improvement.

Stanislas Laurent and Sharon Flood stepped down from the Board on 26 May 2023. Dennis Millard also stepped down from the Board on 29 February 2024.

In respect of the Board Committees, Susan Dawson was appointed as Chair of the Remuneration Committee from 27 May 2023 until 29 February 2024. Roger Burnley took over as Chair of the Remuneration Committee with effect from 1 March 2024. Susan Dawson and Natalie-Jane Macdonald were appointed as additional members of the Audit and Risk Committee from 6 July 2023 and 23 November 2023 respectively.

Susan Dawson, who has served on the Board as an independent Non-Executive Director since 2018, has also indicated her intention not to seek re-election at this year's AGM. Myself and the Board would like to thank Susan for her service to the business.

At Executive Management Team level, a number of changes have also taken place. Lucy Williams' remit was expanded to include the People function, as Chief Legal and People Officer. Anja Madsen joined the business as the new Retail Chief Operating Officer with effect from 2 April 2024. Anja has held senior roles at Sainsbury's and Tesco, and joins from Danish supermarket chain Føtex where she was CEO.

In addition, Lucy Williams stepped down as Company Secretary on 6 July 2023 and Lesley Lazenby was appointed as Legal Director & Company Secretary from the same date.

Succession planning and Group talent development

At Board, Committee and Executive Management Team level, the Committee has considered the skills required to deliver the strategy and objectives in the longer term.

The Committee is responsible for reviewing talent, capability and succession at the most senior levels of the business and continues to focus on talent development, retention and succession below Board and Executive Management Team level. This work has involved considering skills and capability gaps along with succession planning immediately below the Executive Management Team and the development of a talent framework whereby colleagues are assessed against the Group's core competencies. Development plans have been put in place to support colleagues in reaching their full potential. Considerable progress has been made in identifying gaps in the talent pool in addition to mitigating the risks associated with unforeseen events such as key individuals leaving the business.

Board evaluation and effectiveness

This year, the Board carried out an internal evaluation, using a survey covering a number of key areas (including: Board composition, stakeholders, Board dynamics, Board meetings and information, Committees, development, strategy and performance, risk and people). The Committee reviewed and discussed the survey responses and any areas of focus. The Board was considered to be effective.

Diversity

The Board is committed to supporting work initiatives that promote a culture of inclusion and diversity. The Committee recognises the importance of diversity and inclusion both in the Boardroom and throughout the organisation and understands that a diverse Board will offer wider perspectives which lead to better decision-making, enabling it to meet its responsibilities. We take into account a variety of factors before recommending any new appointment to the Board, including relevant skills to perform the role, experience, knowledge, ethnicity and gender. The most important priority of the Committee, however, is ensuring that the best candidate is selected to join the Board. We will monitor the Group's approach to people development to ensure that it continues to enable talented individuals to enjoy career progression with the Group.

Further details on Board diversity can be found on page 42 of the Governance Report.

Conflicts of interest and independence of the Non Executive Directors

The Board has delegated authority to the Committee to consider, and where necessary authorise, any actual or potential conflicts of interest arising in respect of the Directors, however any potential conflicts of interest were considered during Board meetings as they arose during the course of this year.

We also support the Board in its annual consideration of the Conflicts of Interest Register, which is carried out prior to the publication of the Annual Report, and consider the independence of the Non-Executive Directors, in the context of the criteria set out in the Corporate Governance Code.

The Board's view on independence is contained on page 41 of the Governance Report. For further information on Board composition, diversity and independence, please see the Governance Report on page 41 and 42.

I will be available at the Annual General Meeting to answer any questions on the work of the Nomination and Corporate Governance Committee and I look forward to reporting on further progress as we continue our work next year.

Ian Burke
Chair, Nomination and Corporate Governance Committee
28 May 2024

Ensuring integrity in everything we do

Zarin Patel
Chair of the Audit and Risk Committee

Who is on the Audit and Risk Committee?

Member	No. of meetings
Zarin Patel (Chair)	4/4
Roger Burnley	4/4
Sharon Flood	1/4
Stanislas Laurent	1/4
Susan Dawson	3/4

Susan Dawson joined the Audit and Risk Committee on 6 July 2023 and Natalie-Jane Macdonald joined on 23 November 2023. Sharon Flood and Stanislas Laurent both stepped down on 26 May 2023.

Introduction

I am pleased to report that the Committee continues to be highly engaged in assisting the Board in fulfilling its responsibilities to protect the interests of shareholders regarding the integrity of the financial reporting, the adequacy and effectiveness of risk management and internal control systems, and the effectiveness of both Internal Audit and External Audit. This year we have conducted an external audit tender in line with our commitment to do so as KPMG LLP ('KPMG'), have been our auditors since 2014. We have carried out a competitive external audit tender, ensuring a focus on audit quality and effectiveness and giving due consideration to competition in the audit market. The Board have selected Deloitte LLP ('Deloitte') to succeed KPMG as auditors from 29 March 2024. Further details on this process are detailed in the external audit section below.

Further details on the division of Board responsibilities and the Committee's role in complying with the UK Corporate Governance Code are set out on page 44.

What we did in 2024

Carried out our responsibilities as set out in the terms of reference, including challenging the judgemental areas, classification of non underlying items and advising the Board on whether external reporting is fair, balanced and understandable. Reviewed and challenged the appropriateness of Alternative Performance Measures ('APMs') and KPIs, ensuring they are meaningful, balanced and explained appropriately. Reviewed climate-risk related disclosures and the Group's distributable reserves position in advance of the declaration of dividends.

Reviewed and challenged the Longer-Term Viability Statement ('LTVS') and going concern basis of preparation in advance of its approval by the Board, particularly considering the presence of key risk factors such as climate change, recessionary impacts, current geopolitical tensions, continuing global supply chain issues, inflationary pressures and the impact of consumer confidence. As part of this work, the carrying value of the goodwill balance has been reviewed.

Monitored the control environment of the Group including our general risk management and internal controls processes, as well as emerging and evolving risks considering the presence of key risk factors as noted above.

Reviewed the effectiveness of the Group's whistleblowing procedures, fraud effectiveness framework, health and safety plans, and the activities and effectiveness of the Internal Audit function to meet the requirements of the Internal Audit plan.

Continued to monitor the process and controls around extending financial support to Joint Venture veterinary practices, and the recoverability of those loans and investments. We have also continued to review whether the level of practice indebtedness, or any other factors, infers control to the Group of a practice, and whether this challenges the existing accounting treatment.

The Committee has continued to monitor progress of the Internal Controls project which has continued to progress well, being focused initially on improving controls around financial reporting whilst monitoring and adapting to changes to the UK Corporate Governance Code by the FRC. We have agreed our strategy and approach around scope and attestation, implemented a new controls and policies governance system and developed the first and second line of defence.

Following an initial gap assessment, we are in the process of documenting business processes and identifying weaknesses. We have documented the majority of our core business processes and their related risks and controls. We are focused on improving our risk and controls capability to support the development of actions to improve control weaknesses and the maturity of the control environment as a whole.

As part of our review we have identified controls which can be strengthened. These mainly relate to the retention of evidence, segregation of duties and the formality and consistency of control operation. We have also had a strong focus on IT controls where the initial documentation is largely complete and our work is now focusing on improvements. We have identified six key workstreams in this area to focus on over the next financial year.

We have reviewed and monitored compliance with the newly published Minimum Audit Standards for Audit Committees and the revised UK Corporate Governance Code as issued by the FRC in January 2024 and incorporated the relevant changes into the Committee's terms of reference.

We have reviewed the progress and delivery of major projects including the new distribution centre (Project Spice), digital capability (Project Polestar), Vet Group transformation (Project Apollo) and cyber security enhancements. We have ongoing embedded assurance within major strategic projects to report back to the Board and Audit and Risk Committee on key risk themes. Following recommendation by the Audit and Risk Committee, the Board has carried out a lessons learnt analysis in relation to Project Spice.

We have worked with the ESG Committee to continue to support the development of the Group's climate risk scenario planning and reporting in relation to Task Force on Climate-Related Financial Disclosures ('TCFD') and the related considerations in the Group's going concern and longer-term viability assessment, including reviewing the commitments published by the Group. We also commissioned an external review of the disclosures to ensure they were in line with best practice. Deloitte have been appointed to perform the limited assurance review over selected ESG metrics this year, ahead of their appointment as External Auditor.

Cyber security risk continues to be one of the Group's Principal Risks and an area we remain vigilant given the increasingly complex nature of cyber attacks. We continue to refine and test our incident response processes, including incident rehearsals leading to a more robust underlying framework. The cyber security policies, controls and cyber maturity plans have been reviewed by the Committee at the biannual Risk and Audit Review and by the Board of Directors.

We have implemented a new 3 year rolling plan for the Audit and Risk Committee agenda.

What we will do in 2025

Continue to build on what we did in 2024 and to carry out our responsibilities as set out in the terms of reference.

Continue to monitor emerging and maturing risks, in particular risks from climate change, recessionary impacts, geopolitical tensions, the global supply chain issues, cyber security and data privacy.

Continue to develop our Internal Controls Framework and monitor progress of the Internal Controls project ahead of our compliance date of March 2027. We will continue to monitor and build our fraud policy and carry out a fraud effectiveness review across the business. We are continuing to develop our audit and assurance policy.

Review the progress and delivery of major projects including completion of the transition of our multichannel operations to our new distribution centre in Stafford, roll out of digital capability (Project Polestar), Vet Group Practice management system (Project Darwin) and cyber security enhancements. We have ongoing embedded assurance within major strategic projects to report back to the Board and Audit and Risk Committee on key risk themes.

Continue to review the development of the Data Protection framework and data compliance programme across the business. Review the developing responsible AI governance framework and newly created Acceptable Use Policy.

Continue to work with the ESG Committee to support the development of the Group's scenario planning and reporting in relation to Task Force on Climate-Related Financial Disclosures ('TCFD'), specifically relating to new requirements and recommendations made by the FRC.

Committee membership

All of the Committee members are independent Non-Executive Directors and the Board is satisfied that Zarin Patel, has significant, recent and relevant financial experience and is suitably qualified being a Chartered Accountant. Roger Burnley has significant retail experience and Susan Dawson, as a qualified vet has similarly deep sector expertise. Natalie-Jane Macdonald has significant strategic and operational healthcare experience. The Board considers that the Committee members collectively have competence relevant to the Group's sectors. Further details of the Committee members and their experience can be found on pages 34 to 35.

The Chair of the Company's Board, Executive Management Team and senior managers within the business are invited to attend meetings as appropriate to ensure that the Committee maintains a current and well-informed view of events within the business, and to reinforce a strong risk management culture. The Group Company Secretary acts as secretary to the Committee.

The Committee meets according to the requirements of the Company's financial calendar. The meetings of the Committee also provide the opportunity for the Independent Non-Executive Directors to meet without the Executive Directors present and to raise any matters of concern with the internal and external auditors. Committee members also meet in private prior to each Committee meeting and hold separate private sessions with the internal auditor and the external auditor, to provide additional opportunity for open dialogue and feedback without management present.

Committee activities

The Committee's role primarily covers the following areas:

- Financial reporting and narrative reporting, including TCFD reporting;
- Ongoing viability;
- Risk management systems;
- Internal controls;
- Internal audit; and
- External audit.

Audit and Risk Committee Report continued

Audit and Risk Committee meetings

The Committee met on four occasions during the financial year with each meeting having a distinct agenda to reflect the annual reporting cycle of the Group. The agenda is regularly reviewed and developed to meet the changing needs of the Group.

A summary of the key matters considered at each meeting is as follows:

Meeting	Financial reporting	Risk management/internal control	Internal audit	External audit
May 23	– Review of the Annual Report and Accounts for the period ended 30 March 2023 – Review of goodwill impairment – Review of considerations of the Group's longer-term viability and going concern – Review of matters raised in the FRC letter in relation to the Annual Report – Review of supplier income recognition policy – Review of operating loan provisioning policy – Review of consolidation consideration for Joint Venture Companies – Review of disclosures in relation to acquisitions and disposals – Review of Final Dividend recommendation and distributable reserves	– Review of Corporate Risk Register – Review of principal risks for the Annual Report – Review of Whistleblowing policy – Review of Health and Safety reports – Review of Tax policy – Review of Treasury policy – Review of GDPR compliance	– Review of FY24 Internal Audit plan – Review reports on progress of the Internal Audit plan including holiday pay review and stock process review	– Report on Annual Financial Statements and external audit – Review of policy on non-audit fees
September 23		– Review of Corporate Risk Register – Review of the Internal Controls project – Review of cyber security maturity and controls and end of life IT assets – Review of Whistleblowing reports – Review of Health and Safety reports – Review of Treasury policy	– Review reports on progress of Internal Audit plan including Cyber threat scenario, Senior Accounting officer and tax governance arrangements (SAO), Modern slavery and Travel & expenses – Review programme on implementation of internal audit actions	– Outcome of External Audit tender – Review of FY23 external consultancy and professional services spend
November 23	– Review of the Interim Financial Statements – Review of non-underlying costs and the impact of the distribution centre transition – Review of goodwill impairment – Review of considerations of the Group's longer-term viability and going concern – Review Interim Dividend recommendations and distributable reserves	– Review of principal risks and the related mitigation plans – Risk management including review of updated risk appetite – Update in relation to the new practice management system ('PMS') for the Vet Group – Review of Whistleblowing reports – Deep dive review of Health and Safety reports – Update on revised UK Corporate Governance Code	– Review reports on progress of Internal Audit plan and update on actions	– Report on review of Interim Financial Statements – Approval of External Audit strategy for the year ended 28 March 2024 – Approval of external audit fees
January 24		– Review of cyber security maturity – Review progress of the internal Controls project and the revised UK Corporate Governance Code – Review of effectiveness of Profit Protection framework – Fraud risk assessment update – Review of Whistleblowing reports – Review of Health and Safety reports	– Review reports on progress of Internal Audit plan including right to work compliance, SAP access security, energy procurement and Health & Safety review (distribution centre) – Assessed effectiveness of Internal Audit	– Assessed effectiveness of External Audit

Financial statement reporting matters

The Committee considered the significant matters in the year, considering in all instances the views of the Company's External Auditor. The Committee has assessed the key risks and emerging risks and considers the key risks within the financial statements to be the carrying value of goodwill and parent Company's investment in subsidiaries.

Issue	Nature of the risk	How the risk was addressed by the Committee
Carrying value of goodwill and parent Company's investment in subsidiaries	The Group holds a significant goodwill balance, and the Company holds significant investments in subsidiary companies. There are several factors that could impact on the future profitability and cash flows of the business, such as the threat of competition, changes in market behaviour, and changes in the broader macro-economic environment (including inflationary and recessionary pressures) and there is a risk that the business will not meet the required financial performance to support the carrying value of the Group and Company's intangible assets and the investments in subsidiary companies.	The Committee reviewed and challenged management's process for testing goodwill for potential impairment, allocation of goodwill across cash-generating units (CGUs), and ensuring appropriate sensitivity analysis and disclosure. This included challenging the key assumptions within each CGU: principally cash flow forecasts, growth rates and discount rates and comparing the Group's value in use to its market capitalisation. This review considered the current geopolitical tensions, energy prices, supply chain security, and inflationary pressures on the Group's financial performance and future cash flows and therefore the carrying value of the Group and Company's intangible assets. The Committee also reviewed KPMG's work and conclusions on this risk and the key assumptions they tested in reaching their conclusions. The Committee is satisfied that there is no impairment to the Group's goodwill balance or the Company's investment in subsidiaries and that there is appropriate disclosure in the financial statements.

Ongoing viability

In considering viability overall, the Committee reviewed the Group's strategic plan with particular focus on the key assumptions in relation to revenue, cost growth and cash flow management. Sensitivities to these key assumptions were also reviewed based on the impact of the Group's key risks, individually and conflated, as set out on pages 22 to 32. The review includes the consideration of the impact of wider macro-economic factors including inflationary and recessionary pressures, supply chain stability, energy prices and geopolitical instability, and further operational disruption on future cash flows, as well as the potential impact of climate change as set out in our TCFD scenario analysis.

Following a review of the detailed considerations set out above by the Committee and Executive Management Team, the Committee is satisfied that it is appropriate for the Group to continue to adopt the going concern basis in preparing the Annual Report and Accounts of the Group and, further, that the Longer-Term Viability Statement on page 90 is appropriate.

Fair, balanced and understandable

The Committee considered the Annual Report and Financial Statements for the financial year ended 28 March 2024, taken as a whole, including the non-underlying costs associated with the relocation of the distribution centre and Group restructure, and climate risk-related disclosures. The Committee has concluded that the disclosures, as well as processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report and Financial Statements for the financial year ended 28 March 2024 are fair, balanced and understandable, while providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Risk management and internal controls

Risk management and the system of internal control are the responsibility of the Board. It ensures that there is a process in place to identify, assess and manage significant risks that may affect achievement of the Group's objectives and that the level and profile of such risks is acceptable (based on the Board's risk appetite). The processes have been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The Committee provides oversight and challenge to the assessment of principal risks as set out on page 23. The Group's key risks and uncertainties are set out on pages 24 to 32. The three lines of defence governance model is set out on page 22 along with the Board's risk management process.

We continue to align with the TCFD requirements for climate related risks and opportunities, specifically around the physical risks, transition risks and emerging risks around sustainable pet ownership.

The Committee explores specific key risks of the Group in detail, inviting the management team to discuss the matters and mitigations and further proposed actions. During the year, the Committee considered risks specific to the Retail and Vet Group operations and key IT and distribution projects, as well as cyber security and Health and Safety. The Internal Audit team is independent, appropriately skilled and has a direct reporting line to the Committee. The Internal Audit plan is based on providing assurance on key risks, controls and compliance throughout the year (see table of topics covered below). We use the varied experience of the Committee members to ensure assurance is focused on all the right issues. The Committee reviews the reports and recommendations in detail and ensures that action is taken in a timely manner to improve the control environment. The Committee has also performed risk reviews with management on a number of key risk areas as detailed in the Audit and Risk Committee meetings section on page 48. The Board, through the Audit and Risk Committee, are satisfied that the internal control framework is effective but acknowledges that the Internal Controls project is progressing to enhance internal financial controls, which both the Board and Committee will continue to monitor in FY25.

Audit and Risk Committee Report continued

Assurance Framework

Assurance is the body of evidence that gives the ARC confidence that risk is being controlled effectively, or highlights where controls are ineffective or there are gaps that need to be addressed. Our business assurance framework ('BAF') provides a structure for identifying and mapping the main sources of assurance across the Group and co-ordinating them to best effect. It gives the ARC a clear understanding of the types and quality of assurance currently obtained and consideration as to whether the assurance is proportionate to the level of risk and the effectiveness key controls and processes that are relied on to manage risks. The BAF is updated annually or whenever there is a significant change to our principal risks and is reviewed by the ARC as part of approving the risk based Internal Audit plan.

- The EMT confirmed three times this financial year to the ARC that the risk register accurately reflects their view of corporate risks across their area of responsibility and that controls exist to provide reasonable assurance that risks are managed within appetite.
- The ARC conducted regular deep dives with EMT and operational management on principal risk areas, such as cyber security, and received assurances that key business controls remained effective throughout the year or where gaps have been identified that remediation plans are adequate. Please see page 23 for more detail.
- The Board monitors key performance indicators (both financial and non-financial) which would identify any material areas of concern.
- The ARC reviews the scope and results of both Internal and External Audit's work, any significant issues arising and of the timely implementation and effectiveness of agreed management actions.
- The ARC also receives regular reporting over whistleblowing disclosures, customer complaints, health and safety, profit protection, and actions being taken to remedy significant control weaknesses.

Internal Audit

The Internal Audit function has a direct line of report into the Committee and is an important part of the independent assurance processes within the business. The Committee reviews and approves the Internal Audit plan for the year which is developed to address key risks across the business as well as reviewing core governance, financial and commercial processes.

The Head of Internal Audit and Risk attends each Committee meeting, updating on progress against the audit plan throughout the year, reporting on any key control weaknesses identified and progress against mitigating actions.

Specific work performed during the year in our key risk areas included:

Meeting	Work undertaken
Strategic	– Project spice (distribution centre), capital project assurance – Project polestar (digital capability), capital project assurance – Project darwin (vet practice management system), capital project assurance
Operational	– Vet – SAP security – Cyber-threat scenario management – Disaster recovery plans for principal IT systems – follow up – Cloud strategy and management – follow up – Retail distribution centre – Health and Safety – Retail distribution centre stock receiving and return to vendor – follow up – Customer complaints – product – Retail pet welfare – Supporting vet practice performance – follow up
Financial	– Energy procurement – Labour supply chain – agency workforce pay elements – Vet – customer discounts – Retail – customer discounts – follow up – Group fraud risk assessment
Legal and regulatory compliance	– Modern Slavery policy – Anti Bribery and Corruption policy – Right to work policy compliance

All reports, related findings and recommended actions have been discussed by the Committee and are tracked to completion.

External audit

KPMG presents their audit plan, risk assessment and audit findings to the Committee, identifying their consideration of the key audit risks for the year and the scope of their work. These reports are discussed throughout the audit cycle. These risks were the carrying value of goodwill (across the Group), the carrying value of the parent Company's investment in subsidiaries, and management override of controls. In their reports presented to the Committee at both the interim and full year, the auditors considered these risks to be appropriately addressed and raised no significant areas of concern in these or any other areas of their review.

KPMG also attend the Committee meetings and meet separately, without management present, to discuss any matters in detail. Antony Whittle was appointed as the Audit Partner for the year ended 28 March 2024.

In line with the Statutory Audit Regulation and Directive, we have completed a competitive tender process for the external audit of the Company. The Committee recommended the appointment of Deloitte LLP ('Deloitte') as auditor of the Company for the 52-week period ending 27 March 2025 which has been approved by the Board. The appointment is subject to shareholder approval at the Company's 2024 Annual General Meeting.

KPMG, the Company's current auditors will step down following completion of the audit for the 52-week period ending 28 March 2024. A formal handover process will be undertaken to ensure a smooth and effective transition from KPMG to Deloitte.

The Board would like to thank KPMG for their excellent service and good quality audits delivered with insights over the period since their appointment.

The tender process was run giving due consideration to the quality standards set out in the newly published Minimum Audit Standards for Audit Committees. The evaluation criteria was clear on quality and effectiveness, depth of experience of proposed teams in the sector and ESG Assurance. Each bidder presented to the Audit Committee members and was challenged on key aspects and references taken. The Committee is satisfied that in Deloitte we will continue to have access to a robust audit.

External auditor's effectiveness

The Committee considered the quality, effectiveness, independence, and objectivity of the external auditors through the review of all reports provided, regular contact and dialogue both during Committee meetings and separately without management. Continuing from the process in the previous year, we conducted an audit quality and effectiveness review through a questionnaire to Committee members, management, and members of the finance and IT teams, which delivered focused insight into KPMG's effectiveness. We considered the audit quality reviews on the firm and sought confirmation that recommendations were appropriately actioned where relevant to the audits of our Company and Group.

Auditor independence

Maintaining the objectivity and independence of the external auditors is essential. The Committee has taken appropriate steps to ensure that the Company's external auditors are independent of the Company and obtained written confirmation from them that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

Additional non-audit services provided by the auditors may impair their independence or give rise to a perception that their independence may be impaired. The Group has a policy in relation to the provision on non-audit services that is aligned with the EU Regulation and Statutory Audit Directive to provide further clarity over the type of work that is acceptable for the external auditors to carry out. The policy sets out the process required for approval and a cap to the total non-audit fees for permitted services (at 70% of the audit fee). The policy was last reviewed in the year ended 28 March 2024.

Audit and non-audit fees paid to KPMG in the year were £1,378,000 and an analysis is presented in note 3 to the consolidated financial statements. Non-audit fees represent 8% of the audit fee. Non-audit services provided by the external auditors during the 2024 financial year comprised audit related assurance services, in the form of an independent review of the half-yearly statements and a financial covenant compliance certificate. The Committee concluded that the provision of such services was appropriate given that they were closely related to the work performed in the external audit process and, for reason of effectiveness and efficiency, it was considered advantageous to engage the external auditors due to their knowledge and expertise.

Resolutions to appoint Deloitte as auditors and to authorise the Directors to agree their remuneration will be put to shareholders at the Annual General Meeting that will take place on 11 July 2024.

Audit Committee effectiveness

During the year, a review was undertaken of the effectiveness of the Audit and Risk Committee. The Committee was found to be broadly effective and aims to mature its oversight of the technology risks as the Group becomes more digitally focused.

Zarin Patel

Zarin Patel
Chair, Audit and Risk Committee
28 May 2024

A continued focus on pet welfare

Susan Dawson
Chair of the ESG Committee

What we did in 2024

- Continued to focus on the monitoring and delivery of our high standards of pet welfare across the Group
- Overseen the implementation of the first year of the refreshed sustainability strategy under the three headings of strategic progress, embedding sustainability across the organisation and continued focus on governance and controls
- Received an update and discussed the Group's approach to progressing sustainable pet food
- Monitored the progress of the Group's alignment to the Task Force on Climate related Financial Disclosure (TCFD) requirements

What we will do in FY25

In addition to our continued focus on pet welfare and ESG risks, during FY25 we will continue to focus on the implementation of the strategy and the embedding of this across the business:

- Monitor delivery against our net zero targets and how these are embedded into the relevant business areas
- Agree the strategies and review progress in relation to the sustainability strategic priority areas of pet food and supplier scope 1 and 2 carbon maturity
- Strengthen the sustainability skills and capability across the business

Who is on the ESG Committee?

Member	No. of meetings
Susan Dawson (Chair)	3/3
Ian Burke	3/3
Dennis Millard	3/3
Zarin Patel	3/3
Roger Burnley	3/3
Stan Laurent	1/1
Angelique Augereau	1/1
Natalie-Jane MacDonald	1/1
Lyssa McGowan	3/3

Introduction and strategic approach

The Committee oversees the governance of our sustainability strategy. In my sixth year as Chair I am delighted to see the progress that we have made in the first three years of the 'Our Better World Pledge' strategy and the important step of refreshing it in FY23 to align with the updated business strategy.

Our strategic approach to ESG is organised around three pillars of Planet, Pets and People where the Group has material impact and creates value. We believe these pillars are the right way through which to approach our responsibilities and align with our Group purpose, to create a better world for pets and the people who love them.

In relation to the planet pillar, the strategy refresh placed an increased focus on the Group's response to the climate emergency and the increasing concerns around bio diversity loss. This cuts across all areas of the business, particularly the impact of pet care products which make up the vast majority of the Group's scope 3 emissions. This delivery of the SBTi approved carbon reduction targets and the transition to the 2040 net zero target are a key area of committee discussion.

Recognising that the Group participates in a broad range of activities and services involving pets, their welfare remains a central part of the Committee's focus and a standing item on every Committee meeting agenda. The Committee maintains a regular and detailed review of pet welfare. The Committee regularly reviews the Group's policies and procedures in relation to pet welfare in its retail business and supply chain, and the development of its clinical governance framework in the veterinary services business.

The Committee's focus on people includes the approach to assessing salient human rights risks across the operations and supply chains and to diversity and inclusion.

The management committees established in FY20 to support Our Better World Pledge strategy, have continued to meet on a regular basis. Each of them is chaired by a Director and sponsored by an Executive Management team member. Our ESG Director and Head of Sustainability also attend all of these meetings. There has been an update to our Pet Welfare Committee which is now attended by all Executive Management team members and reviews pet welfare governance and strategy from a clinical and retail perspective.

Committee membership

The ESG Committee, which meets at least three times a year, is chaired by Susan Dawson. Acknowledging the importance of ESG to the Group, five additional Board members have been selected to attend the meetings. The CEO Lyssa McGowan is the Executive member of the Committee. In addition Lucy Williams, Chief People and Legal Officer, attends in her capacity of being the executive member with ESG responsibility. Amy Whidburn, ESG Director, and Karlien Heyrman, Head of Pets, attend each Committee meeting.

Highlights

A. Strategic progress

In addition to the focus on pet welfare, during the year the committee has focused on a number of topics central to the delivery of the ESG strategy:

Net Zero Transition

– At the February 24 Committee meeting the eight net zero priorities were reviewed along with the challenges to achieve the goals. None of these challenges are unique to Pets and are shared by other retail and consumer facing organisations. For example the difficulties gaining consistent and easily accessed scope three data and the need to transition agriculture to more sustainable and regenerative methods. The Committee was encouraged by the recognition of these challenges and the mitigating actions that had been put in place.

Leading in sustainable pet food

– Pet food is one of the eight net zero priorities and a particular focus as it is a non discretionary purchase for pet owners. The Committee meeting in April 2023 discussed the sustainability strategy for food and the proposed approach of introducing robust carbon foot printing across the own brand food range using in house resource and an outsourced platform. To complement this, in depth lifecyle analysis (LCAs) will be conducted and the Committee was interested to review the results of the first phase of these in the September Committee meeting.

Human Rights

– The third Committee meeting in September 2023 received the annual update on the Human Rights strategy and progress along with the review and approval of the annual Modern Slavery Act statement. The Group's Human Rights specialist provided a detailed update on ethical audit progress and the results of the first in house audits in China since COVID-19 restrictions have allowed. As expected China is an area of concern after almost three years of not being able to conduct physical audits. The Committee agreed with the recommendation to recruit an additional ethical expert working from the Hong Kong sourcing office who would be able to lead the ethical strategy in this region.

Diversity and inclusion

– The diversity and inclusion aim is to reflect the diversity of the communities we operate in, which is reflected in the diversity target to increase the representation of colleagues from ethnically diverse background to 12% by 2028. The construction of this target was discussed in detail to ensure it reflected the relevant ethnic diversity community for different areas of the business.

B. Embedding the refreshed strategy

In the first year of the implementation of the refreshed strategy it has been important to embed the strategy more broadly across the different parts of the organisation and at every level:

– The tone for this has been set from by the Executive Management Team having a proportion of their annual bonus dedicated to ESG performance. The Committee agreed that this would be measured by the FY24 milestones being achieved across each of the 12 ESG targets.
– From a broader colleague perspective, the Committee was delighted to see the imaginative and fun way that planet champions had been developed on the back of the 'Big Listen', the colleague environmentally focused all colleague listening campaign launched in FY23. The planet champions have met twice in the year and the planet pack has been launched to every vet practice and pet care centre.
– The sustainability team have focused on building capability across the organisation through a number of 'teach in' and training sessions covering a wide range of topics. This has included a one day sustainability focused session for the leadership team (top 130) and a number of conscious inclusion sessions across support office and field based teams.

C. Governance and Controls

Governance and controls continue to be reviewed in relation to the refreshed strategy:

– The Committee reviewed the upcoming regulatory disclosure scope and timings to ensure that the Group was prepared for future reporting requirements
– The TCFD disclosure approach for FY24, including the inclusion of initial quantification was discussed and approved
– Data controls have been developed and documented across all the metrics used to measure the 12 ESG targets
– Limited assurance has transitioned to Deloitte for the FY24 reporting of Scope 1 and 2 emissions

The ToR for the ESG Committee were reviewed in the March 2024 Board meeting. The ToR can be found on the Pets at Home Group investor website.

Susan Dawson

Susan Dawson
Chair of the ESG Committee
28 May 2024

TCFD Statement

Introduction

Pets at Home recognise the climate emergency poses both risks and opportunities to our strategy and operations. To that end, sustainability and climate change is featured as a principal risk within our Annual Report (see page 26). Pets at Home is required to comply with the reporting recommendations of the TCFD (as set out in Listing Rule LR 9.8.6R). This report also meets the requirements for Pets at Home to comply with CFD, a part of the Companies Act.

In this section, we outline our approach to climate-related risks and opportunities, which our scenario analysis concludes will likely present over the long term which we define as between five and 20 years. In the last year we have made significant progress with our initial quantification of climate change related risk over the long term and in progressing our mitigating actions, particularly in relation to transition risks associated with de-carbonising pet care products.

Our disclosures are consistent with the TCFD's four elements, and all of its 11 recommended disclosures, in line with the TCFD 'Guidance for All Sectors' (LR9.8.6BG). Please see the table below for a cross reference index of these requirements and where to find them in our annual reporting. In the interests of avoiding duplication the breakdown of scope 3 emissions into categories is contained on page 8 of our standalone sustainability report on our corporate website.

Reporting boundaries and 'Net Zero' definition

Pets at Home Group adopts an operational control boundary approach for its selected greenhouse gas emissions data for the year ending 28 March 2024. This includes all sources of emissions over which the Company has the full authority to introduce and implement its operating policies. Under the 'Operational Control' approach, 100% of the Scope 1 and 2 carbon dioxide equivalent (CO_2e) emissions arising from Group companies and subsidiary entities over which Pets at Home Group has operational control is included.

The decision was made in 2018 that Joint Venture veterinary practices would also be in scope for the business, under operational control, as there are no separate meters installed for vet practices which are located within the same building envelope as retail units – this same rule was applied to standalone Joint Venture practices to ensure consistency of approach. The ownership of the vet practices (Joint Venture or Company Managed) is not used to determine their inclusion within our GHG reporting boundaries, both of these models are included. When anaesthetic gas use was added to the reporting from FY20 the same approach was used and gas use from all Joint Venture veterinary practices was included. This definition of 'Operational Control' is only applicable for the purposes of GHG accounting.

Where used across this statement and all other areas of corporate reporting the term 'Net Zero' is used to refer to our SBTi approved, 2040 net zero CO_2e reduction targets and associated priorities to deliver this target. Please see page 8 our Sustainability Report for more detail.

TCFD index

TCFD elements	TCFD recommended disclosures	Cross-reference (page numbers)
Governance	(a) Board oversight	55, 56
	(b) Management's role	55, 56
Strategy	(a) Climate-related risks and opportunities	57–63
	(b) Impact on the organisation's business, strategy and financial planning	56, 59
	(c) Resilience of the organisation's strategy	60
Risk management	(a) Risk identification and assessment processes	22, 61
	(b) Risk management process	22, 61
	(c) Integration into overall risk management	26, 61
Metrics and targets	(a) Climate-related metrics in line with strategy and risk management process	26, 62
	(b) Scope 1, 2 and 3 GHG metrics and related risks	64
	(c) Climate-related targets and performance against targets	65

Governance

Disclosure requirement	Description of progress
a) Describe the Board's oversight of climate-related risks and opportunities	The Board led by the Chair, Ian Burke, has ultimate responsibility for sustainability and climate change and ensuring that the strategy creates mutual value for stakeholders, including colleagues, customers, shareholders, and society. Oversight of climate change strategy is a matter reserved for the Board, via the ESG Committee. – The ESG Committee comprises all Non-Executive Directors and the Chief Executive and Chief Financial Officer and is chaired by a Non-Executive Director. This Committee has a standing climate change item on every agenda. The Committee meets at least three times a year and receives a written update at every meeting and an in-depth review on an annual basis. The regular update includes a review of ESG risks and the status of climate-related projects and initiatives. The in-depth review includes a progress update against the 2030 and 2040 carbon reduction targets vs a 2020 base. For example, in February 2024 the ESG Committee received an update on the eight net zero focus areas and an overview of the key challenge areas and actions underway to mitigate. Scope 1 and 2 emissions are updated in full on an annual basis and the forward forecast is refreshed and discussed. – Climate-related skills and experience are included in the skills matrix of the Board of Directors included in the Annual Report on page 43. During the year Zarin Patel, Chair of the Audit and Risk Committee and a member of the ESG Committee undertook additional climate related training through the completion of a sustainability training course at Imperial College, University of London. The Board provides challenge to the Executive Management Team on progress against the goals and targets of the climate strategy and ensures the Group has an effective risk management system in place. This is principally governed via two main Committees: the Audit and Risk Committee and the ESG Committee. – In addition, climate change has been made a standing agenda item at every Board meeting since December 2022. – Oversight and management of climate-related risks and opportunities occur at a number of levels in the organisation. Chart one below summarises the key forums and members of senior management with responsibility for climate-related issues. The reporting lines flow up to the Board level band of Committees. Across FY24, the Board made a series of key decisions relating to our climate-related risks and resilience strategy. Examples include: – The review, refinement, and approval of the initial financial quantification of the climate related risks and opportunities. – As part of our strategic business review in FY23, capital was allocated across a 5-year timescale to enable investments to further reduce our operational environmental impact and scope 1 and 2 emissions. For example, our shunters in our new distribution facility in Stafford are exclusively using HVO renewable fuel. During FY24 the Board received updates on the progress of these projects. – A Scania HGV unit is currently on trial which runs off bio methane gas. The gas is produced from renewal waste products (food and animal manure) and has significantly lower emissions and noise levels. These bridging solutions are important to enable us to operate our fleet with a considerably reduced carbon footprint by removing the use of fossil fuels. Both of these initiatives are key to enabling the business to achieve a 42% reduction in scope 1 and 2 emissions by 2030 vs a 2020 base.

Disclosure requirement	Description of progress
b) Describe Management's role in assessing/managing climate-related risks and opportunities	The Chief Executive Officer has overall responsibility for climate change and sustainability topics. – The Chief Executive is supported by the ESG Director and Executive Management Team to develop and implement the strategy through a number of management committees. Each committee is chaired by a Director. Our Better World Pledge (OBWP) strategy includes climate strategy as a key pillar. Progress towards delivering this strategy is discussed and updated at the Executive Management Team meeting on a regular basis. – From FY24 our remuneration policy links an element of Executive remuneration to sustainability-related objectives, and details can be found in the Remuneration Committee report from page 66 of this Annual Report. As shown in chart one, the management of climate change projects is the responsibility of two principal committees: 1. *The Climate Change and Waste Committee* meets every six to eight weeks and is responsible for developing and implementing the business strategy relating to operational environmental impact. This includes scope 1 and 2 energy and carbon emissions for buildings, transport logistics, and waste management. 2. *The Responsible Products Committee* meets every six to eight weeks and is responsible for developing the strategy for managing the value chain environmental and ethical impacts of our products. This includes human rights, circularity and waste, packaging, raw materials, and scope 3 emissions of product ingredients, manufacturing, use and disposal. The governance of climate related matters in relation to the vet business is managed by the Climate Change and Waste Committee if it is in relation to scope 1 and 2 emissions from buildings and anaesthetic gases. The product related strategy is managed by the Head of Sustainability working directly with the Vet Supplier Management team. Each committee is responsible for climate-related idea generation, operational delivery, project management, KPI development, and progress tracking. Progress is tracked using a project management approach that ladders up to period reporting to the Executive Management Team and the Board.

TCFD Statement continued

Chart one – Pets at Home's Governance

Oversight and Management of Climate Related Risks and Opportunities

Board

Plc Board. Responsible for the overall leadership of the Group including matters of Governance, Reputation, Environmental and Social Sustainability.

ESG Committee. Reviews and monitors the Group's approach to Environmental, Social and Governance topics. Climate change is a key component of this.

Audit and Risk Committee. Reviews and monitors the Group's Risk Management Framework which includes climate related risks.

Management

Executive Management Team. Responsible for identifying climate related risks within their business function and delivering the Climate Strategy.

CEO. Accountable to the Board for the implementation of the Climate Strategy.

CFO. Accountable to the Board for integrating climate related metrics and targets into business decision making and reporting.

ESG Director. Responsible for Climate Strategy development and subject matter expert.

Head of Internal Audit. Provides objective assurance to the Board and Audit and Risk Committee on the effectiveness of the Risk Management Framework.

Climate Change and Waste Committee. Responsible for consideration of climate related risks and opportunities that impact our business operations.

Responsible Products Committee. Responsible for climate related risks and opportunities that impact products and broader supply chains.

Other

Group Risk Manager and Business Risk Champions. Consider climate related risks and opportunities that impact the operations and strategic priorities within their relevant business area.

The chart above shows the key committee, forums and individuals with responsibility for climate related matters. All of these committees and individuals report up to the Board. Escalation procedures are in place to enable responsibilities to be met.

Strategy

Strategic overview and context

During FY23, we updated our business strategy to create a single purpose for the business, 'to create a better world for pets and the people who love them'. Sustainability has been placed at the heart of our role 'to build the world's best pet care platform'. Our sustainability strategy was refreshed in FY23 to ensure that we are prioritising actions to make a material impact and create a commercial advantage. Within the 'Planet' pillar of our sustainability strategy we have provided more focus around the delivery of our Science Based Targets initiative (SBTi) approved near-term (2030) and long-term net zero (2040) emissions reduction targets. We have created a new goal 'to make pet care environmentally sustainable' and plan to achieve this by prioritising making pet food sustainable, which is the most important and complex of our carbon reduction pathways. Making pet care environmentally sustainable is our strategy to manage and mitigate climate risks and develop climate resilience over the long term. In addition, we see environmentally sustainable pet care as an opportunity to be leading and gain commercial advantage. In FY22, we conducted a qualitative scenario analysis to review climate-related impacts. We developed three customised scenarios, each rooted in prevailing scientific evidence from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and Principles for Responsible Investment (PRI) (see: Information box 1), and during a series of internal workshops reviewed climate-related impacts across our short, medium, and long-term time horizons (see information box 3). These time frames have been selected because of the alignment with our business processes, cycles, strategic goals and SBTi approved carbon emissions reductions targets (see information box 2).

The scenario analysis identified the high-level risks which were subjected to an initial materiality review and discussed with the Board. These scenarios were selected because they were connected to the key elements of our business that drive our financial performance: the operation of our UK retail and vet estate and supporting logistics infrastructure, the supply chains for the pet care products that we sell through our omnichannel platforms and the long-term sustainability of pet ownership in a warming world which could impact pet numbers, pet breeds being better or less well suited and changing health factors. Last year we reviewed these risks and opportunities further through analysis and research. We have grouped the risks into three over-arching categories under which the high-level risks now sit: 'physical risks,' transition risks' and 'sustainable pet ownership'. The first two sit together under our Group principal risk of Sustainability and Climate Change, the third is categorised as an emerging risk. This third risk is monitored via the Group watch list of emerging and developing threats, where the timeline, impact or potential mitigation is not yet clear.

These risks and our analysis are summarised in information box 3.

Information box 1 – a qualitative scenario analysis was conducted in FY22, this information box summarises the underlying assumptions used to develop these scenarios

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters and assumptions
Physical and transition scenarios	**Company-wide**	1.5˚C	Action taken has achieved the aims set out in the 2015 Paris Agreement to limit climate change to below 1.5˚C of pre-industrial levels, but with significant shifts in policy, cost and consumer behaviours. The scenario was developed by incorporating scenarios which are rooted in prevailing scientific evidence. Specifically: – Representative Concentration Pathway (RCP) 2.6 – Shared Socioeconomic Pathway (SSP) 1 – PRI Inevitable Policy Response (IPR): 1.5C Required Policy Scenario
Physical and transition scenarios	**Company-wide**	2˚C	Not much has changed from today. Some action has been taken, but it's very much business as usual. Uncertainty increases, and impacts of a changing climate manifest themselves in vulnerable parts of the world. The scenario was developed by incorporating scenarios which are rooted in prevailing scientific evidence. Specifically: – RCP 4.5 – SSP 2 – PRI IPR: Forecast Policy Scenario
Physical and transition scenarios	**Company-wide**	3˚C	Economies around the world have continued to be powered by fossil fuels. As a result, the planet is in crisis and well past the point of no return by 2030. Global warming has accelerated and changes in climate are all around, tangible and, in some cases, catastrophic. The scenario was developed by incorporating scenarios which are rooted in prevailing scientific evidence. Specifically: – RCP 6.0 – SSP 5

Information box 2 – time horizons

The following time horizons have been used:

Time period	Years	Reason
Short	**0 to 3 years**	Aligns to our business financial forecasting cycle
Medium	**3 to 5 years**	Aligns to our strategic planning cycle
Long	**5 to 20 years**	Longer term captures the transition and physical risks and opportunities and aligns to our long-term carbon reduction targets

Information box 3 – risk summary

	Time frame				Scenario	
Risk	Short Term 0–3 years	Medium Term 3–5 years	Long Term 5–20 years		1.5/2°C	3°C
Physical	Unlikely	Unlikely	Likely	Probability:	Low	Moderate
				Impact:	Minor	Moderate
Transition	Unlikely	Unlikely	Likely	Probability:	Moderate	Low
				Impact:	Major	Minor
Sustainable Pet Ownership	Unlikely	Unlikely	Likely	Probability:	Emerging	
				Impact:		

The impact of these climate-related risks on our businesses and strategy are further disclosed in the following tables. Our initial assessment has identified that in the long term there could be material financial impacts which have been included in the risk summaries below.

TCFD Statement continued

TCFD Strategy Disclosure requirement sections a and b: Description of climate-related risks and opportunities identified and their impact on business, strategy and financial planning.

1. Physical risk – category: Chronic. 3°C scenario

Description of risk:
Cost of repair and/or loss of revenue from assets and supply chain disruption.

Extreme weather events affecting continuity of own operations, supply of products and sales (stores, distribution centres, vet practices) and disrupting supply chain sourcing (raw material sourcing and supplier operations).

Business impact:
Modelling of our UK sites indicates that the vast majority are not located in areas of flood risk. While we have observed weather events increase in severity and frequency over recent years, operational impacts have been minor and further incidents in the short and medium term can be managed within the framework and cost of existing controls.

The majority of our pet food is sourced from the UK. Initial assessment of raw material and manufacturing exposure to risk of extreme weather events in the short and medium term is assessed as low. Further work is required to understand long-term impacts on UK farming and raw material availability.

Our accessories ranges are predominantly sourced overseas. Initial assessment of raw material and manufacturing exposure to risk of extreme weather in the short and medium term is assessed as low. Further work is required to understand long-term weather-related impacts.

Proximity:
Long term (five to 20 years)

Risk rating before mitigation:
Probability: Moderate
Impact: Minor – Moderate

As climate change persists, we expect these effects to increase in the long term and our broader supply chains could be vulnerable.

Risk management and mitigation actions:
- Ongoing assessment of climate-related weather vulnerabilities in relation to our operations, suppliers and raw materials.
- Monitoring the frequency and severity of climate-related weather events.
- Regular review of business continuity plans for the distribution centre.
- Conducting climate risk reviews proactively ahead of decisions to locate new operational infrastructure or select new suppliers.
- Continuing to strengthen our long-standing relationships with key suppliers and freight partners.
- Maintaining sourcing location flexibility, across the medium to long term, to switch supply lines away from areas of emerging risk, including review of weather-related risk when new sourcing locations are being considered.

2. Transition Risk – categories: regulatory requirements and reputation. 1.5°C scenario

Description of risk:
Increase in the cost of doing business.

Operational and value chain decarbonisation – inability to efficiently transition our value chain and products and services to low carbon models.

Possible introduction of more stringent environmental regulation has the potential to increase the cost of production and operational flexibility, as carbon costs become increasingly internalised.

Business impact:
Increased operating costs relating to the transition to a low carbon economy e.g., higher energy costs, changes in production costs, and direct and indirect carbon taxation e.g., meat tax on pet food.

Capital investments relating to uncertainty and nascent development of low carbon technology e.g., alternative fuels for distribution vehicles. Market competition and unpredictable costs relating to delivery of our carbon transition plan, particularly in relation to the availability and demand for new products and services e.g., high quality carbon removal opportunities.

Products and services not transitioned quickly enough to low carbon models to meet consumer shift in preference to lower impact pet food and low carbon accessory products resulting in loss of revenue and reputational damage.

Proximity:
Long term (five to 20 years)

Risk rating before mitigation:

Probability: Moderate
Impact: Moderate/Major

Risk management and mitigation actions:
- Business case – capital allocation to invest in operational infrastructure to reduce operational carbon, such as the investment committed of £1.2m for solar at our Stafford Distribution centre.
- Long-term supplier partnerships to enable collaboration and investment in innovative R&D solutions.
- R&D investment to develop the market for animal-meat alternatives through the Group investing in 8.5% of shares in Good Dog Food ltd ('Meatly') for a consideration of £1m. Providing an opportunity to become the market leader in alternative pet food protein for consumers, a potential revenue opportunity.
- Pet food strategy – mitigation of meat protein tax could include pass on to customers to enable switching to lower carbon options.
- Supplier engagement underway to decarbonise supply chain.

3. Sustainable Pet Ownership – Category: Market. 3°C scenario

Description of risk/ opportunity:
Emerging

Pet ownership – changes in pet ownership, over the long term driven by potential cost increases of pet care, due to the manifestation of physical and transitional risks.

Changes in consumer attitudes to pet ownership, where owning a pet may be viewed as irresponsible in a warming world.

Counter balancing these is the opportunity of increased customer revenue and market share from Pets at Home leading the market for environmentally sustainable pet care, in a warming world.

Business impact:
The implicit and explicit price of carbon drives up prices and general living costs are squeezed. At the same time pet ownership becomes socially unacceptable as consumers seek to reduce their environmental impact and pets are seen as a luxury and climate burden. In this scenario, pet numbers fall as fewer consumers opt for pet ownership.

Expanding products and services marketed as environmentally sustainable drives revenue and market share, as consumers switch to sustainable brands.

Proximity:
Long term (5 to 20 years)

Risk rating before mitigating action:

Probability: Very Low
Impact: Moderate

Pet ownership has historically been resilient to economic and social factors, this seems unlikely to change over the next 10 years. Market insight on pet ownership and trends offers early signals to changes. Our experience suggests these will be gradual over time.

This risk is monitored via the Group watch list of emerging risks, where the timeline, impact or potential mitigation is not yet clear.

Risk management and mitigation actions:
Our strategy is to make pet care environmentally sustainable, thereby neutralising potential consumer concerns that pet ownership is socially unacceptable.

- Strategic investment in priority areas such as pet food to identify lower carbon ingredients and manufacturing processes that meet consumer expectations.
- Ongoing long-term monitoring of consumer and societal attitudes to pet ownership.
- Regular monitoring of consumer and market trends to identify shifts in behaviour to which we can respond.
- Frequent planned range reviews to respond to change in consumer preferences.
- Championing the benefits that pets bring to our lives, e.g., enhanced wellbeing via consolidation of existing research.

Financial planning

Climate related risks and opportunities are considered within financial planning. We have analysed the risks in the short to medium term, which we classify as now to five years, and have carried out financial quantification of the potential impact over the long term (five to 20 years). We have not completed quantification on 'sustainable pet ownership' due to the very low probability of this risk as described in the risk summary above. This financial quantification has been developed over the last year and is shown in information box 6, with note that future improvements in methodologies are likely to lead to more certainty around this analysis. This analysis has been built into the going concern assessment detailed in note 1.3 on pages 107 and 108 and the goodwill impairment testing in note 13 on pages 129 and 130. Our ESG materiality review includes climate action and pet food sustainability as material topics and is referenced in our resilience statement on page 60. In the interest of duplication we have not included this full materiality assessment in this statement; it can be found in our standalone sustainability report.

Information box 4 – Financial impact assumptions

Risk	Reason
Extreme	>£15m on sales revenue
	> £6m Profit Before Tax (PBT)
Major	> £5m < £15m on sales revenue
	>£2m < £6m PBT
Moderate	>£1m <£5m on sales revenue
	>£400k to £2m PBT
Minor	>£200k < £1m on sales revenue
	>£100k <£400k PBT

Information box 5 – Carbon tax assumptions

Tax range	£ per tonne
Low	**£18 per tonne**
Medium	**£34 per tonne**
High	**£50 per tonne**

TCFD Statement continued

Information box 6 – Financial quantification summary

Area/scope	Risk/opportunity category	Risk modelled	Potential long-term impact on our business, based on FY24 financials, before mitigating actions	Quantification of impact	Targets in place to manage this risk
Operational carbon emissions	Transitional risk: policy and legislation	Carbon tax on scope 1 & 2 location based emissions	Potential PBT impact within operating costs of £0.4m to £1.2m	Moderate	– Scope 1 and 2 reduction targets
UK property estate	Physical: managing infrastructure and operations in extreme weather	Flood and extreme weather risk	Potential PBT impact within operating costs of < £400k	Minor	n/a
Animal protein	Transitional risk: policy and legislation	Carbon tax on animal protein included as an ingredient in pet food own brand and supplier branded	Potential PBT impact within cost of sales of £1.7m to £4.7m*	Moderate/Major	– Scope 3 reduction targets – Own brand pet food products carbon footprinted – Suppliers with leadership position carbon reduction programmes in place

* The analysis on the impact of a carbon tax on animal protein assumes that this obligation is all passed onto Pets at Home and is not fully or partially borne by producers, suppliers or consumers.

TCFD strategy disclosure requirement section c: Describe the resilience of your strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario

The scenario planning work was conducted using three different warming scenarios. These have been used to develop the impact on our identified physical, transitional and emerging risks and this has then informed our strategic response to ensure that we are developing a resilient strategy. Our sustainability strategy 'Our Better World Pledge' was refreshed during FY23 which has enabled this latest work on risk at different warming scenarios to be a key consideration in developing our response. The key element of this strategy update has been the prioritisation of our scope 3 emissions, and within that, pet food as the largest impact area and a non-discretionary purchase for pet owners. Our materiality assessment identified sustainable pet food and climate action among the top sustainability topics to address.

Our strategic response to the physical risks following our analysis focuses on monitoring. Our UK based operations present a lower risk of extreme weather events and our supply chain locations remain flexible in the long term, which provides resilience to the most extreme (3°C) scenario. Within the supply chain the majority of our pet food suppliers are UK based and this remains our strategy.

The impacts of a lower warming scenario (1.5°C) on our transitionary risks are higher as more change and investment would have been required to enable the temperature increases to be contained at lower levels. Our strategic response is to ensure a smooth transition as we work with our suppliers to decarbonise supply chains and products and as we invest in areas of technological potential to support the long-term transition (such as cultivated meat). Strategic resilience will be ensured through working consistently towards the long-term goals often before our customers are demanding changes to products. We have been investing in our operational decarbonisation for many years, purchasing renewable energy since 2017 and investing in LEDs and buildings' energy management systems. As we make new investments our strategy is to consider how we can do this in a carbon efficient way, for example our new DC in Stafford does not use natural gas and we are investing in solar. We acknowledge that their remains uncertainty on the speed of progress required to meet challenges that will enable Pets to mitigate the transitionary risks. These are not unique to our business which is why we collaborate across our industry and supply chains to accelerate change. For example the decarbonisation of heavy goods vehicles, the adoption of regenerative, more sustainable agricultural practices and robust primary scope 3 data.

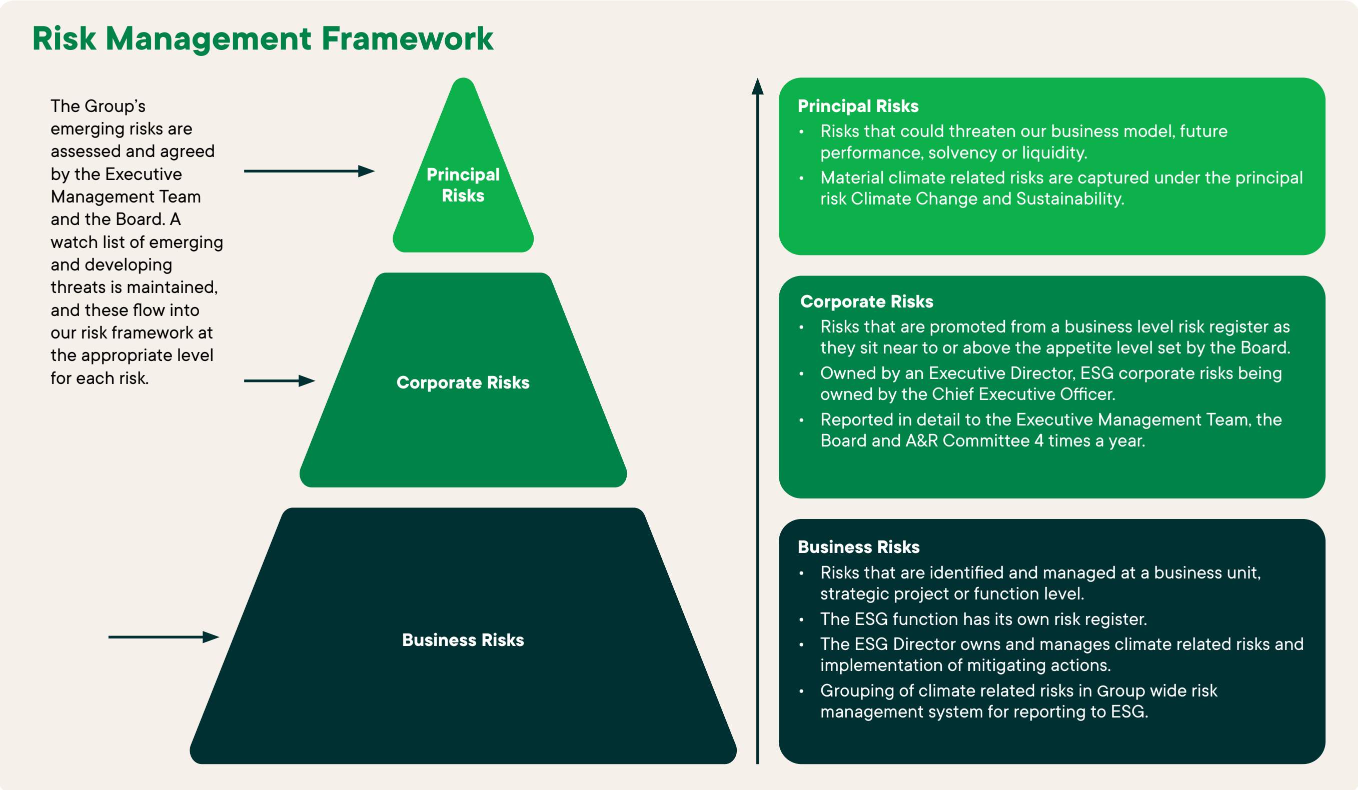
Our emerging risk around pet ownership could present in any of the different warming scenarios. Our strategy of making pet ownership sustainable is relevant and builds resilience through reducing the impact of owning pets and reducing the likelihood of pet ownership as being viewed as a luxury. Equally our strategy of celebrating the benefits that pets bring to our lives builds resilience by demonstrating value creation.

We will continue to review our strategic approach to ensure it aligns to the prevailing scientific advice and best practice.

Risk Management

Disclosure requirement	Description/progress
a) Describe the processes for identifying and assessing climate-related risks.	The initial process for **identifying** climate risks for TCFD took place through a series of scenario planning workshops. These included detailed horizon scanning briefings and then consideration of the implication through the eyes of the key stakeholders of the business (pet, customer, vet, store manager, supplier) in three different global warming scenarios (see information box 1). This led to the eight high level risks and opportunities to be created. This process and its outcomes were reviewed by the Executive Management Team and the ESG Committee. These eight high level risks and opportunities have been refined and consolidated into the three ESG risks that sit under the principal risk of sustainability and climate change. On an ongoing basis risks are identified through the risk management system. At a business level this happens using the risk champions who include ESG risks as part of their risk assessment for their respective areas of the business. Additionally the climate change and responsible products committees are responsible for identifying climate change risks. On an annual basis overall ESG materiality assessment is reviewed, and this includes detailed consideration of established and emerging topics that are relevant to climate change. At this annual review the ESG Committee also reviews existing and emerging regulatory requirements related to climate change. On a three yearly basis this materiality review becomes a deep dive exercise where external stakeholder feedback is gathered to horizon scan topics and review assessment of importance. These risks are assessed using the corporate standardised risk scoring methodology which includes measurement of likelihood, impact, and proximity. This produces a gross risk score before mitigating actions. This aids the escalation and consolidation of risks into a Group-wide view. See the risk framework on page 22 of this Annual Report.
b) Describe the processes for managing climate-related risks.	The climate related risks are **managed** using our corporate risk management framework. Each risk has a gross, net score, and a target score where the risk is not within appetite. Mitigating actions are then monitored for expected remediation of the risk and progress towards the target score. This mitigation strategy assigns owners and timescales to each action. Progress against the strategy is updated and reported to the Executive Management Team and the Audit and Risk Committee four times a year. In addition, our climate risks, along with other ESG risks, are reviewed at each ESG Committee meeting, which meets at least three times a year. Examples of risk mitigation and management exercised for transition risks include engaging suppliers to commit to having carbon reduction plans in place by 2028.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.	Chart two demonstrates how Pets at Home's climate-related risks are fully integrated into our overall risk management approach. Climate related risks are identified, assessed, and managed through the corporate risk management approach which classifies risks as business, corporate or principal risks. Our ability to identify, assess and effectively manage current and emerging risks is critical in ensuring the continued success of our business.

Chart Two – climate-related risks are fully integrated into our overall risk management approach



TCFD Statement continued

Metrics and targets

Disclosure requirement	Description/progress
a) Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process.	These metrics are used to monitor our performance in managing and assessing climate-related risks and opportunities identified in the Strategy section. **Physical risks** – Tracking the impact of extreme weather events on our UK infrastructure. – Mapping and tracking supply chain locations for tier 1. Mapping location of tier one own brand factories, disclosed on our corporate website. – Tracking of extreme climate related weather events and impacts in operations and supply chains. This is a new area and we are considering how we can track starting with our operations (lost business and repair costs). **Transition risks** – Monitoring the proportion of own brand pet food range with carbon footprinting completed. This was a new metric introduced in FY24, progress is included in the Sustainability Report on page 40 and in Case Study 1. – Monitoring the percentage of suppliers with scope 1 and 2 carbon reduction plans in place. This was a new metric introduced in FY24, progress is included in the Sustainability Report on page 40 and in Case Study 2. **Sustainable Pet Ownership an emerging risk** – Ongoing long-term monitoring of consumer and societal attitudes to pet ownership. – Regular monitoring of consumer and market trends to identify shifts in behaviour to which we can respond. In addition, Pets at Home reports using the SASB methodology. We complete the CDP climate change disclosure on an annual basis, our latest disclosure achieved an overall score of 'B'.
b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pets at Home has measured and disclosed our scope 1 and 2 CO_2e emissions since FY14. Trend data from FY16 is updated and reported annually and included in table 1. We measured our scope 3 baseline of 2019/20, in order to set net zero targets, and this has been validated by the Science Based Targets initiative (SBTi). During FY24 we have updated this baseline using FY23 data and this is included in table 2. We have begun to plan for the work to include Forest, Land and Agriculture (FLAG) emissions in our scope 3 baseline, in line with SBTi's FLAG requirement. **Scope 1 and 2 emissions and related risks** During the year we have continued to invest in energy reducing initiatives. We have run an education campaign with colleagues to further reduce our use of energy in our buildings by issuing a 'planet pack' to every pet care centre and vet practice. All of our forklifts at our DCs are now electric. We have moved our company car fleet list to a low carbon selection and 89% of our company cars are now either EV or hybrid. Our absolute carbon emissions have reduced by 3.5%. Our intensity-based performance has continued to improve year on year at 15.7 tonnes CO_2e relative to £1,477m revenue. Our scope 1 emissions increase of 4.3% has been primarily caused by the reconfiguration of our distribution network leading to increased trunking of stock and a 4.3% increase in diesel emissions. Emissions from our company fleet increased by 47.9% as colleague travel increased and a larger proportion of vehicles were hybrid vs electric. This is a relatively small source of emissions at 615 tonnes and is 43% lower than our FY20 base year emissions of 1082 t CO_2e as we have introduced hybrid and electric cars into our fleet. Anaesthetic gas emissions in our vet business had a slight increase of 1.8%, but considerably below the growth rate of the Vet business. Our scope 2 emissions have shown a reduction of 11.3% benefiting from a mild winter. Our performance over the longer term continues to demonstrate the importance of carbon reduction to our business. Since 2016 our sales revenue has grown by 86.3 % and our absolute emissions have reduced by 43.5% as shown in table 1. Deloitte has provided independent limited assurance in accordance with the international Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) over the scope 1 and 2 emissions. Deloitte's full unqualified assurance opinion, which included details of the selected metrics assured, can be found on page 44 of the standalone Sustainability Report. The basis of reporting document covering our scope 1 and 2 emissions and the limited scope 3 categories that are included in our assurance (colleague travel, 3rd party logistics and electricity distribution and transmission losses) is available on our corporate website at https://www.petsathomeplc.com/sustainability/documents-policies/documents/. **Scope 3 emissions and related risks** Our scope 3 emissions, re-assessed during the year using FY23 performance data, have increased by 12.6% vs our base of FY20 which is below the increase in our Group revenue of 32.6% over the same period. Page 8 of our standalone Sustainability Report provides more information on the category breakdown of our scope 3 emissions and the eight net zero priorities to reduce our emissions (see Case Study 1 and 2 for examples of progress against two of these priorities).

Case study 1

Pet food carbon footprinting

Modelling emissions using secondary data will not be sufficiently detailed as we embark on understanding and reducing the impact of pet food. For that reason, during FY24 we have begun a programme of carbon footprinting our own brand pet food products. This follows from a detailed life cycle analysis (LCA) that expert consultancy 3 Keel conducted on 14 pet food products that included the key formats and ingredient types. We will continue to conduct detailed LCAs on key pet food and accessory products while we fast track our in house carbon footprinting programme. The carbon footprinting programme is being enabled through the use of a third party footprinting tool which has been used by other progressive consumer goods companies. By the end of April 2024 we have completed this analysis for over 60 of our higher volume products representing over 15% of our own brand pet food sales revenue. Combined with the LCA analysis this will enable us to model and measure the carbon reduction activities that we have developed. Ultimately we plan to be able to communicate the carbon impact of products to our customers to help them to make informed choices and we are accelerating our work to have all priority pet food lines carbon footprinted.

Case study 2

Measuring, managing and reducing our suppliers’ emissions

One of the biggest challenges that we and other retailers face to rapidly decarbonise our supply chains, is data. Over the last year we have been focused on reviewing potential programmes and partnerships that will help us. We have decided to join Manufacture 2030, a cross industry platform that supports our suppliers to measure, manage and reduce their emissions. The software enables suppliers to share data with other retailers who are members. This makes it an efficient model for our suppliers and also means that we will be contributing to enabling decarbonisation to happen more quickly. We have set a target that by 2028 all of our priority suppliers will have a carbon reduction plan in place and that 50% would have reached leadership position. This target and the Manufacture 2030 platform were launched to our suppliers at our September 2023 supplier conference.

TCFD Statement continued

Carbon reporting summary

Table 1: Scope 1 & 2 carbon emissions nine year performance tonnes CO_2e emissions

		Tonnes CO_2e emissions									
		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24*	FY24 vs FY16
Emissions	Scope 1	9,498	9,619	9,649	8,431	12,085	11,337	12,558	12,115	12,632*	33%
	Scope 2 (location based)	31,680	28,840	21,584	17,066	15,133	13,616	12,610	11,980	10,624*	-66.5%
	Total	41,178	38,459	31,233	25,497	27,218	24,953	25,168	24,095	23,256	-43.5%
	% change		-6.6%	-18.8%	-18.4%	6.8%	-8.3%	0.9%	-4.3%	-3.5%	
Group Revenue	£m	793**	834	899	961	1,059	1,143	1,318	1,404	1,477	86.3%
	% change		5.2%	7.8%	6.9%	10.2%	7.9%	15.3%	6.6%	5.2%	
	Normalisation/Intensity	51.9	46.1	35.1	26.5	25.7	21.8	19.1	17.2	15.7	-70.2%
	% change		-11.2%	-24.7%	-23.6%	-3.1%	-15.1%	-12.5%	-10.1%	-8.3%	

* Deloitte has provided independent limited assurance in accordance with the international standard for assurance engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) over scope 1 and 2 emissions for FY24. Deloitte's full unqualified assurance opinion, which includes details of the selected metrics assured, can be found in the standalone Sustainability Report on page 44

** FY16 Group Revenue has been restated to reflect a 53 week financial year. All emissions and revenue numbers are disclosed on a 52 week basis except for FY16 and FY22.

1 Exclusions: Anaesthetics & fugitive emissions are included from year FY20 onwards.

2 Re-classification: Greenhouse gas emissions from natural gas were incorrectly allocated to scope 2 in FY23. Therefore in FY23 406 tCO_2e have been moved from scope 2 to scope 1 and in FY22 590 tCO_2e have been moved from scope 2 to scope 1. This does not change the total scope 1 and 2 emissions.

Table 2: Scopes 1, 2 and 3 carbon emissions summary

Metric	Target	2023/2024 Performance	2022/2023 Performance	Base year Performance (2019/2020)
SCOPE 1 AND 2 GHG EMISSIONS				
Direct emissions from operations (Scope 1) (tonnes CO_2e)	–	12,632*	12,115	12.085
Location-based indirect energy emissions from operations (Scope 2) (tonnes CO_2e)	–	10,624*	11,980	15.133
Total location-based Scope 1 and 2 emissions (tonnes CO_2e)	42% reduction by 2030 (vs 2019/20 base year)	23,256: 14.6% reduction against base year	24.095	27.218
Market-based indirect energy emissions from operations (Scope 2) (tonnes CO_2e)	–	–	–	677
Total market-based Scope 1 and 2 emissions (tonnes CO_2e)	–	12,632*	12,115	12,762
Total location-based emissions per £m group revenue (tonnes CO_2e per £m group revenue)	–	15.7	17.2	25.7
Scope 1 and scope 2 kwh		88,228,750	96,138,431	94,638,109
SCOPE 3 GHG EMISSIONS				
Total Scope 3 GHG emissions (tonnes CO_2e)	42% reduction by 2030 (vs 2019/20 base year)	n/a (2)	963,976 12.6% increase against base year	855,828

1 Re-classification: Greenhouse gas emissions from natural gas were incorrectly allocated to scope 2 in FY22/23 therefore 406 tCO_2e have been moved from scope 2 to scope 1.

2 Scope 3 GHG emissions have been updated using FY22/23 data. An update has not been completed for FY23/24 as we have focused on preparations for the completion of a re-assessment to align with the requirements of the SBTi FLAG guidance.

3 Scope 3 emissions relating to employee travel, 3rd party logistics and electricity transmission and distribution losses have been removed from our carbon emission summary because they were misinterpreted as representing the full scope 3 emissions. For transparency the emissions from these sources in FY23/24 are included here. Employee travel 726 tonnes CO_2e (FY22/23 620 tCO_2e); 3rd party logistics 3,955 t CO_2e (FY22/23 3,603 tCO_2e). Electricity transmission and distribution losses 920 tCO_2e (FY22/23 1,096 CO_2e).

4 Pets at Home operations are UK based except for an office in Hong Kong. Therefore 15t CO2e representing less than 0.1% scope 1 and 2 emissions and KWH usage was from outside of the UK and not included in this reporting.

5 * see footnote of table 1 for assurance statement.

Metrics and Targets

Disclosure requirement	Description/progress
c) Describe the targets used to manage climate-related risks and opportunities and performance against targets.	At Pets at Home, we have taken the decision to set our carbon emissions target using the guidance of the Science Based Targets initiative (SBTi). We have made this decision because science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. – Near term: Pets at Home commits to reduce absolute scope 1 and 2 GHG emissions 42% by FY30 from a 2020 base year. – Near term: Pets at Home commits to reduce absolute scope 3 GHG emissions from purchased goods and services, and upstream transportation and distribution 42% by FY30 from a 2020 base year. – Long term: Pets at Home Group commits to reduce absolute scope 1 and 2 GHG emissions 90% by FY40 from a 2020 base year. Pets at Home Group also commits to reduce scope 3 GHG emissions 90% within the same time frame. These targets have been approved by the Science Based Targets initiative. Actions and progress to achieve these targets are reported in our Sustainability Report on page 8. Related targets: – By 2028 all priority own brand food products to be carbon footprinted. This is a new target for FY24 and progress is included in the FY24 Sustainability Report on page 40 and in case study 1 on page 63 of the Annual Report – By 2028 all priority suppliers to have carbon reduction plans in place and 50% to have achieved leadership status. This is a new target for FY24 and progress is included in the FY24 Sustainability Report on age 40 and in case study 2 on page 63 of the Annual Report – By 2028 all priority raw materials to be sustainable and packaging recyclable. These are existing targets and our reporting can be seen on page 40 of our standalone Sustainability Report. – By 2028 create, protect and restore 15k acres of UK native woodland (2020 base). This is an existing target and our reporting can be seen on page 40 of our standalone Sustainability Report. We also identify other opportunities to align our targets to climate reduction goals. For example, our revolving credit facility with HSBC acting as sustainability coordinator, agreed in March 2022, is linked to sustainability targets. The Group now has financial incentives (or penalties) to accelerate our work on pets, people and planet through targets focused on carbon reduction, supporting pets in need and community action. Our performance against our sustainability linked loan can be seen on page 16 of this Annual Report and on our corporate website. Our remuneration policy links an element of Executive remuneration to sustainability objectives, effective from FY24. See from page 66 of this Annual Report for more details.

Looking ahead

Overall we are pleased with the progress that we have made over the last year particularly in the scope 3 emissions reduction programmes featured in case study 1 and 2 and in the quantification of long-term risk.

At this stage we are not able to quantify the impact of the scope 3 emissions reduction programmes in our total reported scope 3 emissions which are based primarily on secondary emissions data. We are working hard to address this through adopting processes that will support the capture of primary product carbon data.

Financial quantification work to date has been completed on the areas identified as potentially having the most material impacts. While our quantification disclosure uses the most robust data points that we have, we recognise that the methodology for quantifying risk will continue to develop over time as our data and modelling improves.

Despite our progress their remain challenges that face businesses like ours to the delivery of our emissions reduction targets. For example the development of battery technology and supporting charging infrastructure for heavy goods vehicles, the adoption of regenerative and more sustainable agricultural practices and robust, consistently applied emissions calculations and consumer communication on embedded carbon in products.

For this reason over the next 12 months our priorities will be to continue to progress our own programmes and to develop our data which will support the delivery and accuracy of our net zero transition plans while also collaborating on factors that are outside of our direct control but remain vital to deliver our emissions reduction targets.

Resilience in a challenging market

Roger Burnley
Chair of the Remuneration Committee

Introduction

On behalf of the Remuneration Committee (Committee), I am pleased to present our Directors' Remuneration Report (DRR) for the financial year ending 28 March 2024 (FY24).

FY24: Looking back

Overview

Our performance over the past year has been resilient in what remains a challenging macro-environment. Our business, and the wider industry, remains in growth, demonstrating the strength of the pet care sector and the advantages of our unique model. We have continued to support our customers, colleagues, and communities throughout the cost of living challenges, whilst continuing to execute on our strategy and deliver returns for our investors.

Business performance

FY24 was a year marked by a turbulent economic backdrop, which impacted energy, foreign exchange, and freight costs, as well as impacting consumer behaviour. Despite this, we will exit FY24 with underlying PBT of £132.0m (vs. £136.4m in FY23), having grown consumer revenue in line with our medium-term ambition, and with net cash on our balance sheet. Statutory PBT declined 13.7% to £105.7m due to £26.3m of non-underlying costs primarily relating to the transition to our new Distribution Centre (DC). We have also made notable steps forward in the delivery of our strategic initiatives, including the launch of our new digital platform to consumers, the transition to our new DC, and continued investment to expand and enhance our physical Pet Care Centre (PCC) and practice network.

Highlights include:

- The UK pet care market remains resilient, and our scale and reach gives us a leading position in a structurally growing market, with our total market share now 23%.
- We continued to welcome new customers to the platform, growing our Pets Club to 7.8m active members (+2%).
- Total Group statutory revenue growth of 5.2% to £1.5bn, with Group like-for-like (LFL) revenue up 5.1%.
- Vet Group revenue increased by 16.8%, with LFL up 16.5%.
- Retail revenue growth of 4.0%, and LFL growth of 4.1%.
- Group free cash flow of £69.0m reflecting YoY underlying profit performance and investment into our key strategic growth areas.
- Our new DC is now fulfilling 100% of our PCC network and we will look to transition our online operations in the coming year, improving fulfilment costs, consumer experience and efficiency.
- Launched our new digital platform to consumers offering a much-improved user experience and functionality, a key foundation for future growth.

Who is on the Remuneration Committee?

Member	Period from	To	Meetings attended
Roger Burnley (Chair)	31 March 2023	28 March 2024	4/4
Prof Susan Dawson	31 March 2023	28 March 2024	4/4
Zarin Patel	31 March 2023	28 March 2024	4/4
Sharon Flood	31 March 2023	26 May 2023	1/1

Sharon Flood chaired the Committee meeting in May 2023 prior to her departure from the Board of Directors on 26 May 2023. Susan Dawson chaired the subsequent Committee meetings in September 2023 and January 2024, before Roger Burnley was appointed as Chair with effect from 1 March 2024.

Shareholder experience

- Our share price declined c.26% in the year from £3.61 to £2.68, underperforming the retail sector (+9%) and wider market (+4%).
- FY24 was very much a tale of two halves, with our shares outperforming through the first half of the year, peaking at £3.97, then underperforming in the second half as the CMA review (Sep '23), transition to the DC (Nov '23), and profit downgrade (Jan '24) impacted sentiment.
- It was generally a tough year for markets, and consumer facing stocks, as ongoing inflation created uncertainty over demand and costs.
- In the year, we increased our FY23 final dividend by 10.7% to 8.3p (paid July '23) and maintained our FY24 interim dividend at 4.5p (paid Jan '24). Shareholders were further rewarded via a £50m share buyback programme, in addition to the first £50m buyback completed in FY23.

Supporting our customers

- The new Pets at Home mobile application (the App) brings together loyalty benefits and shopping in one easy to use experience under the new branding of the Pets Club. The App content is tailored to consumers and their pets through personalised product offers, services and advice that are available online, in our PCCs and Vet Practices.
- During FY24, we have continued our commitment to delivering good value to customers by introducing the Petsaver events which offer unique deals on hundreds of petcare essentials keeping owners and their pets happy and healthy.
- We have responded quickly to emerging trends in the pet nutrition space to make sure we are able to cater for all customer needs and pet feeding preferences. With the introduction of several new brands and significant capital investment in the raw and fresh categories, we have been able to make pet nutrition more accessible to all customers offering more choice to suit all budgets.

Supporting our colleagues

- We continue to invest in our total reward proposition to attract and retain talent in highly competitive retail and veterinary service markets.

Investment in base pay:
- The average increase in base pay for colleagues, including promotions, was 8.8% across the UK workforce in FY24.
- In April 2023, we increased our hourly store and grooming pay rates to a starting rate of £10.60 (+10.4% vs April 2022).
- Colleagues were able to earn 30p more than the Real Living Wage (RLW) on completion of the first step of their training which is achievable after three months.
- Within the Support Office, following the annual pay review in October 2023, base pay increased by an average of 3.9%.

Colleague bonus:
- PCC colleagues will be awarded their usual bonus in respect of FY24. In line with the Executive Directors, Support Office colleagues will not receive a bonus in respect of FY24.

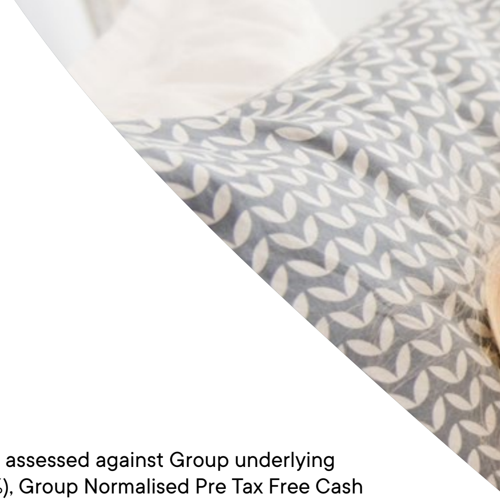
Pension schemes:
- We continued our commitment in FY24 to reducing the pension contribution gap between Retail and Support Office functions. By increasing the Company contribution for members of tier two pension schemes from 4% to 4.5%, over 6,000 hourly paid retail colleagues were positively impacted.

Colleague share ownership:
- We continued our investment in colleague share ownership awarding over 10,000 colleagues an award of free shares in FY24 and we continued to offer our Sharesave (SAYE) scheme at a 20% discounted option price.
- 8,781 colleagues received access to awards which vested under our 2020 free share scheme and our 2020 SAYE scheme collectively.

Financial support:
- We awarded over £94.5k in tax-free grants through our Colleague Hardship Fund to support those colleagues experiencing a period of unexpected financial difficulty.

Wellbeing:
- We continue to prioritise and promote colleague wellbeing across three core areas, Mental, Financial and Physical wellbeing
- Continued our strong partnerships with both the Retail Trust and Vet Life charities.
- We conducted a virtual 'Spring into Spring' challenge as part of our wellbeing strategy to promote physical activity and encourage a sense of community for our colleagues. 230 teams participated in the 4-week steps challenge, walking or running a total of 597 million steps and 250,000 miles on a virtual route from our most northern PCC in Wick to our most southern PCC in Penzance.

Directors’ Remuneration Report continued



Colleague recognition and engagement:
- Peer-to-Peer recognition is actively encouraged for colleagues who live the Pets at Home values through their work.
- During FY24, over £47k has been given to colleagues through our nomination initiatives ‘Colleague of the Month’ and ‘Team of the Quarter’ as well as over 2.3k e-cards.
- Our Colleague Appreciation Day raffle event in March 2024 saw over 160 colleagues win prizes including experience days and vouchers linked to wellbeing.
- E-gift vouchers totalling £79k were given to colleagues in recognition of their work to spend on Your Reward Hub (YRH).
- The YRH hosts a wealth of information about the different benefits which are offered as part of colleagues’ total reward package.
- In FY24, colleagues have saved over £179k on their everyday online and in-store shopping through vouchers and savings in the YRH.
- We also continued our colleague Pets at Home discount of 30% for our own branded and 20% on other brand products in store and online.

Supporting our communities

- Over 2,400 colleagues completed a Better World Pledge Day in FY24, donating over 16,000 hours to support Pets, People or the Planet.
- Over £1.9m was raised through our Santa Paws Appeal, the biggest annual fundraising appeal in aid of the Pets at Home Foundation (‘the Foundation’).
- Continued to support keeping pets and people together through donations to over 400 foodbanks in local communities in collaboration with Blue Cross.
- £2.34m awarded through the Foundation to pet rescue and rehoming centres and £1.45m awarded to organisations that improve the lives of people through pets.

Executive Directors’ remuneration in respect of FY24

FY24 was the second year of our current Remuneration Policy approved by shareholders in 2023. In light of the context set out above, the Committee made the following decisions in respect of Executive Pay:

Base salary:
The CEO received an increase of 5% approved by the Committee, following a market review which concluded that the CEO’s salary had fallen behind the general market level for equivalent roles of a similar sized FTSE 250 and UK-listed retailer. The CFO received a standard increase of 3.5% in line with the increase awarded to senior management colleagues which was less than the wider workforce increase of an average of 8.8% throughout FY24. Salary increases in respect of FY24 were effective from 10 November 2023.

In FY24, we committed to a market review for Non-Executive Director fees which concluded that our pay offering was behind the external benchmark. In light of the market review findings, it was agreed by the Committee that Non-Executive Directors’ fees would increase by 3.6%, the Committee Chair fee would increase by 4.1% and Chair of the Board fee would increase by 3.5%. It was also agreed to decrease the Senior Independent Director fee to £10,000 to align with the external market.

Pension:
There were no changes to the pension contribution rates in FY24. Executive Directors already receive a pension contribution capped at the Company contribution rate provided to the majority of colleagues in the Support Office functions. Currently this is up to 6.5% of base salary and consistent with rates at other retailers.

Annual bonus:
The Executive Directors were assessed against Group underlying Profit Before Tax (PBT) (65.0%), Group Normalised Pre Tax Free Cash Flow (FCF) (25.0%) and Sustainability (10.0%) comprising of 12 defined measures plus the completion of a Better World Pledge Day. Formulaic targets were set in May 2023 against a budget that was agreed to be ambitious and stretching.

In light of business and stakeholder context set out above, the Committee carefully considered and determined that the formulaic outcomes set out immediately below were fair and appropriate. In light of having fallen short of our PBT and FCF targets, the Committee made the decision to exercise downward discretion in relation to the sustainability result. As a result of this, there will be no Executive Director bonus paid in respect of FY24:

- The underlying PBT target range was set between £131.4m and £141.4m. Whilst actual underlying PBT was £132.0m the Committee determined that the formulaic outcome required for minimum Trigger 1 bonus had not been met and therefore no bonus is payable.
- The Group FCF target range was set between £112.6m and £120.6m and the actual Group FCF was £107.5m resulting in the minimum target not being met.
- Across the 12 sustainability targets, nine of these were achieved. Whilst the formulaic outcome for bonus has been triggered (75% of maximum), the Committee exercised its discretion that the Sustainability part of the bonus will not be paid.

Restricted stock plans (RSP):
As the CEO was appointed in June 2022, they did not receive a 2021 RSP award. In accordance with policy at the time, vesting of the 2021 RSP award for Executive Directors was subject to a TSR financial underpin. This was replaced for RSP awards made in 2023 onwards with a discretionary underpin which allows the Committee to determine the vesting outcome based on the holistic performance of the business and the Executive Directors.

As the TSR financial underpin for the 2021 RSP award has not been met, the 2021 RSP award made to the CFO would ordinarily lapse. In considering this formulaic outcome, the Committee noted that prior to 7 September 2023, when the CMA first announced it was opening a review of veterinary services, the TSR financial underpin would have been met and that the award, equivalent to 75% of salary at the time of grant, was granted when the share price was approaching record highs.

The Committee also considered the performance of the business and CFO over the last three years, including the CFO’s critical leadership during the period of CEO transition. Of employees who received a 2021 RSP award, the CFO would also be the only recipient whose award lapses. The Committee concluded that the formulaic outcome was not a fair reflection of the CFO’s contribution and performance over the vesting period and consequently decided to exercise its discretion to vest the 2021 RSP award granted to the CFO, the shares of which will remain subject to a two year post vesting holding period.

Directors' remuneration in respect of FY25

Base salary:
The usual annual pay review is expected to take place for the Executive Directors in October 2024 with a particular focus on the CFO to ensure his performance and contribution to the business is fairly recognised. The Committee will continue to benchmark against relative market comparisons to ensure that the total reward package is considered competitive and does not pose a risk to retention and succession planning whilst considering the merit of increases in the context of the broader colleague population and business performance.

Pension:
No changes to the pension scheme for Executive Directors are planned for FY25.

Annual bonus:
The maximum bonus opportunity will continue to be 170% of salary for the CEO and 150% of salary for the CFO with one-third of any bonus paid being deferred in shares for two years in line with the Bonus Deferral Policy. The Executive Directors' annual bonus will be based on Group PBT (65%), Group FCF (25%) and sustainability measures (10%), underpinned by a mandatory training and completion of a BWPD. The sustainability measures combined with the BWPD will together support the various pillars of our Sustainability strategy which focus on 'Pets, People and our Planet'.

Restricted stock plans (RSP):
Share awards granted during FY25 will continue to be set in line with the Policy with a maximum grant value of 100% of base salary for the CEO and 75% of base salary for the CFO. These will continue to vest subject to a holistic underpin which will take into account factors including overall financial performance, the shareholder experience, performance against strategy and other factors. With a three-year vesting schedule and two-year post vesting holding period as set out in the Policy.

At the date the DRR was finalised, the Committee had yet to approve the FY25 award although it intends to do so before the AGM. When approving the grant value of the FY25 award the Committee will consider the shareholder experience during the preceding twelve months and publish a statement to the company website confirming details of the award approved.

Closing remarks

We hope that you find this report helpful and we would welcome any feedback or comments on this report. We look forward to your support of the resolution for approval by advisory vote for Our Directors' Remuneration Report at our AGM on 11 July 2024.

Roger Burnley
Chair of the Remuneration Committee
28 May 2024

Our Directors' Remuneration Policy

The Remuneration Policy ('the Policy') can be found on our website in the 2023 Annual Report. The Policy was approved by shareholders at the 2023 AGM and came into effect from 6 July 2023. The Policy table for the Executive Directors remuneration has been reproduced below:

Remuneration principles

The objectives of our Directors' Remuneration Policy are:

Strategy	To have incentives that are appropriate for our business for the next three years as we continue to focus on delivering long-term, sustainable returns to investors. To reward in ways that support delivery of our integrated pet care strategy.
Culture	To adopt a 'bottom-up' approach to remuneration – a policy that works for our colleagues and can be applied to our Executives. To support our ongoing desire to embed share ownership across the organisation. To assist with succession planning.
Retention	To simplify and therefore enhance perceived value of awards and thereby reduce flight risk.
Shareholders	To deliver better value to shareholders by: – Improving perceived value; – Creating stronger alignment with shareholders; and – Increasing focus on long-term sustainable value creation.

How we ensure pay for performance linkage:

Annual bonus	– Pay-out linked to achievement of robust and challenging annual performance targets and any bonus achieved is paid two-thirds cash and one-third shares with a two-year deferral period to ensure a link with longer term performance and shareholder experience. – Full disclosure of bonus – commitment to disclosing all target ranges on a retrospective basis at the end of the financial year in question.
Underpin	– The satisfaction of an underpin that applies to RSP awards and as shall be determined by the Committee whereby the Committee can adjust vesting for business, individual and wider Company performance. – Serves as a security mechanism to prevent pay-outs for poor performance.
Share price	– Share price inherently links pay to performance. – Build-up of shareholding, long-term vesting and holding horizon and post-cessation shareholding guidelines incentivise Executive Directors to increase focus on long-term, sustainable performance and value creation.

Pay element (fixed pay)

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Changes

The Company provides competitive salaries suitable to attract and retain individuals of the right calibre to develop and execute the business strategy.	– Base salaries are paid in cash and are pensionable.
	– Base salaries will be reviewed annually by the Remuneration Committee. Any changes will usually take effect from 1 October in line with the wider management and salaried colleague group. The Committee takes into consideration a number of factors when setting salaries, including (but not limited to):
	  – Size and scope of the individual's responsibilities;
	  – The individual's skills, experience and performance;
	  – Typical salary levels for comparable roles within appropriate pay comparators, including practice for retail companies and the broader FTSE 250; and
	  – Pay and conditions elsewhere in the Group.
		– Whilst there is no maximum salary level, any increases will normally be broadly in line with the wider colleague population.
		– Higher increases may be made under certain circumstances, at the Committee's discretion. For example, this may include: increase in the scope and/or responsibility of the individual's role; and development of the individual within the role.
			No changes.

Benefits

Purpose and link to strategy	Operation	Maximum opportunity	Changes

The Company provides colleagues with market competitive benefits suitable to attract and retain individuals of the right calibre to develop and execute the business strategy.	– The Company provides a range of benefits, which may include:
	  – a company car (or cash equivalent)
	  – life assurance
	  – permanent health insurance
	  – private medical insurance
	– These benefits are not pensionable.
	– Other benefits may be offered from time to time, if considered appropriate by the Committee and consistent with the Company's overriding purpose for offering such benefits.
	– The Company may also meet any reasonable home working and/or certain mobility costs, such as relocation support, expatriate allowances, temporary living and transportation expenses in line with the prevailing home working and/or mobility policies and practice for other senior executives.
	– Executive Directors are eligible to participate in any tax approved all-colleague share plans operated by the Company on the same basis as other eligible colleagues such as the SAYE scheme.
		– The cost to the Company of providing other benefits may vary depending on, for example, market practice and the cost of insuring certain benefits.
		– The Committee keeps the level of benefit provision under regular review.
			No changes.

Pension

Purpose and link to strategy	Operation	Maximum opportunity	Changes
To provide colleagues with an allowance for retirement planning.	– Pension contributions are made to either the Group Pension Plan, or to personal pension schemes, or cash allowances in lieu of contributions are paid.	– The employer contribution level for all current and any future external hire or internally promoted Executive Director is provided to the majority of colleagues in central support office functions from time to time (currently 6.5%).	No changes.

Our Directors' Remuneration Policy continued

Pay element (variable pay)

Annual bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes
To incentivise the delivery of our business plan on an annual basis. To reward performance against key performance indicators which are critical to the delivery of our business strategy.	– Delivery will normally be in cash and is not pensionable. – Performance measures are set annually and pay-out levels are determined by the Committee after the year-end, based on performance against those targets during the relevant financial year. – The Committee may amend the performance targets and measures during the relevant financial year if events occur which result in the original targets and measures no longer being a fair measure of performance. – The Committee may amend formulaic bonus outcomes if they do not reflect the wider shareholder experience over the period or the performance of the Executive Director in delivery of the business strategy and results. – Malus and clawback provisions apply to these awards in circumstances as set out on page 73 of the Policy. – Change of control provisions apply as set out in the Remuneration Policy. – Leaver provisions apply as set out in the Remuneration Policy.	– The maximum bonus opportunity shall be 170% of base salary for the CEO and 150% of base salary for the CFO provided one-third of any bonus achieved will be paid in shares (or share awards) and subject to a two-year holding period under the Deferred Bonus Share Plan (DBSP).	– Each year, the Committee determines the measures and weightings within the following parameters: – At least 75% of the annual bonus will be based on financial performance measures; and – No more than 25% of the annual bonus will be based on performance against non-financial measures, including for example, individual and strategic objectives, which may include ESG metrics. – The Committee ensures that targets are appropriately stretching in the context of the business plan and that there is an appropriate balance between incentivising Executive Directors to meet financial targets for the year and to deliver specific non-financial goals. This balance allows the Committee to effectively reward performance against the key elements of our strategy. – The performance metrics for the annual bonus for the Executive Directors are set out retrospectively within the Annual Report. – The Committee has discretion to amend formulaic bonus outcomes if they do not reflect the wider shareholder experience over the period or the performance of the Executive Director in delivery of the business strategy and results. Where discretion is applied this will be summarised within the Annual Report.	No changes.

Long-term incentive plan[1]

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes
– To promote continued alignment between Executive Directors and shareholders, increasing focus on long-term sustainable value creation. – To support our principle of embedding share ownership across the organisation. – To assist with succession planning.	– Awards will be made under the RSP annually. – Share awards are normally made in the form of nil cost options but may be awarded in other forms if appropriate (such as conditional share awards). The plan rules specify that awards may also be satisfied in cash although this is unlikely to apply to Executive Directors (other than partially, to facilitate the net settlement of an award). – No award will vest under the RSP unless the Committee is satisfied that performance in respect of the holistic underpin has been satisfactory. Where the Committee concludes that performance has not been satisfactory it has discretion to reduce the number of shares subject to an RSP vesting downwards including to zero. 100% of the award will vest on the third anniversary of grant, subject to the achievement of the aforementioned assessment of the underpin and continued employment. – Following vesting, the award will vest after three years followed by a two-year holding period until the fifth anniversary of grant. If the vested award is exercised during this two-year period, the net number of shares acquired (after taxes have been settled) must continue to be held (and cannot be sold) until the fifth anniversary of grant.	– The maximum value of restricted shares that may be awarded in respect of any financial year for new hires effective 27 March 2020 may be up to 100% of salary. Existing Executives may only be awarded a maximum of 75% of salary for the CFO and 100% of salary for the CEO.	– There are no performance targets attached to the awards. – A holistic underpin applies which allows the Committee to take into account factors including overall financial performance, the shareholder experience, performance against strategic imperatives and any serious reputational damage.	No changes.

Pay element (variable pay) continued

Long-term incentive plan[1] continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes
	– Additional shares (or cash) may be awarded in lieu of dividends on any shares which vest, which would have been paid during the vesting period and, in the case of a vested but unexercised award, the holding period. – Malus and clawback provisions apply to these awards in circumstances as set out in the Remuneration Policy. – Change of control provisions apply as set out in the Remuneration Policy. – Leaver provisions apply as set out in the Remuneration Policy.			

Save as you earn (SAYE)[1]

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes
– An all-colleague plan, which encourages long-term shareholding and aligns the interests of UK colleagues with shareholders. – Executive Directors are eligible to participate.	– SAYE is an HMRC-approved scheme where eligible colleagues are granted savings-related share options to subscribe for shares in the Company. – Options are granted to be exercisable in conjunction with either a three-year or five-year savings contract with a monthly savings limit set according to HMRC limits (currently £500 per month out of taxed income). – Options are normally granted at a discount to market price at the time of invitation, as per HMRC regulations (currently a maximum of 20%).	– The market value of the shares under option at the date of maturity of the SAYE savings contract, less the grant price of the option at the contract start date.	– There are no performance measures attached to awards under the SAYE.	No changes.

Chair and Non-Executive Directors' Remuneration Policy

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes
To attract and retain high calibre individuals by offering market competitive fee arrangements.	– Non-Executive Directors receive a basic fee in respect of their Board duties. – Further fees are paid to Non-Executive Directors in respect of Deputy Chair of the Board and/or chairship of Board Committees. – The Non-Executive Chair receives an all-inclusive fee for the role. – The remuneration of the Non-Executive Chair is set by the Remuneration Committee, whilst the Board as a whole is responsible for determining Non-Executive Director fees. These fees are the sole element of Non-Executive remuneration and they are not eligible for incentive awards, pensions or other benefits. – Fees are typically reviewed annually. – Expenses incurred in the performance of Non-Executive duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits.	– Current fee levels can be found on page 76. – Fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Company. – The Company's Articles of Association provide that the total aggregate remuneration paid to the Non-Executive Chair and the NEDs will be within the limits set by shareholders.	n/a	No changes.

[1] The Committee may in the event of any variation of the Company's share capital, demerger, delisting, or other event which may affect the value of awards, adjust or amend the terms of awards in accordance with the rules of the relevant share plan. In the case of the SAYE, any changes may be subject to HMRC approval if required.

Our Directors' Remuneration Policy continued

Annual report on remuneration

a) Directors' remuneration – report on implementation for the year ended 28 March 2024

This section of the report sets out how the Policy, approved by shareholders at the Company's Annual General Meeting (AGM) on the 6 July 2023 (2023 Policy), has been applied in the financial year being reported on.

The information presented from this section up until the relevant note on page 77 represents the audited section of this report.

b) Single total figure of remuneration for executive directors for the year ended 28 March 2024

The following table sets out the total remuneration for Executive Directors for the year ended 28 March 2024. All payments are in line with the Policy.

Director	Base salary (£)	Benefits (£)	Pension (£)	Total fixed pay (£)	Annual bonus (£)	Long-term incentives (£)	Total variable pay (£)	Total[2] (£)
FY24								
Lyssa McGowan	611,844	644	39,610	652,098	–	–	–	652,098
Mike Iddon	430,062	12,144	27,954	470,161	–	179,115[4]	179,115	649,276
FY23[3]								
Lyssa McGowan	493,246	1,773	32,061	527,080	710,286	–	710,286	1,237,366
Peter Pritchard[1]	90,962	1,987	8,187	101,135	–	–	–	101,135
Mike Iddon	416,623	12,055	27,080	455,758	474,301	405,309[3]	879,610	1,335,369

1 Peter Pritchard resigned from the company with effect from 31 May 2022
2 FY24 base salary, benefits and pension contributions have been calculated using actual amounts received during the financial year.
3 The 2020 RSP vested in full on 29 May 2023 since the absolute TSR had been achieved. At the time of publication of the annual report the value of the RSP was calculated using £3.610 the share price at 30 March 2023.
4 The 2021 RSP, will vest in June 2024 for our Executive Directors following the Committee decision to exercise discretion despite the absolute underpin not being achieved. The figure in the table above is based on the share option granted multiplied by average share price for the last quarter of the FY24. financial year.

Base salary:
The gross taxable amount received during the relevant financial year excluding payments in lieu of pension (see below).

Benefits:
The gross taxable value of benefits received during the relevant financial year and principally includes company car (or cash equivalent) and Private Healthcare Insurance (PHI) where applicable.

Pension:
The amount of pension contributed by the Company including the gross cash value of any payment in lieu of pension received during FY24. Executive Directors received a Company pension contribution worth a maximum of 6.5% of their base salary. A taxable cash payment in lieu of pension contribution was paid if the Executive Director reaches the annual pension allowance.

Annual bonus:
The amount earned in respect of the relevant financial year.

Long-term incentives:
The amount earned by the Executive Directors in respect of the relevant financial year. Details of how this was calculated are set out in the footnotes above.

Annual bonus

In FY24, an annual bonus was available to Executive Directors subject to meeting defined criteria including Group PBT (65%), Group normalised pre tax FCF (25%), defined sustainability measures (10%) and a mandatory ESG bonus underpin which required each Executive Director to complete a Better World Pledge Day (BWPD). All of our Support Office colleagues, and Store Managers are also required to complete a BWPD as part of their objectives for achieving a bonus. The BWPDs provide significant value and non-financial support to a range of different charities, in addition to the financial support we already provide. Colleagues have supported a range of people, pet and planet focused charities.

The maximum bonus opportunity in respect of FY24 for the CEO was 170% of base salary and 150% of base salary for the CFO.

The Executive Directors were assessed against stretching PBT, FCF and Sustainability targets. Whilst actual underlying PBT for the 52 week period ended 28 March 2024 was £132.0m, the Committee determined that the formulaic outcome required for minimum Trigger 1 bonus had not been met. Group Normalised Pre Tax FCF was £107.5m, which fell below the minimum target. The Company achieved nine out of a possible twelve sustainability targets, However, the Committee exercised its discretion that the Sustainability part of the bonus will not be paid.

The table below shows the targets set and the achieved pay out levels for Executive Directors:

	Target			Achieved	
Performance measures	% Weighting	Minimum	Maximum	Total	%
Underlying PBT (£m)	65	131.4	141.4	132.0	0.0
Free Cash Flow (£m)	25	112.6	120.6	107.5	0.0
Sustainability Objectives	10	1	12	9	0.0
Total	100				0.0

In order to achieve full pay-out, the Committee had set ambitious and stretching targets that required the individuals to deliver performance which significantly exceeded business expectations.

The Committee carefully considered whether the bonus target for PBT had been reached at the minimum threshold. After significant assessment and in the light of the business and stakeholder context set out above in the Chair's letter on pages 66 to 69, the Committee was comfortable that the formulaic outturn for PBT and Group Normalised Pre Tax FCF was appropriate. No adjustments were therefore made to the formulaic bonus targets, however, downward discretion was exercised in relation to the sustainability target measure. Consequently, the bonus outturn in relation to the FY24 period, will be nil for both Executive Directors and Support Office colleagues.

Long-term incentives plans (LTIP)

2019 RSP award:
Awards granted under the RSP for 2019 vested in May 2022, including awards for the Executive Directors under the RSP which were subject to the agreed performance metrics of an absolute TSR underpin. The absolute TSR underpin was met, therefore awards vested according to the relevant timetable. For Executive Directors, this meant 50% immediately, 25% in 2023 and the final remaining 25% in 2024.

2020 RSP award:
Awards granted to the Executive Directors under the RSP in 2020 vested in full in May 2023 as a result of the absolute TSR underpin having been met. The Committee was comfortable that having assessed these awards for any windfall gains on both grant and vest of the 2020 RSP awards, that no discount applied and therefore the awards vested in full, with a 2 year post vest holding requirement.

2021 RSP award:
As the CEO was appointed in June 2022, they did not receive a 2021 RSP award. In accordance with policy at the time, vesting of the 2021 RSP award for Executive Directors was subject to a TSR financial underpin which was replaced for RSP awards made in 2023 onwards with a discretionary underpin that allows the Committee to determine the vesting outcome taking account of the performance of the business and the Executive Director. As the TSR financial underpin for the 2021 RSP award has not been met, the 2021 RSP award made to the CFO would ordinarily lapse.

In considering this formulaic outcome, the Committee noted that prior to 7 September 2023, when the CMA first announced it was opening a review of veterinary services, the TSR financial underpin would have been met and that the award, equivalent to 75% of salary at the time of grant, was granted when the share price was approaching record highs. The Committee also considered the performance of the business and CFO over the last three years, including the CFO's critical leadership during the period of CEO transition. Of employees who received a 2021 RSP award, the CFO would also be the only recipient whose award lapses. The Committee concluded that the formulaic outcome was not a fair reflection of the CFO's contribution and performance over the vesting period and consequently decided to exercise its discretion to vest the 2021 RSP award granted to the CFO, the shares of which will remain subject to a two year post vesting holding period.

Our Directors' Remuneration Policy continued

c) Total Single Figure Remuneration (TSFR) for Non-Executive Directors for the year ended 28 March 2024

The following table sets out the TSFR for Non-Executive Directors and the Chair of the Board for the year ended 28 March 2024 (FY24).

Director	Basic Fees (£)	Additional Fees (£)	Remuneration Committee Chair (£)	Audit & Risk Committee Chair (£)	ESG Committee Chair (£)	Colleague Engagement (£)	Total Single Figure FY24 (£)	Total Single Figure FY23 (£)
Dennis Millard[1]	67,380	n/a	n/a	n/a	n/a	n/a	62,018	71,523
Prof Susan Dawson[2]	54,031	n/a	9,975	n/a	10,829	n/a	74,835	61,827
Ian Burke	216,085	n/a	n/a	n/a	n/a	n/a	216,085	206,092
Zarin Patel[3]	54,031	10,000	n/a	10,829	n/a	n/a	74,860	61,827
Roger Burnley[2]	54,031	n/a	854	n/a	n/a	n/a	54,885	6,765
Dr Natalie-Jane McDonald[4]	45,626	n/a	n/a	n/a	n/a	4,269	49,895	n/a
Angelique Augereau[4]	10,403	n/a	n/a	n/a	n/a	n/a	10,403	n/a
Sharon Flood[5]	8,405	n/a	n/a	n/a	1681	n/a	10,086	61,827
Stanislas Laurent[5]	8,405	n/a	n/a	n/a	n/a	n/a	8,405	51,523

Note: Fees in the above table have been pro-rated for appointments which have covered a proportion of the financial year.

1 Dennis Millard stepped down from his position as a Non-Executive Director in February 2024.
2 Roger Burnley replaced Professor Susan Dawson as Remuneration Committee Chair in March 2024.
3 The additional fee paid to Zarin Patel is in respect of her position as Senior Independent Director.
4 Dr Natalie-Jane McDonald and Angelique Augereau joined as Non-Executive Directors in May 2023 and January 2024 respectively.
5 Stanislas Laurent and Sharon Flood stepped down from the board in May 2023.

d) Scheme interests awarded during the financial year

In FY24 Executive Directors received RSP awards in line with the Policy as follows:

Executive Director	Date of award	Number of shares awarded under the RSP	Grant price of RSP awards	% of salary for total awards	Performance period end date
Lyssa McGowan	30 May 2023	167,775	Nil cost awards	100%	19 March 2026
Mike Iddon	30 May 2023	88,949	Nil cost awards	75%	19 March 2026

All awards are made as performance shares based on a percentage of salary and the value is divided by the closing share price on 26 May 2023, being £3.578.

The awards were made subject to the satisfaction of the achievement of a judgement-based underpin which will allow the Committee to take share price performance into account in addition to business, individual and wider company performance during the vesting period. In accordance with the Policy, 100% of the award will vest on the third anniversary of grant, subject to the achievement of the underpin and continued employment at that date, followed by a two-year post vest holding period until the fifth anniversary of grant. If the vested award is exercised during this two-year period, the net number of shares acquired (after taxes and transaction fees have been settled) must continue to be held (and cannot be sold) until the fifth anniversary of grant.

e) Payments for loss of office

No payments for loss of office were made during the financial year.

f) Payments to past Directors

No payments were made to past directors during the year.

g) Statement of Directors' shareholding and share interests

The Committee believes that colleague share ownership is an important means to support long-term commitment to the Company and the alignment of colleague interests with those of shareholders.

Executive Directors are subject to a shareholding requirement of 200% of base salary, which should be built up over a period of five years. Under the Policy applicable from FY24, Executive Directors have been subject to a post cessation shareholding requirement of 200% of salary for one year and 100% of salary for two years.

The Committee reviews share ownership levels annually.

Current shareholding levels for Directors are set out in the table below:

		Number of shares			
Director	Shareholding as a % of salary[1]	Shares owned outright at 28 March 2024	Interests in share incentive schemes, awarded without performance conditions at 28 March 2024	Interests in share incentive schemes, awarded subject to performance conditions at 28 March 2024	Shares owned outright at 30 March 2023
Lyssa McGowan	14%	32,325	70,054	335,890	32,325
Mike Iddon	263%	429,695	105,123	276,241	327,155
Roger Burnley	–	–	–	–	-
Prof Susan Dawson	–	4,195	–	–	4,195
Ian Burke	–	47,900	–	–	47,900
Zarin Patel	–	30,000	–	–	30,000
Dr Natalie-Jane McDonald	–	–	–	–	–
Angelique Augereau	–	–	–	–	–

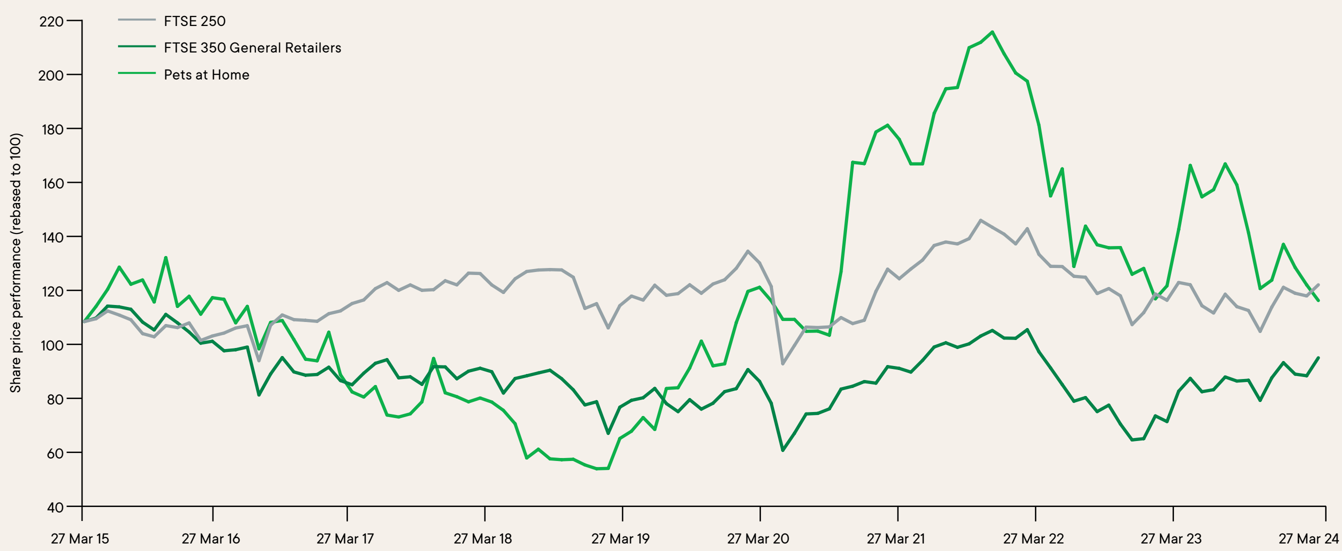
1 Shareholding as a % of salary has been calculated using the closing share price at year end (28 March 2024) of £2.680.

This represents the end of the audited section of the report.

Our Directors' Remuneration Policy continued

h) TSR performance chart

The Company's shares were admitted to the premium listing segment of the Official List maintained by the UK Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities on 17 March 2014. The chart below shows performance for the past ten years date until the end of FY24.



CEO		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24[1]
CEO total single figure remuneration (£)	LM	–	–	–	–	–	–	–	–	1,237,366	652,098
	PP[2]	–	–	–	–	930,298	1,599,710[3]	2,140,916	1,831,435	101,135	–
	IK[4]	–	–	662,087	575,953	122,037	–	–	–	–	–
	NW[5]	790,461	962,224[6]	129,696	–	–	–	–	–	–	–
Annual bonus pay-out (as % of maximum opportunity)	LM	–	–	–	–	–	–	–	–	71.7[7]	–
	PP	–	–	–	–	75.8	100.0	100.0	90.4	–	–
	IK	–	–	20.4	–[8]	–	–	–	–	–	–
	NW	75.0	60.0	–	–	–	–	–	–	–	–
Long-term incentive vesting (as % of maximum opportunity)	LM	–	–	–	–	–	–	–	–	–	–
	PP	–	–	–	–	16.8	100.0	100.0	100.0	–	–
	IK	–	–	16.8[9]	–	–	–	–	–	–	–
	NW	–	96.0[6]	–	–	–	–	–	–	–	–

LM – Lyssa McGowan PP – Peter Pritchard IK – Ian Kellett NW – Nick Wood

1 In FY24, the single figure of remuneration relates to the period 31 March 2023 to 28 March 2024.

2 Peter Pritchard was appointed on 27 April 2018 therefore his single figure remuneration as CEO for 2018/19 reflects this partial year of service in role. His FY20 single figure includes the full value of his total 2017 RSP award which vested on a phased basis in line with the Policy, 50% in July 2020, and 25% of the award will vest in each of years four and five. The true value will vary due to the phased release over the three years and was subject to the share price at the time. Peter's FY21 single figure includes the full value of his total 2018 RSP award which vested on a phased basis, 50% May 2021, 15% May 2022 and 25% May 2023.

3 The FY20 single figure has been adjusted since the FY20 Annual Report was issued to include the 2017 RSP award which vested based on the performance period of FY20 as opposed to the grant awarded in FY20 as previously disclosed.

4 Ian Kellett was appointed on 4 April 2016 and stepped down from his role on 27 April 2018 before leaving the Group effective 31 May 2018.

5 Nick Wood resigned as an Executive Director on 4 April 2016, however, he continued in the business until 1 July 2016. His payment in FY17 relates to the period from 1 April 2016 to 1 July 2016.

6 Under the early leaver provisions of the plan rules, Nick Wood received 19.2% of his total Matching Award under the Co-Investment Plan, as shown in the single figure table. Given that this included time pro rating, with performance against the performance conditions being at 96% of maximum, the latter is shown here with the value of £198,168 of the Matching Awards.

7 Lyssa McGowan's bonus outturn was prorated by length of employment, therefore the bonus outturn of 75.9% was reduced to reflect her time in employment during the FY24 bonus year.

8 Ian Kellett waived his bonus for FY18.

9 Shares were awarded on 17 March 2014 under the Co-Investment Plan. Based on performance in the period March 2014 to March 2017 the performance conditions for these shares were measured in 2017 and the Committee determined that 16.8% of the awards would vest. The vested award became exercisable in equal tranches, subject to continued employment, between May 2017 and March 2019. The first tranche of shares were released when the award vested in March 2017. The value for FY17 is based on the share price of £1.981, being the average share price over the last three months of the performance period, being the period from 1 January to 30 March 2017. The second tranche of shares were released on 17 March 2018. The value is based on the share price of £1.783 being the share price on 16 March 2018, being the last working day before the shares were released. The final third tranche of shares vested on 17 March 2019 and were made available on the first working day being 18 March 2019. The value is based on the share price of £1.600 being the share price on 15 March 2019, being the last working day before the shares were released.

i) Percentage change in Executive Directors' remuneration

The table below sets out the increase in total remuneration of Directors and that of all colleagues for FY24:

	% Change in base salary FY23 to FY24	% Change in bonus earned FY23 to FY24	% Change in benefits FY23 to FY24
Lyssa McGowan (CEO)	5.0%	-100%	No change
Mike Iddon (CFO)	3.5%	-100%	No change
Dennis Millard	0%	n/a	n/a
Roger Burnley	24.4%	n/a	n/a
Prof Susan Dawson	3.7%	n/a	n/a
Ian Burke	3.5%	n/a	n/a
Zarin Patel	19.3%	n/a	n/a
Dr Natalie-Jane McDonald[1]	n/a	n/a	n/a
Angelique Angereau[1]	n/a	n/a	n/a
Stanislas Laurent[2]	n/a	n/a	n/a
All colleagues[3]	8.8%	-78%	No change

1 Dr Natalie-Jane Macdonald and Angelique Angereau were both appointed during FY24 and therefore no annual change is shown.
2 Stanislas Laurent and Sharon Flood both stepped down from the board in FY24 and therefore no annual change is shown.
3 All colleague information is presented by comparing the average annual bonus paid in FY23 to the average annual bonus paid in FY24 and includes colleagues who started throughout FY24.

j) Relative importance of the spend on pay

The following table shows the relationship between the Group's PBT, distributions to shareholders and the total remuneration paid to all colleagues.

	FY24 £m	FY23 £m	FY22 £m	FY21 £m	FY20 £m	FY19 £m	FY18 £m
Underlying PBT	132.0	136.4	130.1	87.5	93.5	89.7	84.5
Returned to shareholders:							
Dividend	60.7	58.7	48.5	37.1	37.1	37.2	37.3
Share Buy Back	50.3	50.3	–	–	–	–	–
Payments to colleagues:							
Wages and salaries	282.9	261.9	235.2	227.6	203.1	187.8	181.0

Our Directors' Remuneration Policy continued

k) Our CEO pay ratio FY24

This is our fifth year reporting our CEO pay ratio in line with the Code requirements.

The table below sets out the single figure total remuneration of the CEO compared to the median, lower quartile and upper quartile of the colleague population. Remuneration is calculated on the same basis under Option A of the Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations).

The ratio when calculated as required by the regulations can vary substantially from year to year as the CEO total remuneration is more heavily weighted towards variable pay elements. For this reason, we continue to include a base pay comparison which we believe will be a more consistent approach year on year.

			Ratio		
		CEO	25th percentile	Median	75th percentile
FY24	Base Pay £ (FTE)	611,844	28:1	24:1	18:1
	Total Single Figure Remuneration £	652,098	29:1	24:1	18:1
FY23[1]	Base Pay £ (FTE)	584,208	27:1	23:1	17:1
	Total Single Figure Remuneration £	1,338,502	59:1	50:1	38:1
FY22	Base Pay £ (FTE)	550,000	28:1	23:1	17:1
	Total Single Figure Remuneration £	1,831,435	88:1	72:1	52:1
FY21	Base Pay £ (FTE)	514,703	26:1	22:1	17:1
	Total Single Figure Remuneration £	2,140,916	106:1	88:1	69:1

Note: Ratios rounded to the nearest whole number.

1 The FY24 Total Single Figure Remuneration (TSFR) value has been calculated using the data required by the Regulations. For the FY24 TSFR, base pay references Lyssa's base pay for the full financial period yet she has no share plans which are vesting in FY24.

The following table provides base salary and total remuneration information in respect of the 25th, 50th and 75th percentile colleagues, on a full-time equivalent basis.

Year		CEO	25th	50th	75th
FY24	Base Pay £ (FTE)	611,844	21,549	25,961	33,644
	Total Single Figure Remuneration £	652,098	22,532	27,353	35,813

l) Consideration of wider colleague pay

Our culture and colleague engagement

Pets at Home's unique culture and high levels of colleague engagement continue to be a key differentiator in attracting talent to our Group. Our colleague listening sessions across all of our divisions combined with our annual 'Your Voice' engagement survey ensure that our colleagues can express their opinions. The sessions allow us to gauge colleagues views on team morale, leadership and what is important to them as individuals to enable them to perform at an optimum and enjoy their working experience at Pets At Home.

The Committee also receives feedback on the results from the engagement surveys to ensure the colleague voice and opinions from across the business, as well as our Joint Venture Practice Owners, are heard and considered as part of our decision making.

Colleague share ownership

It is pleasing that this pillar of our engagement strategy continues to come to fruition with our fourth RSP award (2020) vesting in May 2023. The RSPs were offered to both salaried and hourly colleagues at all levels which resulted in enhancing shareholdings or creating new shareholders in over 3,800 of our colleagues. The next RSP awards will vest at the end of June 2024 which will further enhance or create new shareholdings for over 5,400 colleagues. We also granted a further 1.1m shares to over 10,000 colleagues via the RSP in May 2023 which will vest in 2026.

Our 2020 SAYE scheme matured on 1 December 2023, generating a potential value of £3.6m, and a potential profit of £0.9m to over 700 colleagues based on the closing share price on the maturity date of £3.144. The Executive Management Team and Board will continue to actively encourage engagement with our share plans and we see our share schemes as a key differentiator in both attracting talent and aiding colleague retention. We granted a further offering of the SAYE scheme in September 2022, with a take up of 14.5%.

Gender Pay Gap report

We published our Gender Pay Gap report in March 2024. Both our mean and median pay gaps and our bonus pay gap reduced. As we reported last year, the continuing difference between the proportion of women in our lowest pay quartile and the proportion of women in our highest pay quartile is contributing to our gender pay gap. This year, more women than men in quartile four were new to role, or promoted during the reporting period and this, along with the number of women working part-time, impacted our bonus pay gap. For further details the FY23 report can be found at: https://www.petsathomeplc.com/media/pnflpzun/gender-pay-gap-report-2023.pdf.

The FTSE Women Leaders Review again recognised our high representation of women at executive level and our ranking increased to 5th this year.

m) Dilution limits

In accordance with the Investment Association (IA) guidelines, the Company can satisfy awards under its colleague share plans with new issue shares up to maximum of 10% of its issued share capital in a rolling ten-year period and within this 10% limit, the Company can only issue 5% of its issued share capital to satisfy awards under discretionary plans (i.e. the DSBP and RSP). As at 28 March 2024, the Company's dilution position was 1.68% for all plans and 0.59% for the executive plans.

n) External appointments

Executive Directors are entitled to accept one external appointment outside the Company with the consent of the Board. Any fees received may be retained by the Director. As at the date of this report, Mike Iddon, the Chief Financial Officer, is appointed to the Board of Wickes Group plc as a Non-Executive Director (appointed 28 April 2021). The Chief Executive Officer, Lyssa McGowan holds no external appointments for which she receives a fee.

o) Non-Executive Directors – letters of appointment

A summary of the Non-Executive Directors' letters of appointment is contained on page 44 of this report.

Our Directors' Remuneration Policy continued

Statement of implementation for FY25

This section provides an overview of how the Committee is proposing to implement our Policy in FY25.

Base salary

The date for the pay review for the Executive Directors aligns to the wider management and salaried colleague population and takes place in October each year.

When reviewing the Executive Directors' base pay, the Committee will continue to benchmark against relative market comparisons to ensure that the package is considered competitive and does not pose a risk to retention and succession planning, whilst at the same time taking into consideration the salary increase to the broader colleague population and external impacts on the business. The Committee may over time approve salary increases that are ahead of the wider colleague population, if this is indicated by a significant gap in market benchmark.

Benefits

The Committee sets benefits in line with the Policy and there are no proposed changes in the benefits policy for FY25 other than anticipated standard inflationary increases on premiums.

Pensions

Executive Directors already receive a Company pension contribution capped at the rate provided to colleagues in Support Office functions. Currently this is up to 6.5% of base salary and consistent with pension contribution rates paid by other retailers. The Company continues to actively target an increase in the employer contribution rate to the tier two pension scheme members which includes our retail hourly paid colleagues by at least 0.5% per year.

Annual bonus

The maximum annual bonus opportunity for Executive Directors in respect of FY25 will continue at 170% for the CEO and to 150% for the CFO. A third of bonus will be awarded in shares in line with the Bonus Deferral Policy. The shares will not be released until a two-year holding period is complete. This will continue to remain in place in FY24. We believe this will support in maintaining the alignment of executive and shareholder interests.

The annual bonus framework will be in line with that presented in the Remuneration Policy. The target metrics include FCF, PBT, sustainability measures and will continue to have a Sustainability underpin which requires each Executive Director to complete a Better World Pledge Day. As with previous years, the annual bonus will be subject to malus and clawback provisions. This provides the Committee with the ability to take back amounts previously paid out for a period of up to two years under certain circumstances, including misstatement and misconduct.

Long-term incentive awards

It is proposed that awards under the RSP will be made in FY25 following the preliminary results announcement at 100% of salary for the CEO and 75% of salary for the CFO in line with the Policy and subject to a judgement-based underpin which will allow the Committee to take share price performance into account in addition to business, individual and wider Company performance during the vesting period. The three-year vesting schedule and two-year post-vest holding period will apply to these awards.

SAYE

The Company intends to operate the SAYE scheme again for FY25. The maximum monthly savings will be retained at £500 per month. Executive Directors are eligible to participate.

Non-Executive Director remuneration

The fees paid to the Non-Executive Directors will be reviewed again in October and benchmarked against relative market comparisons to see whether there have been any changes in the market and to establish if the fees need a further adjustment in FY25. This follows an increase in fees in FY24 as they had fallen behind the market benchmarks having not been adjusted prior to FY24 since 2014.

The table below shows the Non-Executive Director fee structure for FY25 that will be reviewed in October:

	FY24 (£)
Chair of the Board (all-inclusive fee)	220,700
Basic Non-Executive Director fee	55,200
Board Committee Chair fee	11,100
Deputy Chair and Senior Independent Director	10,000

There are no fees paid for membership of Board Committees.

Remuneration Committee

Shareholder context for the Committee's activities

During the year, the Committee received independent advice on executive remuneration matters from Willis Towers Watson (WTW). WTW is a member of the Remuneration Consultants Group (RCG) and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee has reviewed the advice provided by WTW during the year and is comfortable that it has been objective and independent. Total fees received by WTW in relation to the remuneration advice provided to the Committee during FY24 amounted to £93,770 (FY23: £199,939) based on the required time commitment.

During FY24 the Committee also received support from Travers Smith LLP on the terms of the discretionary and all-colleague share plans.

Committee membership and meetings

The Directors listed below in the table served on the Committee during the year. The Committee met four times during FY24 and the Committee members' attendance is also shown in the table below:

Member	Period from	To	Meetings attended
Roger Burnley (Chair)	31 March 2023	28 March 2024	4/4
Prof Susan Dawson	31 March 2023	28 March 2024	4/4
Zarin Patel	31 March 2023	28 March 2024	4/4
Sharon Flood	31 March 2023	26 May 2023	1/1

The individuals listed in the table below, none of whom were Committee members, attended at least part of a meeting by invitation during the year.

Attendee	Position
Lyssa McGowan	CEO
Mike Iddon	CFO
Ian Burke	Chair of the Board
Lucy Williams	Chief People and Legal Officer
Amy Whidburn	Director of Sustainability
Amy Smith/Matt Corr	Head of Reward
Lesley Lazenby	Legal Director and Company Secretary
Dennis Millard	Non-Executive Director
Stanislas Laurent	Non-Executive Director
Natalie-Jane Macdonald	Non-Executive Director
Angelique Augereau	Non-Executive Director
Paul Townsend	Willis Towers Watson
Alex Little	Willis Towers Watson

None of the individuals were involved in making decisions at meetings regarding their own compensation.

Governance

The Board and the Committee consider that, throughout FY24 and up to the date of this report, the Company has complied with the provisions of the UK Corporate Governance Code relating to Directors' remuneration.

Our Directors' Remuneration Policy continued

Shareholder voting

At the Annual General Meeting on 6 July 2023, the total number of shares in issue with voting rights was 482,662,864. The resolution to approve the DRR received the following votes from shareholders:

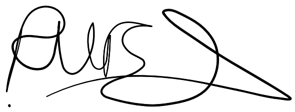
To approve the Directors' Remuneration Report for the year ended 30 March 2023	
Votes for[1]	346,222,646
%[2]	95.41
Votes against	16,661,771
%	4.59
Votes total	362,884,417
% of issued share capital[3]	75.18
Votes withheld[4]	16,308

1 Votes 'for' include discretionary votes.
2 Percentages above are rounded to two decimal places.
3 Issued share capital at meeting date: 482,662,864.
4 A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes 'for' and 'against' a resolution.

Annual General Meeting

As set out in my statement on pages 66 to 69, our Directors' Remuneration Report will be subject to an advisory vote at our AGM to be held on 11 July 2024.

On behalf of the Board



Roger Burnley
Chair of the Remuneration Committee
28 May 2024

Directors' Report

This section of the Annual Report includes additional information required to be disclosed under the Companies Act 2006 (Companies Act), the UK Corporate Governance Code 2018 ('2018 Code'), the Disclosure Guidance and Transparency Rules and the Listing Rules of the Financial Conduct Authority.

The Company has chosen in accordance with section 414C(11) of the Companies Act to provide disclosures and information in relation to a number of additional matters which are covered elsewhere in this Annual Report. These matters and cross-references to the relevant sections of this Annual Report are shown in the table below.

Pets at Home Group Plc
Registered Number: 8885072
Registered Office: Epsom Avenue, Stanley Green Trading Estate, Handforth, Cheshire, SK9 3RN
Telephone Number: +44 161 486 6688
Date of Incorporation: 10 February 2014
Country of Incorporation: England and Wales
Type: Public Limited Company

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Directors' Report continued

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Disclosures required under Listing Rules

In accordance with Listing Rule 9.8.4C, the information required to be disclosed in the Annual Report under Listing Rules 9.8.4R and 9.8.6(8) is disclosed on the following pages of this Annual Report:

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Principal activities

The principal activity of the Group is that of a specialist omnichannel retailer of pet food, pet related products and pet accessories. The Group is also a service provider to small animal veterinary businesses and operates pet grooming salons. The principal activity of the Company is that of a holding company.

The Company's registrar is Computershare Investor Services Plc situated at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

Research and development

The Strategic Report (pages 2 to 32) sets out the innovation carried out by the Group in relation to product and service development.

Over the past year the clinical and pet welfare team have continued their work within the regulatory, legislative and research spaces.

We partnered with Royal Veterinary College (RVC) Vet Compass team on their project "Improved stewardship to protect veterinary antimicrobial usage in UK cats and dogs". We also continue to share our anonymised clinical data with Vet Compass to support their research. We continue our membership of RUMA CA&E (Responsible Use of Medicines in Companion Animal & Equine Alliance) to actively participate in efforts to promote the responsible use of antibiotics.

During FY24, we gave both written and oral evidence the EFRA (Environment, Food & Rural Affairs) discussing the importation of dogs and cats that have undergone cosmetic mutilations such as ear cropping and claw removal, and the need to close the legal loopholes that allow this. Further we discussed the pressing need for the modernisation of the 1966 Veterinary Surgeon's Act.

With a continued focus on our advocacy work, we are continuing our engagement work in regards to improving animal welfare and supporting the development of veterinary and pet care professionals. In early 2024, members of the clinical team attended a parliamentary round tablet to discuss the issues of puppy smuggling and animal welfare. Within our advocacy approach, of particular focus is the work of Registered Veterinary Nurses (RVN) and we have undertaken listening focus groups around the country with our RVN colleagues.

We continue to advocate for the use of the voluntary British Veterinary Association (BVA) Good Workplace code, and the code is now being developed into an accreditation scheme which is due to be launched in late 2024. Over the 9 months we have worked closely with the BVA on refinement of the scheme, with one practice taking part in the initial pilot and a second practice is currently going through accreditation in the BVA's final phase of preparation prior to industry wide launch.

Accreditation is based on a framework of 4 themes: health and wellbeing, leadership and management, culture and learning and development.

We presented the new accreditation scheme at our recent conference. Over 75% of practice owners attending indicated they would be interested in accreditation and work has started on providing a resource hub for practices wishing to undertake accreditation.

Our clinical research lead formed part of our pet food expert panel whose purpose is to create evidence based guidelines that will help align our future food strategy with our pet welfare, livestock welfare (ingredient) and sustainability objectives.

Directors

The names of the persons who, at any time during the financial year, were Directors of the Company are:

Name	Date of appointment	Date of resignation
Dennis Millard	18 February 2014 (reappointed)	29 February 2024
Mike Iddon	17 October 2016 (reappointed)	n/a
Sharon Flood	25 May 2017	26 May 2023
Stanislas Laurent	25 May 2017	26 May 2023
Susan Dawson	12 July 2018 (reappointed)	n/a
Ian Burke	27 March 2020 (reappointed)	n/a
Zarin Patel	14 April 2021 (reappointed)	n/a
Lyssa McGowan	25 April 2022 (reappointed)	n/a
Roger Burnley	14 February 2023	n/a
Natalie-Jane Macdonald	27 May 2023	n/a
Angelique Augereau	22 January 2024	n/a

Further details in relation to Director changes are included on pages 44 to 45.

Appointment and removal of Directors

The appointment and removal of Directors of the Company is governed by the Articles.

Appointment of Directors: A Director may be appointed by the Company by an ordinary resolution of the Company's shareholders or by the Board. The Board or any Committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment. A Director appointed by the Board holds office only until the next Annual General Meeting of the Company and is then eligible for reappointment.

Annual re-election of Directors: All Directors stand for re-election on an annual basis in line with the recommendations of the 2018 Code.

Removal of Directors: A Director may be removed by the Company in certain circumstances set out in the Articles or by a special resolution of the Company's shareholders.

Vacation of office: The office of a Director shall be vacated if (amongst other circumstances): (i) he/she is prohibited by law from being a Director; (ii) he/she resigns; (iii) his/her resignation is requested by all of the other Directors; (iv) he/she is or has been suffering from mental or physical ill health and the Board resolves that his/her office be vacated; (v) he/she is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him/her attends) for six consecutive months and the Board resolves that his/her office is vacated; (vi) he/she becomes bankrupt; (vii) he/she ceases to be a Director by virtue of the Companies Act; or (viii) he/she is removed from office pursuant to the Articles.

Powers of the Directors

Subject to the Articles, the Companies Act, any directions given by the Company by special resolution of the Company's shareholders and any relevant statutes and regulations, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Directors' interests

Information relating to the Directors' interests in, and options over, Ordinary Shares in the capital of the Company are shown in the Directors' Remuneration Report on page 77.

In accordance with Disclosure Guidance and Transparency Rule 9.8.6R(1)(a) and (b), in the period between the end of the financial year and 22 May 2024 (being not more than one month prior to the date of the Notice of Annual General Meeting), there have been no changes to such interests.

In line with the requirements of the Companies Act, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). These were considered and approved by the Board in accordance with the Articles and each Director informed of the authorisation and any terms on which it was given. The Board has formal procedures to deal with Directors' conflicts of interest as and when they arise. The Board reviews and, where considered appropriate, approves situational conflicts of interest that were reported to it by Directors and a register of those situational conflicts is maintained by the Company. The register is reviewed by the Board on an ongoing basis.

Directors' Report continued

Compensation for loss of office

The Company does not have any agreements with any Director or colleague that would provide compensation for loss of office or employment (whether through resignation, redundancy or otherwise) resulting from a takeover bid except that it should be noted that provisions of the Company's share schemes may cause options and awards granted to Directors or colleagues under such schemes to vest on a takeover. For further information on the change of control provisions in the Company's share schemes refer to the Remuneration Policy (which is available in full in the 2023 Annual Report on our investor website).

Directors' insurance and indemnities

The Company maintains Directors' and officers' liability insurance cover for its Directors and officers (and those of other Group companies) as permitted under the Articles and the Companies Act. Such insurance policies were renewed during the period and remain in force as at the date of this Annual Report. Each Director and officer of the Company also has the benefit of a qualifying indemnity, as defined by section 236 of the Companies Act, and as permitted by the Articles. An indemnity deed is entered into by a Director at the time of his or her appointment to the Board. Prospectus liability insurance remains in force which provides cover for liabilities incurred by certain Directors in the performance of their duties in connection with the issue of the Company's prospectus dated 28 February 2014 in relation to the Company's Initial Public Offering and Listing.

No amount was paid under any of these indemnities or insurances during the financial year other than the applicable insurance premiums.

Share capital

The issued share capital of the Company as at 28 March 2024 was 467,911,542 Ordinary Shares of 1 pence each. As at 22 May 2024, being the latest practicable date prior to the date of this Annual Report, the issued share capital of the Company remained at 467,911,542 Ordinary Shares of 1 pence each. Further information regarding the Company's issued share capital can be found in note 22 to the Group's financial statements. During the 2024 financial period, the Company carried out a share buyback programme which commenced on 26 June 2023 and finished on 14 March 2024. The Company's share capital was reduced from 483,197,785 Ordinary Shares of 1 pence each to 467,911,542 Ordinary Shares of 1 pence each as noted above.

Details of colleague share schemes are provided in note 24 to the Group's financial statements.

Voting rights

All members who hold Ordinary Shares are entitled to attend and vote at the Annual General Meeting. On a show of hands at a general meeting every member present in person shall have one vote and on a poll, every member present in person or by proxy shall have one vote for every Ordinary Share held. No shareholder holds Ordinary Shares carrying special rights relating to the control of the Company and the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights.

Powers for the Company to issue shares: The Directors were granted authority at the previous Annual General Meeting on 6 July 2023 to allot shares in the Company under two separate resolutions: (i) up to one-third of the Company's issued share capital; and (ii) up to two-thirds of the Company's issued share capital in connection with a rights issue. These authorities apply until the end of the next Annual General Meeting to be held on 11 July 2024 (or, if earlier, until the close of business on 5 October 2024). During the period, the Directors did not use their power to issue shares under the authorities, but did satisfy options and awards under the Company's option and incentive schemes.

The Directors were also granted authority at the previous Annual General Meeting on 6 July 2023 to disapply pre-emption rights. This resolution (which is in accordance with the guidance issued by the Pre-Emption Group ('the PEG Principles')) sought the authority to disapply pre-emption rights over 5% of the Company's issued ordinary share capital. A further authority was also granted to disapply pre-emption rights in respect of an additional 5% for financing a transaction which the Directors determine to be an acquisition or other capital investment as allowed by the PEG Principles. During the period, the Directors did not use their power to issue shares under the authorities, but did satisfy options and awards under the Company's option and incentive schemes. The Company will, consistent with the 2023 Annual General Meeting, seek to renew these powers at the 2024 Annual General Meeting.

Powers for the Company to buy back its shares: The Company was authorised by its shareholders on 6 July 2023, at the 2023 Annual General Meeting, to purchase in the market up to 10% of its issued Ordinary Shares (excluding any treasury shares), subject to certain conditions laid out in the authorising resolution. This standard authority is renewable annually and the Directors will seek to renew this authority at the 2024 Annual General Meeting to be held on 11 July 2024.

Restrictions on transfer of Ordinary Shares

The Company's shares are freely transferable, save as set out below.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register. The Board can decline to register any transfer of any share which is not a fully paid share. The Company does not currently have any partially paid shares. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (A) is duly stamped or certified or otherwise shown to be exempt from stamp duty and is accompanied by the relevant share certificate; (B) is in respect of only one class of share; and (C) if to joint transferees, is in favour of not more than four such transferees. Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the CREST Regulations (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four. Certain restrictions are also imposed by laws and regulations (such as the Market Abuse Regulation) and pursuant to the Company's share dealing code whereby certain Directors and Persons Discharging Managerial Responsibility and restricted colleagues require clearance to deal in the Company's securities.

Significant shareholdings

Information provided to the Company pursuant to the Disclosure Guidance and Transparency Rules is published on a Regulatory Information Service and on the Company's website. As at 28 March 2024, the following information had been received, in accordance with DTR5.1.2R, from holders of notifiable interests in the Company's issued share capital. These figures represent the number of shares and percentages held as at the date of notification to the Company. It should be noted that these holdings may have changed since notified to the Company however, notification of any change is not required until the next applicable threshold is crossed.

Name of shareholder	Number of Ordinary Shares as at 28 March 2024	Percentage of issued share capital (%)	Nature of holding (direct/ indirect)
Schroder Investment Management Ltd.	51,728,978	11.1	Indirect
Capital Research Global Investors	36,667,139	7.8	Indirect
Fidelity Management & Research Company LLC	17,853,433	3.8	Indirect
Allianz Global Investors GmbH	17,558,322	3.8	Indirect
The Vanguard Group, Inc.	17,529,761	3.7	Indirect
Marathon-London	17,347,129	3.7	Indirect
BlackRock Investment Management (UK) Ltd	14,048,164	3.0	Indirect

No changes have been disclosed in accordance with Disclosure Guidance and Transparency Rule 5.1.2R in the period between 28 March 2024 and 22 May 2024 (being not more than one month prior to the date of the Notice of Annual General Meeting).

Significant related party transactions

There are no contracts of significance during the financial period between the Company or any Group company and: (1) a Director of the Company; (2) a close member of a Director's family; or (3) a controlling shareholder of the Company.

Amendment of the Articles

The Articles may only be amended by a special resolution of the Company's shareholders in a general meeting, in accordance with the Companies Act.

Profits and dividend

The consolidated profit for the year after taxation and all non-underlying items was £79.2m (FY23: £100.7m). The results are discussed in greater detail in the Chief Financial Officer's review on pages 19 to 21.

A final dividend of 8.3 pence per ordinary share (FY23: 8.3 pence per ordinary share) will be recommended to the Company's shareholders in respect of the 2024 financial year. The final dividend will be proposed by the Directors at the 2024 Annual General Meeting on 11 July 2024 in respect of the financial year ended 28 March 2024 to add to an interim dividend of 4.5 pence per ordinary share paid on 12 January 2024 (FY23: 4.5 pence per ordinary share).

The Directors' proposed final dividend of 8.3 pence per ordinary share takes the total dividend payable in respect of the 2024 financial year to 12.8 pence per ordinary share. The ex-dividend date will be 6 June 2024 and, subject to shareholder approval being obtained at the 2024 Annual General Meeting, the final dividend of 8.3 pence per ordinary share will be payable on 16 July 2024 to shareholders on the register at the close of business on 7 June 2024.

Political donations

The Group made no political donations and incurred no political expenditure during the year (FY23: nil). It remains the Company's policy not to make political donations or to incur political expenditure, however the application of the relevant provisions of the Companies Act is potentially very broad in nature and, as with last year, the Board is seeking shareholder authority to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities. The Board has no intention of using this authority.

Suppliers

The Group understands the importance of maintaining good relationships with suppliers and it is Group policy to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payment to be made in accordance with these terms, provided the supplier has complied with its obligations. Average trade creditors of the Group's operations for FY24 were 56 days (FY23: 51 days).

Post balance sheet events

There are no post balance sheet events that are non-adjusting requiring disclosure.

Going concern

The unprecedented uncertainty created by current geopolitical instability, inflationary pressures, economic uncertainty and the potential impacts of climate change as noted in our TCFD scenario analysis, make it challenging to predict how the business will be impacted in the year ahead, but on the basis of current financial projections and facilities available, the Directors are satisfied that the Group is well placed to manage its business risks successfully and therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis.

The impact of geopolitical instability on our supply chains, the impact of inflationary pressures and the considerations from our TCFD scenario analysis are discussed in detail in the Chief Executive Officer's statement on page 7. The basis of preparation and going concern assessment can be found within note 1 to the financial statements.

Directors' Report continued

Viability statement

The Group has developed a detailed strategic and business planning ('SBP') process, which comprises a strategic plan (Strategic Plan) containing financial projections and a Business Plan which forms a detailed near term one-year plan for the upcoming financial year. The SBP process produces standard outputs in respect of the key financial performance metrics of the Group which deliver consolidated financial plans at both Group level and at a number of levels within the Group. The Strategic Plan is reviewed each year by the Board as part of the strategy review process. Once approved by the Board, the Strategic Plan is cascaded across the Group and provides the basis for setting all detailed financial budgets and strategic actions that are subsequently used by the Board to monitor performance. The SBP process covers a five-year period. The five-year plan provides a robust planning tool against which strategic decisions can be made. In making their viability assessment, the Board has taken into consideration the resilience of the pet care market and that financing facilities are maintained for the duration of the Strategic Plan, as well as the potential impact of geopolitical instability, inflationary pressures, the current ongoing CMA market investigation into the veterinary services market for household pets in the UK, and the impact of climate change and the Task Force on Climate Related Financial Disclosures ('TCFD') scenario analysis on future cash flows and liquidity. The Directors have considered a combination of risks and uncertainties and the mitigating controls operated by the Group as detailed on pages 22 to 32 that may impact on the Group's reputation and its ability to trade. These risks include issues on pet welfare, competitor activity and broader macro-economic risks and their impact on the Strategic Plan on an individual and combined level. On this basis and in conjunction with other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the five financial years used for its assessment. In making this assessment, the Board has assumed that there is no material change in the legislative environment in relation to the sale of small animals and the practice of veterinary medicine. It is recognised that such future assessments are subject to a level of uncertainty that increases with time and therefore future outcomes cannot be guaranteed or predicted with certainty.

Modern Slavery Act

Our Modern Slavery Statement is reviewed and approved by the Board on an annual basis and published on our investor website. The statement covers the activities of Pets at Home Limited and Companion Care (Services) Limited (whose activities fall within the scope of s.54(2) of the Modern Slavery Act 2015) and details the policies, processes and actions taken to ensure that slavery and human trafficking are not taking place in our supply chain or any part of our business.

Anti bribery matters

The Group has a zero tolerance approach to bribery and corruption and supports colleagues to make decisions in line with this position. The Group's anti-bribery policy applies to all colleagues and extends to our business dealings and transactions in all countries in which the business operates. The policy is implemented in conjunction with the Group's Code of Ethics and Business Conduct. Colleagues receive training in relation to bribery and corruption as appropriate.

Our policies and contractual controls

We are committed to ensuring there is transparency in our business and throughout our supply chain. Our Code of Ethics and Business Conduct policy reflects our commitment to acting ethically and with integrity in all our business dealings and relationships and we expect full compliance with it by colleagues, suppliers and business partners. Our policy is reviewed on an annual basis.

Our suppliers are also required to comply with our Ethical Trading policy which sets out the minimum standards that they are required to adhere to wherever they procure materials, manufacture or perform services for, or supply products to, our business. We also contractually require suppliers to comply with the Group's Code of Ethics and Business Conduct policy.

Our supplier standard general terms and conditions include a right for Pets at Home to conduct audits on supplier compliance. Our Group Whistleblowing policy promotes vigilance amongst colleagues and encourages central reporting of concerns about any issue or suspicion in any parts of our business or supply chain.

Branches outside of the UK

The Company has no branches outside of the UK.

Change of control

The only significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effect thereof, are as follows:

- The Group has a revolving credit facility with a total facility amount of £300m. This senior facilities agreement expires on 30 September 2028 (unless extended in accordance with its terms), and contains customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control. In addition the Group has a £26m loan facility to fund the purchase of capital items which expires on 27 March 2030 and mirrors the terms of the senior facilities agreement.
- The Company's subsidiary, Companion Care (Services) Ltd (CCSL), has an existing facility agreement dated November 2020 with Santander for a reducing basis (non-revolving) loan facility with a three-year availability period. During the year, this facility was reduced from £20m to £10m and extended for one year to November 2024. In addition to the Santander facility agreement, CCSL also has an agreement with Lloyds dated May 2021 and, along with Vet4Pets Limited (V4P), a further facility with HSBC dated April 2021. Both the HSBC and Lloyds facilities are capable of being reborrowed and contain clauses that vary the maximum facility limits over their availability periods. Both facility agreements were successfully extended to April 2025 and May 2025 respectively. As at 28 March 2024, the maximum facility limit on the HSBC and Lloyds facility agreements were £10m and £18.5m respectively. CCSL is currently in discussions with all existing lenders regarding new facility agreements.
- Alongside these new facilities, the portfolio of Joint Venture companies also have existing loans in place with NatWest (RBS) and Lloyds under historic agreements. These agreements are no longer active, however the loans drawn down under them are still being repaid over time.
- Pursuant to the terms of these facility agreements entered into in November 2020, April and May 2021, CCSL and V4P provide guarantees in respect of a certain fixed proportion of the outstanding facility loans provided to the Joint Venture practices which borrow under the facility. The facility agreements contain customary prepayment, cancellation and default provisions which include the event of a change of control (direct or indirect) of CCSL or V4P. For these purposes 'control' means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (a) cast or control more than 90% of the votes that may be cast at a general meeting of CCSL or V4P (as relevant); (b) appoint or remove all or a majority of the Directors of CCSL or V4P (as relevant); (c) give directions with respect to the operating and financial policies of CCSL or V4P (as relevant) with which the Directors are obliged to comply; and/or (d) hold beneficially (directly or indirectly) at least 90% of the issued share capital of CCSL or V4P (as relevant). The historic agreements contain similar clauses and guarantees.

Directors' information to auditors

In accordance with section 418 of the Companies Act, each Director who held office at the date of the approval of this Directors' Report (whose names and functions are listed in the Board of Directors on pages 34 to 35) confirms that, so far as he or she is aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all of the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Independent auditors

During the 2016 financial year, a competitive tender process of audit services was completed in accordance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order). KPMG LLP was reappointed as auditor of the Company at the 2022 Annual General Meeting.

During the year, the Company carried out a competitive tender process for external audit services, as noted on page 51 of the Audit and Risk Committee report. Deloitte LLP were selected as the Company's new auditor and will commence provision of audit services for FY25. Resolutions concerning the appointment of Deloitte LLP as auditor of the Company and to authorise the Directors to determine their remuneration will be proposed at the 2024 Annual General Meeting as set out in the Notice of Annual General Meeting. For further information on the appointment of the auditors, refer to page 51 of the Audit and Risk Committee Report.

Corporate Governance Statement

The Corporate Governance Report is referred to on pages 33 to 92 and includes details of compliance with the Code.

A description of the main features of our internal control and risk management arrangements in relation to the financial reporting process is set out on pages 22 to 32. The information required under DTR 7.2.6R can be found in the Governance section of this Annual Report. A description of the Board composition, operation and its Committees, including diversity matters, is set out on pages 36 to 43. The Code can be viewed on the FRC's website at frc.org.uk

Additional Information

In order to consolidate our reporting requirements, the following information is incorporated by reference into this Directors' Report:

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Colleague engagement	80
Colleague share ownership and plans	81
Colleague diversity and disabled persons	41
Greenhouse gas emissions	Sustainability Report, 54 to 64

Approval of Annual Report

The Strategic Report, Corporate Governance Statement and the Governance Report were approved by the Board on 22 May 2024. This Directors' Report was approved by the Board on 22 May 2024 and signed on its behalf by:

Lesley Lazenby
Legal Director & Company Secretary
28 May 2024

Non-financial and sustainability information statement

Non-financial measures are an important part of our business. The table below constitutes the Company's non-financial and sustainability information statement as required by sections 414CA and 414CB of the Companies Act 2006. Our Sustainability Report and corporate website (https://www.petsathomeplc.com/investors/) contain non-financial information, including actions, to manage our environmental and social impact and look after our colleagues.

Copies of our policies are available on our investor website: www.petsathomeplc.com

Information relating to our business model is included on page 4

Our non-financial KPIs are detailed on page 9

Information relating to how the business manages risk is set out on pages 22 to 32

Risk	Relevant policies and documents		Impacts and Metrics
Environmental	• Packaging policy • Environmental Policy • TCFD statement page 54 to 65 • Sustainability Report	• Supplier Code of Conduct • Responsible Sourcing Handbook • Raw Materials Sourcing Policy	• Impacts on climate, environment, deforestation in our operations, supply chains and product impacts • Climate change risk management & mitigation
Colleagues	• Diversity and Inclusion Policy • Whistleblowing policy • Sustainability Report	• Health and Safety policy • Colleague Handbook • Annual Report pages 41, 42, 45 and 53	• Culture, engagement, safety and wellbeing • Pay and Reward, training and development • Diversity and Inclusion
Social matters	• Responsible Sourcing Handbook • Anti-bribery and corruption • Sustainability Report	• Tax Strategy • Pets Foundation Impact Report	• Working with suppliers on supply chain ethics and environmental impact • Community & charity impact • Responsible business
Respect for human rights	• Human Rights policy • Supplier Code of Conduct	• Whistleblowing policy • Modern Slavery Act Statement • Annual Report pages 53 and 90	• Human rights in our business & supply chains • Supplier expectations • Grievance mechanisms
Anti-corruption and anti-bribery matters	• Anti-bribery policy • Code of Ethics and Business Conduct	• Responsible Sourcing Handbook • Supplier Code of Conduct • Annual Report page 90	

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss in the period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK adopted international accounting standards;
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R and 4.1.14R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format or whether the annual report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board and signed on its behalf by:

Lyssa McGowan
Chief Executive Officer
28 May 2024

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Independent Auditor's Report

to the members of Pets at Home Group plc

1. Our opinion is unmodified

We have audited the financial statements of Pets at Home Group plc ('the Company') for the 52 week period ended 28 March 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity, Company Statement of Cash Flows , and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 28 March 2024 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006 and;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 10 February 2014. The period of total uninterrupted engagement is for the 11 financial periods ended 28 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: group financial statements as a whole	£5.9m (2023: £6.8m) 4.5% (2023: 5.0%) of underlying Group profit before tax	
Coverage	98% (2023: 97%) of group profit before tax	
Key audit matters		**vs 2023**
Recurring risks	Recoverability of goodwill for the Retail Cash Generating Unit ('CGU') and Vets Group CGU (2023: Carrying value of Goodwill for the Vets Group CGU)	◀▶
Parent Company key audit matter	Recoverability of parent Company's investment in its subsidiary	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of Goodwill allocated to Retail Cash Generating Unit ('CGU') and Vet Group CGU (Retail CGU (£586.1 million; 2023: £586.1 million, Vet Group CGU (£373.3 million; 2023: £362.0 million) Refer to page 49 (Audit Committee Report), pages 111 and 112 (accounting policy) and pages 129 to 130 (financial disclosures).	**Forecast based assessment:** Goodwill in both the Retail and Vet Group CGUs is significant. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows, specifically the projected economic growth, gross margin percentage and discount rate, which forms the basis of the value in use calculation. Previously, only the carrying value of Goodwill for the Vets Group CGU was assessed as a key audit matter, which principally reflected the risk in the stretching targets set for this business. However, the audit work required over the carrying value of goodwill is extensive due to its reliance on forward looking information which is inherently uncertain. The Vet Group continues to meet its budgets which has reduced the impairment risk of the Vet Group CGU. The risk is considered to be in line with the impairment risk of the Retail CGU. Therefore, the key audit matter relates to the carrying value of goodwill for both the Vets Group and Retail CGUs.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Re-performance:** we re-performed the value in use calculations and compared data used in the model against source information, where applicable. – **Historical comparison:** we assessed the reasonableness of the CGUs' budgets by considering the historical accuracy of previous forecasts; – **Benchmarking assumptions:** we used our own internal discount rate tools to assess the reasonableness of the discount rate by comparing the Group's assumptions to externally derived data; – **Our sector experience:** we assessed whether key assumptions, such as projected gross margin percentage, reflect our knowledge of the business and industry, including known or probable changes in the business environment and for consistency with industry analyst reports. We assessed the appropriateness of the change in CGUs during the period; – **Sensitivity analysis:** we performed a breakeven analysis on the assumptions and ensured management have considered reasonable possible changes to key assumptions and downside scenarios in their own sensitivity analysis; and – **Assessing transparency:** we assessed whether the disclosures about the impairment testing appropriately reflect the risks inherent in the recoverability of goodwill. **Our results** We found the Group's conclusion that there is no impairment of goodwill in the either the Retail CGU or Vet Group CGU's to be acceptable. (2023: conclusion for the Vet Group CGU goodwill was found to be acceptable).
Recoverability of the Parent Company's investment in its subsidiary £936.2 million; (2023: £936.2 million) Refer to page 49 (Audit Committee Report), page 108 (accounting policy) and page 157 (financial disclosures).	**Low risk, high value:** The carrying amount of the Parent Company's investment in its only direct subsidiary (Pets at Home No. 1 Limited) represents 58.7% (2023: 58.8%) of the parent Company's total assets. Its recoverability is not at high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Tests of detail:** we compared the value of the investment to the market capitalisation as at the period end date and post period end; – **Comparing valuations:** we compared the carrying amount of the investments to the net asset value of the relevant subsidiary. For the investments where the carrying amount exceeded the net asset value, we compared to the VIU calculation prepared by management in relation to the goodwill impairment, and assessed the accuracy of the key inputs into the VIU calculations. – **Sensitivity analysis:** we performed a breakeven analysis on the assumptions used in the VIU calculation and ensured management have considered reasonable possible changes to key assumptions and downside scenarios in their own sensitivity analysis; and **Our results** We found the Company's conclusion that there is no impairment of its investment in its subsidiary to be acceptable (2023: acceptable).

Independent Auditor's Report continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £5.9m (2023: £6.8m), determined with reference to a benchmark of Group profit before tax , normalised to exclude the non-underlying items as disclosed in note 3, of £26.3m, of which it represents 4.3% (2023: 5%).

Materiality for the parent Company financial statements as a whole was set at £2.9m (2023: £3.4m), which is the component materiality for the parent Company determined by the Group audit team. This is lower than the materiality we would otherwise have determined with reference to parent Company total assets, of which it represents 0.31% (2023: 0.22%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £4.4m (2023: £5.1m) for the Group and £2.2m (2023: £2.6m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.3m (2023: £0.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 8 (2023: 8) reporting components, we subjected 3 (2023: 3) to full scope audits for group purposes. The remaining 2% (2023: 3%) of Group profit before tax is represented by 5 (2023: 5) of reporting components, none of which individually represented more than 2% (2023: 2%) of any of total Group revenue, Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team performed procedures on the items excluded from underlying Group profit before tax.

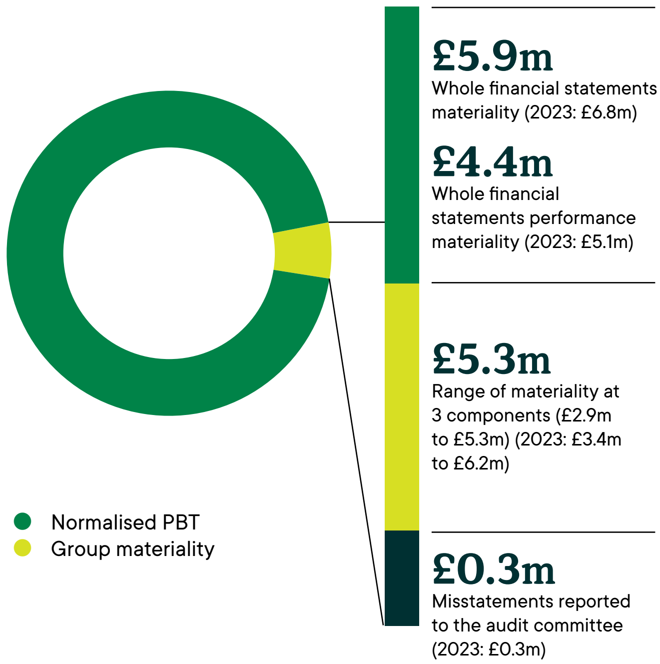
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £2.9m to £5.3m (2023: £3.4m to £6.2m), having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 3 (2023: 3) component locations. Video and telephone meetings were also held with component auditors. The work on 1 of the 3 in scope components (2023: 1 of the 3 in scope components) was performed by a component auditor and the remaining, including the audit of the parent Company, was performed by the Group team. The findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

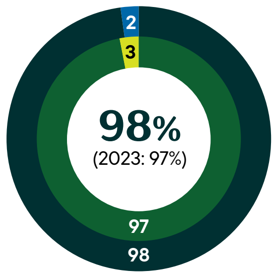
Normalised Group profit before tax
£132.0m (2023: £136.4m)

Group materiality
£5.9m (2023: £6.8m)



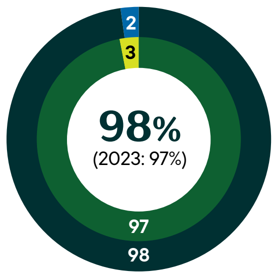
Group revenue

Group profit before tax



Group total assets

Normalised Group profit before tax



- Full scope for Group audit purposes 2024
- Residual components 2024
- Full scope for Group audit purposes 2023
- Residual components 2023

4. The impact of climate change on our audit

In planning our audit, we have performed a risk assessment of the potential impact of risks arising from climate change on the business and the impact of the commitments made by the Group on the financial statements. We held discussions with our own climate change professionals to challenge our risk assessment.

Based upon this risk assessment, we concluded that climate risk has no material effect on the financial statements due to the nature of the Group's current business operations and, in particular, the headroom between the carrying value and recoverable amount of goodwill and parent Company investment in subsidiaries.

There was no impact of climate change on our key audit matters included in section 2.

We have read the disclosure of climate change in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were :

- The impact of inflation on the Group's cost base.
- The impact on consumer demand as a result of macroeconomic conditions.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures included:

- We critically assessed assumptions in base case and downside scenarios relevant to liquidity and covenant metrics, in particular in relation to revenue growth by comparing to published economic forecasts and historical trends and overlaying knowledge of the entity' plans based on approved budgets and our knowledge of the entity and the sector in which it operates;
- We assessed whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies;
- We compared past budgets to actual results to assess the directors' track record of budgeting accurately;
- We inspected the confirmation from the lender of the level of committed financing, and the associated covenant requirements; and
- We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1.3 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1.3 to be acceptable; and
- the related statement under the Listing Rules set out on page 89 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for directors and key management personnel.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to the component audit team of relevant fraud risks identified at the Group level and request to the component audit team to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the simplistic nature of revenue transactions, and the absence of judgement in revenue recognition.

6. Fraud and breaches of laws and regulations – ability to detect continued

We did not identify any additional fraud risks.

We performed procedures including:
- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and other unexpected users, postings to overrider accounts close to the period end and journal entries posted to unexpected account combinations including revenue or cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We discussed with the audit committee matters related to actual or suspected fraud, for which disclosure is not necessary, and considered implications for our audit.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit. This included communication from the Group audit team to the component audit team of relevant laws and regulations identified at the Group level, and a request for the component audit team to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: sale of goods and consumer rights legislation, animal welfare legislation, health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of Company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report
Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report
In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability
We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:
- the directors' confirmation within the Viability Statement on page 90 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 90 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 92, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE
28 May 2024

Consolidated Income Statement

for the 52 week period ended 28 March 2024

	Note	52 week period ended 28 March 2024 Underlying trading £m	Non-underlying items (note 3) £m	Total £m	52 week period ended 30 March 2023 (restated) [1] Underlying trading £m	Non-underlying items (note 3) £m	Total £m
Revenue	2	**1,476.6**	**–**	**1,476.6**	1,404.2	–	1,404.2
Cost of sales [2]		**(785.3)**	**–**	**(785.3)**	(729.6)	–	(729.6)
Gross profit		**691.3**	**–**	**691.3**	674.6	–	674.6
Selling and distribution expenses		**(442.2)**	**(21.4)**	**(463.6)**	(416.1)	(10.1)	(426.2)
Administrative expenses	3	**(116.3)**	**(4.8)**	**(121.1)**	(121.0)	(2.8)	(123.8)
Other income	3	**12.7**	**–**	**12.7**	12.2	–	12.2
Operating profit	2,3	**145.5**	**(26.2)**	**119.3**	149.7	(12.9)	136.8
Financial income	6	**4.0**	**–**	**4.0**	2.7	–	2.7
Financial expense	7	**(17.5)**	**(0.1)**	**(17.6)**	(16.0)	(1.0)	(17.0)
Net financing expense		**(13.5)**	**(0.1)**	**(13.6)**	(13.3)	(1.0)	(14.3)
Profit before tax		**132.0**	**(26.3)**	**105.7**	136.4	(13.9)	122.5
Taxation	8	**(33.1)**	**6.6**	**(26.5)**	(24.4)	2.6	(21.8)
Profit for the period		**98.9**	**(19.7)**	**79.2**	112.0	(11.3)	100.7

1 See note 1.1 and note 1.27 for an explanation of the prior year restatements.
2 Impairment gains on receivables of £1.0m (52 weeks to 30 March 2023 £2.0m) are reported within cost of sales.

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

	Note	52 week period ended 28 March 2024	52 week period ended 30 March 2023
Equity holders of the parent – basic	5	**16.6p**	20.5p
Equity holders of the parent – diluted	5	**16.4p**	20.2p

Dividends paid and proposed are disclosed in note 9.

The notes on pages 107 to 167 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the 52 week period ended 28 March 2024

	Note	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Profit for the period		**79.2**	100.7
Other comprehensive income			
Items that are or may be recycled subsequently into profit or loss:			
Foreign exchange translation differences	22	**–**	(0.1)
Effective portion of changes in fair value of cash flow hedges	22	**3.3**	(10.6)
Net change in fair value of cash flow hedges reclassified to profit or loss	22	**1.3**	–
Other comprehensive income for the period, before income tax		**4.6**	(10.7)
Income tax on other comprehensive income	15,22	**(0.3)**	1.3
Other comprehensive income for the period, net of income tax		**4.3**	(9.4)
Total comprehensive income for the period		**83.5**	91.3

The notes on pages 107 to 167 form an integral part of these financial statements.

Consolidated Balance Sheet

at 28 March 2024

	Note	At 28 March 2024 £m	At 30 March 2023 £m
Non-current assets			
Property, plant and equipment	11	**158.1**	146.9
Right-of-use assets	12	**319.3**	359.6
Intangible assets	13	**979.7**	989.5
Deferred tax asset	15	**–**	1.9
Other non-current assets	16	**10.9**	10.9
		1,468.0	1,508.8
Current assets			
Inventories	14	**97.5**	108.6
Other financial assets	16	**0.3**	2.2
Trade and other receivables	17	**60.9**	51.8
Cash and cash equivalents	18	**57.1**	178.0
		215.8	340.6
Total assets		**1,683.8**	1,849.4
Current liabilities			
Trade and other payables	20	**(249.2)**	(261.2)
Income tax payable		**(1.4)**	(0.3)
Other interest-bearing loans and borrowings	19	**(2.2)**	(1.2)
Lease liabilities	12	**(79.8)**	(83.3)
Provisions	21	**(7.6)**	(3.9)
Other financial liabilities	16	**(1.0)**	(3.7)
		(341.2)	(353.6)
Non-current liabilities			
Other interest-bearing loans and borrowings	19	**(43.3)**	(119.3)
Lease liabilities	12	**(301.0)**	(338.1)
Provisions	21	**(5.1)**	(12.9)
Deferred tax liabilities	15	**(4.7)**	–
Other financial liabilities	16	**–**	(0.4)
		(354.1)	(470.7)
Total liabilities		**(695.3)**	(824.3)
Net assets		**988.5**	1,025.1
Equity attributable to equity holders of the parent			
Ordinary share capital	22	**4.7**	4.8
Consolidation reserve		**(372.0)**	(372.0)
Merger reserve		**113.3**	113.3
Translation reserve		**(0.1)**	(0.1)
Capital redemption reserve		**0.3**	0.2
Cash flow hedging reserve		**(0.5)**	(1.6)
Retained earnings		**1,242.8**	1,280.5
Total equity		**988.5**	1,025.1

On behalf of the Board:

Mike Iddon
Chief Financial Officer
28 May 2024

Company number: 08885072

The notes on pages 107 to 167 form an integral part of these financial statements.

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

Consolidated Statement of Changes in Equity
as at 30 March 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 31 March 2022	5.0	(372.0)	113.3	3.4	–	–	1,300.0	1,049.7
Total comprehensive income for the period								
Profit for the period	–	–	–	–	–	–	100.7	100.7
Other comprehensive income (note 22)	–	–	–	(9.3)	(0.1)	–	–	(9.4)
Total comprehensive income for the period	–	–	–	(9.3)	(0.1)	–	100.7	91.3
Hedging gains and losses reclassified to inventory	–	–	–	4.3	–	–	–	4.3
Total hedging gains and losses reclassified to inventory	–	–	–	4.3	–	–	–	4.3
Transactions with owners, recorded directly in equity					–	–		
Equity dividends paid	–	–	–	–	–	–	(58.7)	(58.7)
Share-based payment charge	–	–	–	–	–	–	4.9	4.9
Deferred tax movement on IFRS2 reserve	–	–	–	–	–	–	(2.0)	(2.0)
Share buyback	(0.2)	–	–	–	–	0.2	(50.3)	(50.3)
Purchase of own shares	–	–	–	–	–	–	(14.1)	(14.1)
Total contributions by and distributions to owners	(0.2)	–	–	–	–	0.2	(120.2)	(120.2)
Balance at 30 March 2023	4.8	(372.0)	113.3	(1.6)	(0.1)	0.2	1,280.5	1,025.1

Consolidated Statement of Cash Flows
for the 52 week period ended 28 March 2024

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Cash flows from operating activities		
Profit for the period	**79.2**	100.7
Adjustments for:		
Depreciation and amortisation	**109.6**	103.4
Financial income	**(4.0)**	(2.7)
Financial expense	**17.6**	17.0
Share-based payment charges	**5.9**	4.9
Taxation	**26.5**	21.8
	234.8	245.1
(Increase)/Decrease in trade and other receivables	**(6.3)**	3.4
Decrease/(Increase) in inventories	**11.1**	(24.1)
(Decrease)/Increase in trade and other payables	**(5.3)**	36.9
(Decrease)/Increase in provisions	**(4.1)**	3.6
Movement in working capital	**(4.6)**	19.8
Tax paid	**(20.2)**	(13.7)
Net cash flow from operating activities	**210.0**	251.2
Cash flows from investing activities		
Investments	**(3.5)**	–
Proceeds from repayment of initial loans	**2.1**	–
Interest received	**4.1**	2.7
Costs to acquire right-of-use assets	**(0.5)**	(1.9)
Acquisition of subsidiaries, net of cash acquired	**(1.0)**	(0.5)
Disposal of subsidiaries, net of cash disposed	**(1.5)**	0.4
Acquisition of property, plant and equipment and other intangible assets	**(48.0)**	(75.7)
Net cash generated from in investing activities	**(48.3)**	(75.0)
Cash flows from financing activities		
Equity dividends paid	**(60.7)**	(58.7)
Proceeds from new loan	**–**	123.3
Repayment of borrowings	**(75.0)**	(100.0)
Debt issue costs	**(0.9)**	(0.1)
Cash receipts from lease incentives	**–**	22.0
Cash payments for the principal portion of the right-of-use lease liability	**(68.4)**	(68.9)
Purchase of own shares	**(10.8)**	(14.1)
Share buyback	**(50.3)**	(50.3)
Interest paid	**(3.2)**	(5.0)
Interest paid on lease obligations	**(13.3)**	(12.4)
Net cash used in financing activities	**(282.6)**	(164.2)
Net (decrease)/increase in cash and cash equivalents	**(120.9)**	12.0
Cash and cash equivalents at beginning of period	**178.0**	166.0
Cash and cash equivalents at end of period	**57.1**	178.0

The notes on pages 107 to 167 form an integral part of these financial statements.

Company Balance Sheet
at 28 March 2024

	Note	At 28 March 2024 £m	At 30 March 2023 £m
Non-current assets			
Investments in subsidiaries	28	**936.2**	936.2
Deferred tax asset	15	**0.9**	2.8
Trade and other receivables	17	**663.3**	578.4
		1,600.4	1,517.4
Current assets			
Other financial assets	16	**–**	2.0
Cash and cash equivalents	18	**–**	0.4
		–	2.4
Total assets		**1,600.4**	1,519.8
Current liabilities			
Trade and other payables	20	**(816.3)**	(618.0)
		(816.3)	(618.0)
Non-current liabilities			
Other interest-bearing loans and borrowings	19	**(22.2)**	(97.3)
Other financial liabilities	16	**–**	(0.4)
		(22.2)	(97.7)
Total liabilities		**(838.5)**	(715.7)
Net assets		**761.9**	804.1
Equity attributable to equity holders of the parent			
Ordinary share capital	22	**4.7**	4.8
Merger reserve		**113.3**	113.3
Capital redemption reserve		**0.3**	0.2
Cash flow hedging reserve		**–**	1.2
Retained earnings		**643.6**	684.6
Total equity		**761.9**	804.1

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's profit for the 52 week period ended 28 March 2024 was £75.9m (profit for the 52 week period ended 30 March 2023 was £33.4m).

On behalf of the Board:

Mike Iddon
Chief Financial Officer
28 May 2024

Company number: 08885072

The notes on pages 107 to 167 form an integral part of these financial statements.

Company Statement of Changes in Equity
as at 28 March 2024

	Share capital £m	Merger reserve £m	Cash flow hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 30 March 2023	4.8	113.3	1.2	0.2	684.6	804.1
Total comprehensive income for the period						
Profit for the period	–	–	–	–	75.9	75.9
Other comprehensive income	–	–	(1.2)	–	–	(1.2)
Total comprehensive income for the period	–	–	(1.2)	–	75.9	74.7
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	113.3	–	0.3	643.6	761.9

Company Statement of Changes in Equity
as at 30 March 2023

	Share capital £m	Merger reserve £m	Cash flow hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 31 March 2022	5.0	113.3	1.3	–	771.4	891.0
Total comprehensive income for the period						
Profit for the period	–	–	–	–	33.4	33.4
Other comprehensive income	–	–	(0.1)	–	–	(0.1)
Total comprehensive income for the period	–	–	(0.1)	–	33.4	33.3
Transactions with owners, recorded directly in equity						
Equity dividends paid	–	–	–	–	(58.7)	(58.7)
Share-based payment charge	–	–	–	–	4.9	4.9
Deferred tax movement on IFRS2 reserve	–	–	–	–	(2.0)	(2.0)
Share buyback	(0.2)	–	–	0.2	(50.3)	(50.3)
Purchase of own shares	–	–	–	–	(14.1)	(14.1)
Total contributions by and distributions to owners	(0.2)	–	–	0.2	(120.2)	(120.2)
Balance at 30 March 2023	4.8	113.3	1.2	0.2	684.6	804.1

Company Statement of Cash Flows
for the 52 week period ended 28 March 2024

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Cash flows from operating activities		
Profit for the period	**75.9**	33.4
Adjustments for:		
Financial expense	**1.2**	1.5
Share-based payment charges	**5.9**	4.9
Taxation	**(2.3)**	(3.0)
	80.7	36.8
Increase in trade and other payables	**208.8**	62.8
Tax (paid)/received	**(6.0)**	3.5
Net cash flow from operating activities	**283.5**	103.1
Cash flows from investing activities		
(Increase)/Decrease in amounts owed by group undertakings	**(85.0)**	21.9
Net cash generated from investing activities	**(85.0)**	21.9
Cash flows from financing activities		
Equity dividends paid	**(60.7)**	(58.7)
Proceeds from new loan	**–**	100.0
Repayment of borrowings	**(75.0)**	(100.0)
Debt issue costs	**(0.9)**	–
Share buyback	**(50.3)**	(50.3)
Interest paid	**(1.2)**	(1.5)
Purchase of own shares	**(10.8)**	(14.1)
Net cash used in financing activities	**(198.9)**	(124.6)
Net (decrease)/increase in cash and cash equivalents	**(0.4)**	0.4
Cash and cash equivalents at beginning of period	**0.4**	–
Cash and cash equivalents at end of period	**–**	0.4

Notes (forming part of the financial statements)

Pets at Home Group Plc (the Company) is a company incorporated in the United Kingdom and its registered office is Epsom Avenue, Stanley Green, Handforth, Cheshire, SK9 3RN.

1 Significant accounting policies

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

1.1 Basis of preparation

The consolidated financial statements were prepared in accordance with UK adopted international accounting standards and applicable law. The Company's financial statements have been prepared in accordance with UK adopted international accounting standards (UK-adopted IFRS) as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

New standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) becoming effective during the 52 week period ended 28 March 2024 have not had a material impact on the Group's financial statements, these include IAS 8 amendments and IAS 1 amendments on current/non-current classification of liabilities.

The group has assessed the impact of IFRS 17 (Insurance Contracts) which is effective for annual reporting periods beginning on or after 1 January 2023. The group has deemed the standard does not have a material impact on the Group due to the income in relation to insurance contracts being immaterial.

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. As the Group is headquartered in the UK where profits are taxed at a rate higher than the global minimum rate of 15% and the only overseas operations are in Hong Kong where any profit arising is taxed at a rate higher than 15%, it is not considered that the BEPs Pillar 2 has have any impact on the tax position of the Group. Also in light of IAS 12 amendments, the Group has assessed the impact of deferred income tax in relation to right of use assets and lease liabilities with no material impact.

The Directors have restated the presentation of the segmental reporting disclosures in Note 2 to reflect the fact that the veterinary telehealth business is now reported within the Vet Group reporting segment. In the 52 week period ended 30 March 2023 the telehealth business was reported within the Central segment. As a result, £2.7m of revenue, £1.3m of gross profit and £0.4m at an operating profit level have been reclassified from Central segment to the Vet Group segment.

1.2 Measurement convention

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group and Company, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's review. In addition, note 23 to the financial statements includes the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; 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 financial statements which indicate that, despite 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, geopolitical tensions and the actual and potential impact on supply chains, as well as energy cost inflation on liquidity and future performance. The Group has also considered the impact of climate change and the Task Force on Climate Related Financial Disclosures ('TCFD') scenario analysis conducted in undertaking this assessment.

The Group has access to a revolving credit facility of £300m which expires on 30 September 2028 and a £26.0m asset backed loan which expires on 27 March 2030. The Group has £48.3m drawn down at 28 March 2024 and cash balances of £57.1m. The lowest level of headroom forecast over the next 12 months from the date of signing of the financial statements is in excess of £342.0m in the base case scenario. On a sensitised basis, the lowest level of headroom forecast over the next 12 months from the date of approving of the financial statements is £332.9m due to the removal of the dividend payment in an extreme scenario.

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.

Notes (forming part of the financial statements) continued

1 Significant accounting policies continued

1.3 Going concern continued

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 £36.0m on sales and £14.7m 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 £115.0m on sales and £46.9m 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 it be required, including reducing capital expenditure.

Despite net current liabilities of £125.4m at Group level and £816.3m in the Company, the Directors of Pets at Home Group Plc, having made appropriate enquiries including the principal risks and uncertainties on page 23, consider that the Group and Company will have sufficient funds to continue to meet their liabilities 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 Group consolidated financial statements and the Company only financial statements as at and for the period ended 28 March 2024.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group and Company operate an Employee Benefit Trust (EBT) for the purposes of acquiring shares to fund share awards made to employees. The EBT is deemed to be a subsidiary of the Group and Company as Pets at Home Group Plc is considered to be the ultimate controlling party for accounting purposes. The assets and liabilities of this trust have been included in the consolidated financial information. The cost of purchasing own shares held by the EBT is accounted for in retained earnings.

Investment in Joint Venture veterinary practices

The Group has a number of non-participatory shareholdings in veterinary practice companies, which are accounted for as Joint Venture arrangements. The veterinary practices were established under terms that require mutual agreement between the Group and the Joint Venture Partner, and do not give the Group power over decision making, nor joint control, to affect its exposure to, or the extent of, the returns from its involvement with the practices and therefore are not consolidated in these financial statements. Further, the Group is not entitled to profits, losses, or any surplus on winding up or disposal of the Joint Venture veterinary practices, and as such no participatory interest is recognised. The Group's category of shareholding in the Joint Venture veterinary practices entitles the Group to charge management fees for support services provided. For further details see notes 16, 17 and 27. The Group's shares are non-participatory, and therefore the Group does not share in any profits, losses or other distribution of value from the Joint Venture company; the investments are held at cost less impairment, which is deemed to be their carrying value as explained further in note 16.

1.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be.

Functional currency

The consolidated financial statements are presented in sterling which is the functional currency of the parent company and the presentational currency of the Group and Company, these have been rounded to the nearest £0.1m.

1.6 Classification of financial instruments issued by the Group

Following the adoption of IAS32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit loss.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement and are only offset for balance sheet purposes where the offsetting criteria are met.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Contingent consideration

Contingent consideration on acquisition or disposal of a subsidiary is valued at fair value at the time of acquisition or disposal. Any subsequent change in fair value is recognised in profit or loss (see 1.13).

1.8 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging is included directly in the initial cost of the non-financial item when it is recognised. For all other hedging forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect the profit or loss.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1.9 Intra-group financial instruments

Financial guarantee contracts to guarantee the indebtedness of companies within the Group are considered to be insurance arrangements and accounted for as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that a payment will be required under the guarantee, see note 26.

Notes (forming part of the financial statements) continued

1 Significant accounting policies continued

1.10 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

Freehold property	– 50 years
Fixtures, fittings, tools and equipment	– 3–20 years
Leasehold improvements	– the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The impact of climate change, particularly in the context of risks identified in the Task Force on Climate Related Financial Disclosures ('TCFD') scenario analysis have been considered and no material impact on the carrying value, useful lives or residual values have been identified.

1.11 Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Customer lists are valued based on the forecast net present value of the future economic relationship with those customers, adjusted for forecast retention rates. Technology based 'know how' assets are valued based on the expected cost to reproduce or replace the asset, adjusted for the physical deterioration and functional or economic obsolescence, if present and measurable. Software is stated at cost less accumulated amortisation.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of an asset. The estimated useful lives are as follows:

Software	– 2 to 7 years
Customer lists	– 10 years
Technology based know-how	– 10 years

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

Expenditure on Software as a Service ('SaaS') customisation and configuration that is distinct from access to the cloud software can only be capitalised to the extent it gives rise to an asset, i.e. where the Group has the power to obtain the future economic benefits and can restrict others' access to those benefits, otherwise such expenditure in relation to developing SaaS for use is expensed.

The impact of climate change, particularly in the context of risks identified in the Task Force on Climate Related Financial Disclosures ('TCFD') scenario analysis have been considered and no material impact on the carrying value, useful lives or residual values have been identified.

1.12 Leases

On completion of a lease, the Group recognises a right-of-use asset, representing its right to use the underlying asset and a lease liability, representing its obligation to make lease payments. The lease liability is measured at the present value of the lease payments over the term of the lease, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The rate implicit in the lease cannot be readily determined and therefore a rate based on the Group's incremental borrowing rate is used. This rate is adjusted to take into account the risk associated with the length of the lease. Lease payments will include any fixed payments, including as a result of stepped rent increases.

The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date and any lease incentives received or premiums paid. In the 52 weeks ending 30 March 2023 the Group received a lease incentive of £22.0m in relation to the new distribution centre (2024: £nil). The cash received was included within cash flows from financing activities in FY23 on the basis that it was associated with the payments for the lease liability.

The Group has lease contracts in relation to property and equipment. There are recognition exemptions for low-value assets and short-term leases with a lease term of 12 months or less. Any leases under a short-term licence agreement are excluded as they fall into the lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease. The total value of leases where the Group has taken a recognition exemption is disclosed in note 12.

The Group has a small number of leases where it is an intermediate lessor. For these leases, it accounts for the interest in the head lease and sub-lease separately. It assesses the lease classification of the sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group currently receives rental income from related Joint Venture veterinary practices which are located within the Group's retail stores. These rental incomes are disclosed in note 3. Under IFRS16, the lease classification of sub-leases is assessed by reference to the right-of-use asset under the head lease rather than the underlying asset. This rental income is presented in other income in the Consolidated Income Statement.

Right-of-use assets may be impaired if the lease becomes onerous. Impairment costs would be charged to administrative expenses if this occurred.

1.13 Business combinations
Business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 26 March 2010
For acquisitions on or after 26 March 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. If contingent consideration is payable and is dependent on future employment, it is recognised as an expense over the relevant period as a cost of continuing employment.

Any contingent deferred consideration receivable is recognised at fair value.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Acquisitions prior to 26 March 2010 (date of adoption of IFRS)
IFRS1 grants certain exemptions from the full requirements of Adopted IFRS for first time adopters. In respect of acquisitions prior to 26 March 2010, goodwill is included on the basis of its deemed cost.

1.14 Assessment of control with regard to Joint Ventures
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 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.

1.15 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition, less rebates and discounts.

Provision is made against specific inventory lines where market conditions identify an issue in recovering the full cost of that Stock Keeping Unit ('SKU'). The provision focuses on the age of inventory and the length of time it is expected to take to sell and applies a progressive provision against the gross inventory based on the numbers of days' stock on hand. Where necessary, further specific provision is made against inventory lines, where the calculated provision is not deemed sufficient to carry the inventory at net realisable value.

To the extent that the ageing profile of gross inventory as calculated by this provision methodology results in a material provision, it will be disclosed as an estimate that may have an impact on subsequent periods. To the extent this is material, it will be disclosed in note 1.22.

1.16 Impairment excluding inventories and deferred tax assets
Financial assets (including receivables)
Measurement of Expected Credit Losses ('ECLs') and definition of default
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The definition of default is applicable to intercompany and related party receivables but not relevant to trade receivables where the lifetime expected credit loss is considered. The Group considers Joint Venture receivables (operating loans) to be in default when the underlying veterinary practice is significantly under-performing against its business plan, assessed based on future cashflow forecasts for the individual practices which utilise consistent assumptions across all practices. Any shortfall in repayment of the Joint Venture loans and receivables following the 10-year forecast period are considered to be in default as repayment is expected during this time. Loss given default is also determined based on the forecast shortfall amount. Those within the performing credit risk category are deemed to have low credit risk. Practices categorised within the in default credit risk categories are those considered to be in default as repayment is expected during this time based on their cashflow forecast. Significant increase in credit risk is not applicable to Joint Venture operating loans due to the on-demand payment terms.

Notes (forming part of the financial statements) continued

1 Significant accounting policies continued

1.16 Impairment excluding inventories and deferred tax assets continued

Financial assets (including receivables) continued

Measurement of Expected Credit Losses ('ECLs') and definition of default continued

The Group considers initial set up loans to Joint Ventures to be in default when the loan remains outstanding once the practice has reached 15 years of age. These loans have no set repayment date but are expected to be recovered within 15 years. Significant increase in credit risk is defined as any practice which has an operating loan which is in default as defined above.
All other loans are considered to be performing and have low credit risk.

The Group considers other intercompany and related party assets to be in default when the entity does not have the forecasted future funds available to repay the balance, if recalled.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. Details of these provisions are explained in note 16.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit as defined by IAS36 is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGUs'). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.17 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

A number of employees of the Company's subsidiaries (including Directors) receive an element of remuneration in the form of share-based payments, whereby employees render services in exchange for shares in Pets at Home Group Plc or rights over shares.

Share-based payments are measured at fair value at the date of grant. The fair value of transactions involving the granting of shares is determined by the share price at the date of grant. The fair value of transactions involving the granting of share options is calculated by an external valuer based on a binomial model. In valuing share-based payments, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Pets at Home Group Plc ('market conditions').

The cost of share-based payments is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period based on the Company's estimate of how many of the awards will eventually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. Where the terms of a share-based payment award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where a share-based payment award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification to the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust ('EBT') have been included in the Group and Company accounts. The assets of the EBT are held separately from those of the Company. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group consolidated statement of comprehensive income.

Investments in the Company's own shares held by the EBT are presented as a deduction from reserves and the number of such shares is deducted from the number of shares in issue when calculating the diluted earnings per share. The trustees of the holdings of Pets at Home Group Plc shares under the Pets at Home Group Employee Benefit Trust have waived or otherwise foregone any and all dividends paid.

1.18 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.19 Revenue and cost of sales

Revenue represents the total amount receivable for goods and services, net of discounts, coupons, returns and excluding value added tax, sold in the ordinary course of business, and arises substantially from activities in the United Kingdom.

Revenue is recognised when the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled, and substantially all of the Group's performance obligations have been fulfilled. Depending on whether certain criteria are met, revenue is recognised either over time, in a manner that best reflects the Group's performance, or at a point in time, when control of the goods or services is transferred to the customer.

Sale of goods in-store and online

Retail revenue from the sale of goods is recorded net of value added tax, colleague discounts, coupons, vouchers, returns and the free element of multi-save transactions. Sale of goods represents food and accessories sold in-store and online, with revenue recognised at the point in time the customer obtains control of the goods and substantially all of the Group's performance obligations have been fulfilled, which is when the transaction is completed in-store and at point of delivery to the customer for online orders. Revenue is adjusted to account for estimates for anticipated returns and a provision is recognised within trade and other payables. Estimates for anticipated returns are calculated using past data for both in-store and online transactions. No separate asset has been recognised (with no corresponding adjustment to cost of sales) in relation to the value of products to be recovered from the customer as the products are not always in a resaleable condition.

Gift vouchers and cards

Revenue from the sale of gift vouchers and cards is deferred until the voucher is redeemed, at which point performance obligations have been fulfilled. In line with IFRS15 the value of revenue deferred is based on expected redemption rates. The Group continues to assess the appropriateness of the expected redemption rates against actual redemptions.

Pets Club loyalty scheme

Under the Pets Club loyalty scheme, points are earned by customers upon the purchase of goods and services. These points can be converted by nominated charities into gift cards for redemption against goods and services in-store and online. The sales value of the points earned under the Pets Club scheme are treated as deferred income; the sales are only recognised once the points have been redeemed by the charities, at which point performance obligations have been fulfilled. The points do not expire and have no value to the customer.

Subscription orders

Revenue for subscription orders is recognised at the point of delivery of each incremental order to the customer at which point performance obligations have been fulfilled. Subscription services primarily relate to the repeat order of products sold online and in-store.

Provision of services

Revenue from the provision of services is recorded net of value added tax, colleague discounts, coupons and vouchers. Provision of services represents veterinary group income, grooming revenue and insurance commissions, with revenue recognised upon provision of the service to the customer at the point at which the Group has substantially fulfilled its performance obligations.

1 Significant accounting policies continued

1.19 Revenue and cost of sales continued

i) Veterinary Group income

Veterinary Group income represents revenue recognised at a point in time from the provision of veterinary services from Company managed practices and income from the provision of administrative support services to Joint Venture veterinary practices. Revenue received for the provision of veterinary services is recognised at the point of provision of the service and is recognised net of value added tax, colleague discounts, coupons and vouchers. Fee income received from the Joint Venture veterinary practice companies for administrative support services is recognised in the period the services relate to and recorded net of value added tax. Fee income received from Joint Venture companies in relation to network purchasing arrangements is recognised as the contractual commitments are fulfilled to create an entitlement to the revenue. The Group also receives revenue in relation to business development for the Joint Venture companies and recognises this within operating income.

Revenue derived from care plans is recognised on an apportioned basis relative to delivery of the service. Revenue on annual 'Complete Care' plans is deferred and recognised at the point at which treatment and/or services are provided against the plan at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Once the plan has expired, any unutilised deferred revenue will be recognised as revenue. Revenue from 'Vac4Life' plans is deferred when payment is received and then recognised in reducing proportions over the first three years of the plan when vaccinations/boosters are provided.

Revenue derived from the veterinary telehealth business ('TVC') is recognised over time on a pro-rated basis over the period the customers have access to the telehealth service through subscriptions.

Rental income received from in-store Joint Venture veterinary practices is disclosed within note 3 and is categorised as other income.

ii) Grooming revenue

Grooming revenue is recognised net of value added tax, colleague discounts, coupons and vouchers, at the point of provision of the service to the customer. Deposits received are deferred until the grooming service has been performed.

iii) Insurance commissions

Insurance commissions are recognised over time on a pro-rated basis over the period the insurance policy relates to.

Accrued income

Accrued income relates to income in relation to fees from Joint Venture veterinary practices, and overrider and promotional income from suppliers which has not yet been invoiced. Accrued income has been classified as current as it is expected to be invoiced and received within 12 months of the period end. Supplier income is recognised on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract.

Cost of sales

Cost of sales includes costs of goods sold and other directly attributable costs, promotional income and rebate income received from suppliers, including costs to deliver administrative support services to Joint Venture veterinary practices and costs to deliver grooming services. Supplier early payment discounts are also included within cost of sales, these are offered from certain inventory suppliers based on payment of invoices within a certain time frame resulting in a percentage discount to reduce cost of sales.

Supplier income

A number of different types of supplier income are negotiated with suppliers via the joint business planning process in connection with the purchase of goods for resale, the largest of which being overrider income and promotional income, which are explained below. The supplier income arrangements are typically not coterminous with the Group's financial period, instead running alongside the calendar year. Such income is only recognised when there is reasonable certainty that the conditions for recognition have been met by the Group, and the income can be measured reliably based on the terms of the contract. This income is recognised as a credit within gross margin to cost of sales and, to the extent that the rebate relates to unsold stock purchases, as a reduction in the cost of inventory.

Supplier income is recognised on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at period end are included within trade and other receivables.

Given the presence of the joint business plans, on the basis of the historic recoverability of accrued balances, and as amounts are typically agreed with suppliers prior to recognition, supplier income is not considered to be an area of significant estimation that could impact on the following financial year.

Supplier income comprises:

Overrider income

Overrider income comprises three main elements:

1. Fixed percentage-based income: These relate largely to volumetric rebates based on the joint business plan agreements with suppliers. The income accrued is based on the Group's latest forecast volumes and the latest contract agreed with the supplier. Income is not recognised until the Group has reasonable certainty that the joint business agreement will be fulfilled, with the amount of income accrued regularly reassessed and remeasured throughout the contractual period, based on actual performance against the joint business plan.
2. Fixed lump sum income: These are typically guaranteed lump sum payments made by the supplier and are not based on volume. Fixed lump sum income is usually predicated on confirmation of a supplier contract and typically includes performance conditions upon the Group, such as marketing and promotional campaigns. These amounts are recognised periodically when contractual milestones have been met such as the promotion being run or marketing in-store.
3. Growth income: These are tiered volumetric rebates relating to growth targets agreed with the supplier in the joint business planning process. These are retrospective rebates based on sales volumes or purchased volumes. Income is recognised to the extent that it is reasonably certain that the conditions will be achieved, with such certainty increasing in the latter part of the calendar year.

Promotional income

Promotional income relates to supplier funded rebates specific to promotional activity run in agreement between the Group and its suppliers. Rebates are agreed at an individual inventory article level for agreed periods of time and are systemically calculated based on article sales information. No estimation is applied in calculating the promotional income receivable.

Supplier income is recognised on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at period end are included within trade and other receivables.

1.20 Expenses

Financing income and expenses

Financing expenses comprise interest payable under the effective interest rate method, incorporating amortisation of loan arrangement fees, finance charges on shares classified as liabilities, unwinding of the discount on provisions, interest on lease liabilities and net foreign exchange gains or losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

1.21 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.22 Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with 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 ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a risk of causing an adjustment to the carrying value of assets and liabilities are explained below.

Impairment of goodwill and other intangibles (other estimate)

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value. Details of CGUs as well as further information about the assumptions made are disclosed in note 13. The Directors consider that it is not reasonably possible for the assumptions for the current financial year to change so significantly to warrant inclusion as a significant estimate but acknowledge that there is estimation uncertainty over the assumptions used in future financial periods when calculating future cash flows.

1.23 Dividends

Final dividends are recognised in the Group's financial statements as a liability in the period in which the dividends are approved by shareholders such that the Company is obliged to pay the dividend. Interim equity dividends are recognised in the period in which they are paid.

1.24 Non-underlying items

Income or costs considered by the Directors to be non-underlying are disclosed separately to facilitate year-on-year comparison of the underlying trade of the business. The Directors consider non-underlying costs to be those that are not generated from ordinary business operations, infrequent in nature and unlikely to reoccur in the foreseeable future.

1.25 Alternative Performance Measures

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by UK-adopted IFRS. These Alternative Performance Measures may not be directly comparable with other companies' Alternative Performance Measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. Further information can be found in the Glossary on pages 168 to 170.

1.26 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement and are only offset for balance sheet purposes where the offsetting criteria are met.

1.27 Prior year restatement on supplier discounts

In the current year the directors have reconsidered the presentation of 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 £6.3m and cost of sales have decreased by £6.3m. There is no effect on profit for the year or net assets.

Notes (forming part of the financial statements) continued

2 Segmental reporting

The Group has three reportable segments, Retail, Vet Group and Central, which are the Group's strategic business units. 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. Within this strategic umbrella, the Group has three reportable segments, Retail, Vet Group and Central, which are the Group's strategic business units. 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 General Practice veterinary practices and TVC. Central includes group costs and finance expenses. Revenue and costs are allocated to a segment where reasonably possible.

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 financial statements. All material operations of the reportable segments are carried out in the UK and all revenue is from external customers.

	52 week period ended 28 March 2024			
Income statement	**Retail £m**	**Vet Group £m**	**Central £m**	**Total £m**
Revenue	**1,330.1**	**146.5**	**–**	**1,476.6**
Underlying gross profit	**614.1**	**77.2**	**–**	**691.3**
Underlying operating profit/(loss)	**100.4**	**60.9**	**(15.8)**	**145.5**
Non-underlying items	**(22.5)**	**(2.8)**	**(0.9)**	**(26.2)**
Segment operating profit	**77.9**	**58.1**	**(16.7)**	**119.3**
Underlying net financing expense	**(13.0)**	**0.7**	**(1.2)**	**(13.5)**
Non-underlying financing expense	**(0.1)**	**–**	**–**	**(0.1)**
Profit before tax	**64.8**	**58.8**	**(17.9)**	**105.7**
Total non-underlying items	**22.6**	**2.8**	**0.9**	**26.3**
Underlying profit/(loss) before tax	**87.4**	**61.6**	**(17.0)**	**132.0**

Non-underlying operating expenses in the periods ended 28 March 2024 and 30 March 2023 are explained in note 3.

	52 week period ended 30 March 2023 (restated)[1]			
Income statement	**Retail £m**	**Vet Group £m**	**Central £m**	**Total £m**
Revenue	1,278.7	125.5	–	1,404.2
Underlying gross profit	607.8	66.8	–	674.6
Underlying operating profit/(loss)	109.9	52.1	(12.3)	149.7
Non-underlying items	(10.1)	–	(2.8)	(12.9)
Segment operating profit	99.8	52.1	(15.1)	136.8
Underlying net financing expense	(11.1)	(0.8)	(1.4)	(13.3)
Non-underlying financing expense	(1.0)	–	–	(1.0)
Profit before tax	87.7	51.3	(16.5)	122.5
Total non-underlying items	11.1	–	2.8	13.9
Underlying profit/(loss) before tax	98.8	51.3	(13.7)	136.4

[1] See note 1.1 and note 1.27 for an explanation of the prior year restatements.

Segmental revenue analysis by revenue stream	52 week period ended 28 March 2024 Retail £m	Vet Group £m	Total £m
Retail – Food	**814.2**	**–**	**814.2**
Retail – Accessories	**465.5**	**–**	**465.5**
Retail – Services	**50.4**	**–**	**50.4**
Vet Group – Joint Venture fee income	**–**	**89.3**	**89.3**
Vet Group – Company managed practices	**–**	**44.6**	**44.6**
Vet Group – Other income	**–**	**9.5**	**9.5**
Vet Group – Veterinary telehealth services	**–**	**3.1**	**3.1**
Total	**1,330.1**	**146.5**	**1,476.6**

Segmental revenue analysis by revenue stream	52 week period ended 30 March 2023 (restated)[1] Retail £m	Vet Group £m	Total £m
Retail – Food	744.8	–	744.8
Retail – Accessories	486.4	–	486.4
Retail – Services	47.5	–	47.5
Vet Group – Joint Venture fee income	–	77.2	77.2
Vet Group – Company managed practices	–	37.5	37.5
Vet Group – Other income	–	8.1	8.1
Vet Group – Veterinary telehealth services	–	2.7	2.7
Total	1,278.7	125.5	1,404.2

1 See note 1.1 for an explanation of the prior year restatement.

Notes (forming part of the financial statements) continued

3 Expenses and auditor's remuneration

Included in operating profit are the following:

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Non-underlying items		
Costs relating to the implementation of the new Distribution Centre		
Provisions for voluntary redundancies for colleagues at existing Distribution Centres	**0.8**	2.1
Provisions for retention and relocation bonuses for colleagues at existing Distribution Centres	**2.4**	1.8
Pre-opening costs for new Distribution Centre	**–**	4.0
Dual running costs of operating new and existing Distribution Centres	**4.5**	0.4
Project management costs of opening new Distribution Centre	**1.8**	0.7
Depreciation of property plant and equipment at legacy sites	**3.4**	0.4
Depreciation of right-of-use assets (dual running costs)	**3.1**	0.7
Transitional costs of opening a new Distribution Centre	**5.4**	–
	21.4	10.1
Group restructure costs		
Group restructure costs	**1.4**	2.7
Depreciation of property plant and equipment (Group restructure costs)	**0.8**	–
Depreciation of right-of-use assets (Group restructure costs)	**0.6**	–
Legal settlement costs	**0.9**	–
	3.7	2.7
Other non-underlying items		
Impairment of investment	**1.1**	–
Aborted transaction costs	**–**	0.1
	1.1	0.1
Total non-underlying items within operating profit	**26.2**	12.9
Interest expense on the lease liabilities of the Distribution Centres	**0.1**	1.0
Total non-underlying items	**26.3**	13.9
Underlying items		
Impairment gains on receivables	**(1.0)**	(2.0)
Software as a service (SaaS) expense	**27.9**	29.9
Depreciation of property, plant and equipment	**26.5**	25.7
Amortisation of intangible assets	**10.1**	9.8
Depreciation of right-of-use assets	**65.1**	66.8
Rentals under operating leases:		
Expenses relating to short-term or low value leases	**–**	0.1
Other income		
Rental income from sub-leasing right-of-use assets to third parties	**(0.2)**	(0.3)
Rental and other occupancy income from related parties[1]	**(12.7)**	(12.2)
Share-based payment charges	**5.9**	4.9

[1] Rental and other occupancy income from related parties is included in other income.

Non-underlying items in operating profit

New Distribution Centre and closure of legacy sites

During the period the Group has incurred a number of costs in relation to the process of bringing into operation a new Distribution Centre to replace the existing legacy Distribution Centres. The process is a significant operational change for the Group, outside of the ordinary course of business and is not expected as a recurring event. As part of the transition, the Group has incurred operational and payroll costs which it has classified as non-underlying. The items are split out as follows:

£0.8m (£2.1m in the in the 52 week period ended 30 March 2023) of non-underlying charges relate to a provision for voluntary redundancies for colleagues employed within the existing Distribution Centres as part of the transition.

£2.4m (£1.8m in the 52 week period ended 30 March 2023) of non-underlying charges relate 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 as well as relocation costs for employees.

Non-underlying items in operating profit continued

New Distribution Centre and closure of Legacy sites continued

£4.5m (£0.4m in the 52 week period ended 30 March 2023) of non-underlying charges relate to costs incurred whilst the existing 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 existing Distribution Centres.

£1.8m (£0.7m in the 52 week period ended 30 March 2023) of non-underlying charges relate to project management costs of opening the new Distribution Centre, including the transfer of inventory from the existing Distribution Centres.

£6.5m is in relation to depreciation charges of the legacy assets, £0.8m (£0.4m in the 52 week period ended 30 March 2023) relates to the routine depreciation during the year, £2.6m within this cost in relation to accelerated depreciation and £3.1m (£0.7m in the 52 week period ended 30 March 2023) in relation to depreciation of the right-of-use assets.

£5.4m of non-underlying charges relate to costs incurred to transition the operations over to the new site. These costs include costs incurred in training new employees, are temporary and will not continue after the new Distribution Centre is fully operational.

A further £0.1m of dual running costs relates to the interest expense on the lease liabilities of the Distribution Centres. This is shown within finance expenses below operating profit on the consolidated income statement.

Group restructure

During the period the Group conducted a support office restructure. The non-underlying charges are split out as follows:

£1.4m (£2.7m in the 52 week period ended 30 March 2023) in restructure costs primarily relate to retention and redundancy payments.

£0.8m in relation to accelerated depreciation of premises no longer required as the group now operates from one support office following the restructure and £0.6m in relation to depreciation of the associated right-of-use assets.

£0.9m relating to settlement costs.

Other non-underlying costs

The remaining non-underlying items relate to:

£1.1m of non-underlying charges relate to the impairment of the Group's investment in Dog Stay Limited ('Tailster').

Income or costs considered by the Directors to be non-underlying are disclosed separately to facilitate year-on-year comparison of the underlying trade of the business. The Directors consider non-underlying costs to be those that are not generated from ordinary business operations, infrequent in nature and unlikely to reoccur in the foreseeable future.

Additional non-underlying charges made during the 52 weeks ending 30 March 2023 relate to:

£4.0m of non-underlying charges relate to pre-opening costs for the new Distribution Centre such as rent and utilities which have been incurred despite the site not yet being fully operational.

£0.1m of non-underlying charges relate to aborted transaction costs.

Underlying items

The rentals under short-term leases disclosed in relation to the 52 week period ended 28 March 2024 and the 52 week period ended 30 March 2023 relate to leases under short-term agreements or of low value. These fall under the short-term and low value exemptions so are excluded from the requirements of IFRS16 on the basis that the lease terms are 12 months or less.

Auditor's remuneration

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Audit of the parent company financial statements	**–**	–
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**1.3**	1.3
Review of interim financial statements	**0.1**	0.1
Other assurance services	**–**	–
	1.4	1.4

Notes (forming part of the financial statements) continued

4 Colleague numbers and costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	52 week period ended 28 March 2024 Number	52 week period ended 30 March 2023 Number
Sales and distribution – FTE	**7,297**	7,063
Administration – FTE	**1,072**	960
	8,369	8,023
Sales and distribution – total	**10,924**	10,371
Administration – total	**1,107**	1,006
	12,031	11,377

The aggregate payroll costs of these persons were as follows:

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Wages and salaries	**282.9**	261.9
Social security costs	**24.8**	23.0
Contributions to defined contribution pension plans	**10.0**	8.6
	317.7	293.5

Remuneration of Directors and Executive Management Team

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Executive Directors' remuneration paid in respect of qualifying services	**2.3**	2.9
Non-Executive Directors' remuneration paid in respect of qualifying services	**0.6**	0.6
Executive Directors' amount of gains on the exercise of share options	**0.7**	1.3
Executive Directors' pension contributions	**0.1**	0.1
Total Directors' remuneration	**3.7**	4.9
Executive Management Team remuneration paid in respect of qualifying services	**6.5**	7.1
Executive Management Team amounts of gains on the exercise of share options	**2.6**	2.7
Executive Management Team pension contributions	**0.2**	0.2
Total Executive Management Team remuneration	**9.3**	10.0

In the opinion of the Board, the key management as defined under revised IAS24 Related Party Disclosures are the Executive Directors, Non-Executive Directors and the Executive Management Team. Executive Directors' emoluments are also included within the Executive Management Team emoluments disclosed above. There are no further amounts, other than those noted above, receivable under long-term incentive schemes by the Directors or Executive Management team.

The number of directors who received pensions contributions in the 52 weeks period ended 28 March 2024 is two for executive directors (three in the 52 week period ended 30 March 2023) and nine in the executive management team (nine in the 52 week period ended 30 March 2023).

5 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.

	52 week period ended 28 March 2024		52 week period ended 30 March 2023	
	Underlying trading	After non-underlying items	Underlying trading	After non-underlying items
Profit attributable to equity shareholders of the parent (£m)	**98.9**	**79.2**	112.0	100.7
Basic weighted average number of shares	**477.7**	**477.7**	491.9	491.9
Dilutive potential ordinary shares	**5.0**	**5.0**	6.5	6.5
Diluted weighted average number of shares	**482.7**	**482.7**	498.4	498.4
Basic earnings per share	**20.7p**	**16.6p**	22.8p	20.5p
Diluted earnings per share	**20.5p**	**16.4p**	22.5p	20.2p

6 Finance income

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Interest receivable on loans to Joint Venture veterinary practices	**0.5**	0.4
Other interest receivable	**3.5**	2.3
Total finance income	**4.0**	2.7

7 Finance expense

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Bank loans at effective interest rate	**4.3**	4.6
Underlying interest expense on lease liability	**13.2**	11.4
Non-underlying interest expense on lease liability	**0.1**	1.0
Total finance expense	**17.6**	17.0

Notes (forming part of the financial statements) continued

8 Taxation

Recognised in the income statement

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Current tax expense		
Current period	**22.7**	24.2
Adjustments in respect of prior periods	**(1.4)**	(0.9)
Current tax expense	**21.3**	23.3
Deferred tax expense		
Origination and reversal of temporary differences	**6.9**	(0.6)
Impact of difference between deferred and current tax rates	**–**	(0.1)
Adjustments in respect of prior periods	**(1.7)**	(0.8)
Deferred tax expense	**5.2**	(1.5)
Total tax expense	**26.5**	21.8

The UK corporation tax standard rate for the period was 25% (2023: 19%). Deferred tax at 28 March 2024 has been calculated based on the rate of 25% which is the rate at which the majority of items are expected to reverse. This is due to the increase in the main rate of corporation tax to 25% from April 2023, which was substantively enacted on 24 May 2021. The effective tax rate after non-underlying items for the 52 week period ended 28 March 2024 was 25.1% (52 week period ended 30 March 2023: 17.8%).

Deferred tax recognised in comprehensive income

	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Effective portion of changes in fair value of cash flow hedges (note 22)	**(0.3)**	(1.3)

Reconciliation of effective tax rate

	52 week period ended 28 March 2024			52 week period ended 30 March 2023		
	Underlying trading £m	Non-underlying items £m	Total £m	Underlying trading £m	Non-underlying items £m	Total £m
Profit for the period	**98.9**	**(19.7)**	**79.2**	112.0	(11.3)	100.7
Total tax expense/(credit)	**33.1**	**(6.6)**	**26.5**	24.4	(2.6)	21.8
Profit excluding taxation	**132.0**	**(26.3)**	**105.7**	136.4	(13.9)	122.5
Tax using the UK corporation tax rate for the period of 25% *(52 week period ended 30 March 2023: 19%)*	**33.0**	**(6.6)**	**26.4**	25.9	(2.6)	23.3
Impact of difference between deferred and current tax rates	**–**	**–**	**–**	(0.1)	–	(0.1)
Depreciation on expenditure not eligible for tax relief	**1.1**	**–**	**1.1**	0.8	–	0.8
Capital allowances super-deduction	**–**	**–**	**–**	(1.7)	–	(1.7)
Expenditure not eligible for tax relief	**2.1**	**–**	**2.1**	1.1	–	1.1
Adjustments in respect of prior periods	**(3.1)**	**–**	**(3.1)**	(1.6)	–	(1.6)
Total tax expense	**33.1**	**(6.6)**	**26.5**	24.4	(2.6)	21.8

The UK corporation tax standard rate for the 52 week period ended 28 March 2024 was 25% (52 week period ended 30 March 2023: 19%). The effective tax rate before non-underlying items for the 52 week period ended 28 March 2024 was 25% (52 week period ended 30 March 2023: 17.9%). The effective tax rate after non-underlying items for the 52 week period ended 28 March 2024 was 25.1% (52 week period ended 30 March 2023: 17.8%).

9 Dividends paid and proposed

	Group and Company	
	52 week period ended 28 March 2024 £m	52 week period ended 30 March 2023 £m
Declared and paid during the period		
Final dividend of 8.3p per share (2022: 7.5p per share)	**39.5**	37.0
Interim dividend of 4.5p per share (2023: 4.5p per share)	**21.2**	21.7
Proposed for approval by shareholders at the AGM		
Final dividend of 8.3p per share (2023: 8.3p per share)	**38.8**	40.1

The trustees of the following holdings of Pets at Home Group Plc shares under the Pets at Home Group Employee Benefit Trust have waived or otherwise foregone any and all dividends paid in relation to the periods ended 28 March 2024 and 30 March 2023 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 28 March 2024: 5,564,701 shares; holding at 30 March 2023: 5,323,525 shares).

10 Business combinations

In the 52 week period ended 28 March 2024, the Group has acquired 100% of the 'A' shares of eight veterinary practices and 75% of the 'A' shares of one veterinary practice, 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 all or the majority of the 'A' shares has led to the control and consolidation of these practices. A detailed explanation for the basis of consolidation can be found in note 1.4.

In the 52 week period ended 28 March 2024, £1.6m of operating loans relating to these practices were written off in advance of the acquisitions (see note 17).

Up to the date of acquisition and in the comparative period being the 52 week period ending 30 March 2023, these entities listed below were all accounted for as a Joint Venture veterinary practice where the Group held 100% of the non-participatory 'B' ordinary shares. Acquisition of the 'A' shares has led to the 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 in the 52 week period ended 28 March 2024

	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
Leigh Vets4Pets Limited	Veterinary practice	22/06/2023	50%	100%	–
Companion Care (Telford)Limited	Veterinary practice	07/07/2023	50%	100%	0.2
Companion Care (Farnham) Limited	Veterinary practice	10/11/2023	50%	100%	0.1
Wakefield Vets4Pets Limited	Veterinary practice	22/12/2023	50%	100%	0.2
Tilehurst Vets4Pets Limited	Veterinary practice	08/01/2024	50%	100%	0.1
Companion Care (Salisbury) Limited	Veterinary practice	24/01/2024	50%	100%	0.2
Companion Care (Kings Lynn) Limited	Veterinary practice	13/02/2024	50%	100%	0.1
Larne Vets4Pets Limited	Veterinary practice	14/03/2024	50%	100%	0.1
Gamston Vets4Pets Limited	Veterinary practice	29/02/2024	50%	75%	–

Notes (forming part of the financial statements) continued

10 Business combinations continued

Assets acquired and liabilities recognised at the date of acquisition

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisitions are as follows. The acquisition disclosures have been combined as each acquisition is considered to be individually immaterial to the Group. On acquisition, assets and liabilities are revalued to fair value. Pre existing relationships between the Group and acquired Joint Venture practice are not considered part of the business combination and have been removed from the fair values of assets and liabilities recognised on acquisition.

	Fair value of assets and liabilities acquired £m
Current assets	
Trade and other receivables	0.2
Inventories	0.1
Non-current assets	
Tangible fixed assets	0.4
Current liabilities	
Bank loans	(0.2)
Trade and other payables	(0.5)
Net assets/(liabilities)	–

Goodwill arising on acquisition

	£m
Consideration	1.0
Less: Fair value of assets acquired	–
Goodwill arising on acquisition	1.0
Impairment of goodwill	–
Carrying value of goodwill	1.0

The consideration shown within the table above relates to both consideration for the purchase of A-shares and cash settlement of 'A' shareholder Joint Venture Partner loans, which were repaid to the 'A' shareholder at the point of acquisition.

The goodwill acquired on the purchase of the nine Joint Venture practices has been allocated to the Vet Group CGU and relates to expected future cashflows from combining operations.

In the 52 week period ended 30 March 2023, the Group acquired 100% of the 'A' shares of six 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. A detailed explanation for the basis of consolidation can be found in note 1.4.

In the 52 week period ended 30 March 2023, £2.0m of operating loans relating to these practices were written off in advance of the acquisitions.

Subsidiaries acquired in the 52 week period ended 30 March 2023

	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
Accrington Vets4Pets Limited	Veterinary practice	16/06/2022	50%	100%	–
Companion Care (Banbury) Limited	Veterinary practice	24/06/2022	50%	100%	–
Companion Care (Chippenham) Limited	Veterinary practice	28/06/2022	50%	100%	–
Bangor Wales Vets4Pets Limited	Veterinary practice	19/10/2022	50%	100%	–
Newtownards Vets4Pets Limited	Veterinary practice	24/11/2022	50%	100%	–
Companion Care (Llantrisant) Limited	Veterinary practice	07/03/2023	50%	100%	0.5

	Book value of assets and liabilities acquired £m	Adjustments on acquisition £m	Fair value of assets and liabilities acquired £m
Current assets			
Cash and cash equivalents	0.1	–	0.1
Trade and other receivables	0.1	–	0.1
Inventories	0.1	–	0.1
Non-current assets			
Tangible fixed assets	0.3	–	0.3
Intangible assets	0.1	0.3	0.4
Non-current liabilities			
Lease liabilities	–	–	–
Current liabilities			
Bank loans	(0.2)	–	(0.2)
Overdrafts	(0.2)	–	(0.2)
Partner loans	(0.4)	0.4	–
Trade and other payables	(2.4)	2.1	(0.3)
Net (liabilities)/assets	**(2.5)**	**2.8**	**0.3**

Assets acquired and liabilities recognised at the date of acquisition
The amounts recognised in respect of identifiable assets and liabilities relating to the acquisitions are as follows. The acquisition disclosures have been combined as each acquisition is considered to be individually immaterial to the Group.

Goodwill arising on acquisition of veterinary practice subsidiaries in 52 week period ended 30 March 2023

	£m
Consideration	0.5
Less: Fair value of assets acquired	(0.3)
Goodwill arising on acquisition	0.2
Impairment of goodwill	–
Carrying value of goodwill	0.2

The consideration shown within the table above relates to both consideration for the purchase of A-shares and cash settlement of 'A' shareholder Joint Venture Partner loans, which were repaid to the 'A' shareholder at the point of acquisition.

In line with IFRS3, the right-of-use asset has been brought on at value equal to the lease liability, adjusted for any unfavourable market conditions. These leases relate to standalone veterinary practices.

The goodwill acquired on the purchase of the six Joint Venture practices has been allocated to the Vet Group CGU.

Notes (forming part of the financial statements) continued

11 Property, plant and equipment

	Freehold property £m	Leasehold improvements £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
Cost					
Balance at 30 March 2023	2.4	78.0	296.4	28.5	405.3
Additions	–	5.9	30.9	–	36.8
On acquisition (note 10)	–	0.4	–	–	0.4
Transfers[1]	–	–	–	5.7	5.7
Brought into use	–	(0.1)	19.9	(19.8)	–
Disposals	–	(1.7)	(1.8)	–	(3.5)
Balance at 28 March 2024	**2.4**	**82.5**	**345.4**	**14.4**	**444.7**
Depreciation					
Balance at 30 March 2023	0.4	36.7	221.3	–	258.4
Depreciation charge for the period	–	5.9	24.8	–	30.7
Disposals	–	(1.1)	(1.4)	–	(2.5)
Balance at 28 March 2024	**0.4**	**41.5**	**244.7**	**–**	**286.6**
Net book value					
At 30 March 2023	2.0	41.3	75.1	28.5	146.9
At 28 March 2024	**2.0**	**41.0**	**100.7**	**14.4**	**158.1**

1 The transfers balance of £5.7m is in relation to assets previously categorised within software under construction within intangibles.

	Freehold property £m	Leasehold improvements £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
Cost					
Balance at 31 March 2022	2.4	65.7	261.6	12.7	342.4
Additions	–	11.7	34.5	19.1	65.3
On acquisition (note 10)	–	0.2	0.1	–	0.3
Brought into use	–	0.8	0.8	(1.6)	–
Transfers	–	–	–	(1.7)	(1.7)
Disposals	–	(0.4)	(0.6)	–	(1.0)
Balance at 30 March 2023	2.4	78.0	296.4	28.5	405.3
Depreciation					
Balance at 31 March 2022	0.4	32.9	200.2	–	233.5
Depreciation charge for the period	–	4.4	21.7	–	26.1
Disposals	–	(0.6)	(0.6)	–	(1.2)
Balance at 30 March 2023	0.4	36.7	221.3	–	258.4
Net book value					
At 31 March 2022	2.0	32.8	61.4	12.7	108.9
At 30 March 2023	2.0	41.3	75.1	28.5	146.9

12 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 20 years. The Group also has a number of non-property operating leases relating to vehicle, equipment and material handling equipment with remaining lease terms of between 1 and 6 years.

Right-of-use assets

	Property £m	Equipment £m	Total £m
Cost			
Balance at 30 March 2023	614.8	20.3	635.1
Additions	27.2	2.6	29.8
Disposals	(1.5)	(0.7)	(2.2)
Balance at 28 March 2024	**640.5**	**22.2**	**662.7**
Depreciation			
Balance at 30 March 2023	263.5	12.0	275.5
Depreciation charge for the period	64.5	4.3	68.8
Disposals	(0.2)	(0.7)	(0.9)
Balance at 28 March 2024	**327.8**	**15.6**	**343.4**
Net book value			
At 30 March 2023	351.3	8.3	359.6
At 28 March 2024	**312.7**	**6.6**	**319.3**

The costs relating to leases for which the Group applied the practical expedient described in paragraph 5a of IFRS16 (leases with a contract term of less than 12 months) amounted to £0.0m in the 52 week period ended 28 March 2024.

	Property £m	Equipment £m	Total £m
Cost			
Balance at 31 March 2022	531.6	16.6	548.2
Additions	83.4	4.0	87.4
Cost reallocation	(0.2)	–	(0.2)
Disposals	–	(0.3)	(0.3)
Balance at 30 March 2023	614.8	20.3	635.1
Depreciation			
Balance at 31 March 2022	199.2	8.9	208.1
Depreciation charge for the period	64.1	3.4	67.5
Cost reallocation	0.2	–	0.2
Disposals	–	(0.3)	(0.3)
Balance at 30 March 2023	263.5	12.0	275.5
Net book value			
At 31 March 2022	332.4	7.7	340.1
At 30 March 2023	351.3	8.3	359.6

The costs relating to leases for which the Group applied the practical expedient described in paragraph 5a of IFRS16 (leases with a contract term of less than 12 months) amounted to £0.1m in the 52 week period ended 30 March 2023.

Notes (forming part of the financial statements) continued

12 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:

Maturity analysis – contractual undiscounted cash flows

	At 28 March 2024 £m	At 30 March 2023 £m
Less than one year	**79.8**	83.3
Between one and three years	**133.9**	145.3
Between three and five years	**86.1**	99.5
Between five and ten years	**96.5**	103.9
More than ten years	**43.0**	59.4
Total undiscounted lease liabilities	**439.3**	491.4
Carrying value of lease liabilities included in the statement of financial position	**380.8**	421.4
Current	**79.8**	83.3
Non-current	**301.0**	338.1

For the lease liabilities at 28 March 2024 a 0.1% change in the discount rate used would have increased the carrying value of lease liabilities by £1.0m (30 March 2023: £1.8m).

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 4.8% to 5.4% 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 in note 21.

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 if necessary. An onerous lease provision was recognised where management believed there was 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.

13 Intangible assets

	Goodwill £m	Customer lists and 'know-how' £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	1.0	–	6.1	–	7.1
Transfers[1]	–	–	–	(5.7)	(5.7)
Brought into use	–	–	2.4	(2.4)	–
Disposals	(0.8)	(0.4)	(0.1)	–	(1.3)
Balance at 28 March 2024	**959.5**	**6.6**	**80.1**	**0.2**	**1,046.4**
Amortisation					
Balance at 30 March 2023	0.1	1.7	55.0	–	56.8
Amortisation charge for the period	–	0.2	9.9	–	10.1
Disposals	–	(0.2)	-	–	(0.2)
Balance at 28 March 2024	**0.1**	**1.7**	**64.9**	**–**	**66.7**
Net book value					
At 30 March 2023	959.2	5.3	16.7	8.3	989.5
At 28 March 2024	**959.4**	**4.9**	**15.2**	**0.2**	**979.7**

[1] Transfer balance of (£5.7)m relates to assets previously categorised within software under construction which are now within property, plant and equipment.

	Goodwill £m	Customer lists and 'know-how' £m	Software £m	Software under construction £m	Total £m
Cost					
Balance at 31 March 2022	959.1	6.7	68.3	–	1,034.1
Additions	–	–	5.5	4.5	10.0
On acquisition (note 10)	0.2	0.4	–	–	0.6
Transfers[1]	–	–	(4.0)	5.7	1.7
Brought into use	–	–	1.9	(1.9)	–
Disposals	–	(0.1)	–	–	(0.1)
Balance at 30 March 2023	959.3	7.0	71.7	8.3	1,046.3
Amortisation					
Balance at 31 March 2022	0.1	1.0	45.9	–	47.0
Amortisation charge for the period	–	0.7	9.1	–	9.8
Balance at 30 March 2023	0.1	1.7	55.0	–	56.8
Net book value					
At 31 March 2022	959.0	5.7	22.4	-	987.1
At 30 March 2023	959.2	5.3	16.7	8.3	989.5

1 Included within the cost of assets under construction in fixed assets brought forward at 31 March 2022 was £1.7m which related to software assets under construction. These have been reallocated to intangible assets as at 30 March 2023. A further £4.0m of software assets under construction were classified as software assets in use at 31 March 2022. These have been reallocated to software assets under construction.

Impairment testing

Cash generating units ('CGUs'), as defined by IAS36, within the Group are considered to be aligned to the operating segments as shown in the table below. Within the Retail operating segment, the CGU comprises the body of stores, online operations, grooming operations and insurance operations. Within the Vet Group operating segment, the CGU comprises the General Practice veterinary practices and the veterinary telehealth business, hereafter disclosed as The Vet Connection ('TVC'). Revenue and costs are allocated to a segment and CGU where reasonably possible.

During the 52 weeks ending 28 March 2024, the Group incorporated TVC into the Vet Group segment and TVC no longer generates independent cashflows, since its resources are now pooled with the resources of the Vet Group. On this basis, management have concluded that the TVC business is no longer a standalone CGU as it is not capable of generating independent cashflows and has been subsumed into the Vet Group CGU.

As at 28 March 2024 and 30 March 2023, the Group is deemed to have CGUs as follows:

	Goodwill	
	At 28 March 2024 £m	At 30 March 2023 £m
Retail	**586.1**	586.1
TVC[1]	**–**	11.1
Vet Group	**373.3**	362.0
Total	**959.4**	959.2

The recoverable amount of the CGU has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	52 week period ended 28 March 2024		52 week period ended 30 March 2023		
	Retail	**Vet Group**	Retail	Vet Group	TVC[1]
Period on which management approved forecasts are based (years)	**5**	**5**	5	5	5
Growth rate applied beyond approved forecast period	**2.0%**	**3.5%**	2.0%	3.5%	2.0%
Discount rate (pre-tax)	**11%**	**12%**	12%	11%	11%
Gross profit margin (average over next 5 years)	**45%**	**60%**	46%	61%	61%

1 TVC was incorporated within the Vet group reporting in the 52 weeks ending 28 March 2024.

Notes (forming part of the financial statements) continued

13 Intangible assets continued

The goodwill is considered to have an indefinite useful economic life and the recoverable amount is determined based on 'value-in-use' calculations. These calculations use a post-tax cash flow projection based on a five-year plan approved by the Board. For the purposes of intangible asset impairment testing, the model removes all cash flows associated with business units (for example stores or practices yet to open, but within the planning horizon) which the Group has a strategic intention to invest capital in, but has not yet done so, thus ensuring that the future cash flows used in modelling for impairment exclude any cash flows where the investment is yet to take place, in accordance with the requirements of IAS36 to exclude capital expenditure to improve asset performance. Contributions from and costs associated with new stores and veterinary practices which are already operational at the impairment test date are included in the cash flows. Cashflows related to the central segment have been allocated between both CGUs on a proportionate basis. The Group reviews components within CGUs such as stores and veterinary practices for indicators of impairment. This approach is consistent with impairment reviews carried out in the 2023 financial statements.

The Retail forecast assumptions reflect continual innovation and our deep understanding of our customers, incorporating assumptions based on past experience of the industry, products and markets in which the CGU operates, in order to generate the detailed assumptions used in the annual budget setting process, and five year strategic planning process. The Vet Group forecast assumptions are based on a deep understanding of the maturity profile of the practices and their performance, incorporating assumptions based on past experience of the industry, services and markets in which the CGU operates in order to generate the detailed assumptions used in the annual budget setting process, and five year strategic planning process. These linkages are embedded in the revenue growth assumption as a result of offering online veterinary consultations as an additional service to Joint Venture veterinary practices. The projections are based on all available information and growth rates do not exceed growth rates experienced in prior periods. A different set of assumptions may be more appropriate in future years depending on changes in the macro-economic environment and the industry in which each CGU operates. The Group has considered key risk factors such as climate change, recessionary impacts, current geopolitical tensions, continuing global supply chain issues, inflationary pressures and the impact of consumer confidence in addition to the impact of climate change and in particular the risks identified in the Task Force on Climate Related Financial Disclosures ('TCFD') scenario analysis conducted in undertaking this assessment.

The discount rate was estimated based on past experience and the weighted average cost of capital is adjusted to reflect a market participant view. A post tax discount rate was used within the value in use calculation and adjustments made to calculate the pre-tax discount rate which is disclosed above in line with IAS36 requirements.

The Directors have assumed a growth rate projection beyond the five-year period based on market growth rates based on past experience within the Group, taking into account the economic growth forecasts within the relevant industries. The long-term growth rate in the Vet Group CGU exceeds the long-term average for the UK but is an appropriate rate due to the growth in the petcare industry.

The total recoverable amount in respect of goodwill for the CGUs as assessed by the Directors using the above assumptions is greater than the carrying amount and therefore no impairment charge has been recorded in each period.

Within the Retail and Vet Group CGUs, a number of sensitivities have been applied to the assumptions in reaching this conclusion including:

- Reduction in growth rate applied beyond forecast period by 100 bps
- Increasing the discount rate by 100 bps
- Reduction in gross margin percentage of 100 bps

None of the above, considered reasonably possible changes in assumptions, would result in impairment when applied either individually or collectively.

The Directors consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess of the recoverable amount over the carrying value.

14 Inventories

	At 28 March 2024 £m	At 30 March 2023 £m
Finished goods	**97.5**	108.6

The cost of inventories recognised as an expense and included in 'cost of sales' is £687.1m (52 week period ended 30 March 2023: £642.6m).

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 28 March 2024 the inventory provision amounted to £4.1m (30 March 2023: £4.0m). 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 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%

In addition, a provision is held to account for store stock losses during the period since which the SKU was last counted. The value of inventory against which an ageing provision is held is £8.5m (30 March 2023: £8.4m).

In the 52 week period ended 28 March 2024, the value of inventory written off to the income statement amounted to £10.3m (52 week period ended 30 March 2023: £9.6m).

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	At 28 March 2024			At 30 March 2023		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Property, plant and equipment	–	(6.1)	(6.1)	–	(2.2)	(2.2)
Financial assets	0.2	–	0.2	1.0	–	1.0
Financial liabilities	–	–	–	–	(0.5)	(0.5)
Other short-term timing differences	1.9	(0.8)	1.1	3.4	(0.9)	2.5
Share based payments	0.1	–	0.1	1.1	–	1.1
Net deferred tax assets/(liabilities)	2.2	(6.9)	(4.7)	5.5	(3.6)	1.9

Movement in deferred tax during the period

	30 March 2023 £m	Recognised in income £m	Recognised in equity £m	28 March 2024 £m
Property, plant and equipment	(2.2)	(3.9)	–	(6.1)
Net financial assets/(liabilities)	0.5	–	(0.3)	0.2
Other short-term timing differences	2.5	(1.4)	–	1.1
Share based payments	1.1	–	(1.0)	0.1
	1.9	(5.3)	(1.3)	(4.7)

Other short-term timing differences primarily relate to inventory provisions.

Movement in deferred tax during the prior period

	31 March 2022 £m	Recognised in income £m	Recognised in equity £m	30 March 2023 £m
Property, plant and equipment	1.9	(4.1)	–	(2.2)
Net financial assets/(liabilities)	(0.8)	–	1.3	0.5
Other short-term timing differences	(3.1)	5.6	–	2.5
Share based payments	3.1	–	(2.0)	1.1
	1.1	1.5	(0.7)	1.9

Company

Movement in deferred tax during the period

	30 March 2023 £m	Recognised in income £m	Recognised in equity £m	28 March 2024 £m
Net financial liabilities	(0.4)	–	0.4	–
Other short-term timing differences	2.1	(1.3)	–	0.8
Share based payments	1.1	–	(1.0)	0.1
	2.8	(1.3)	(0.6)	0.9

The rate used to calculate deferred tax assets and liabilities is 25% based on the rate at which the majority of items are expected to reverse.

Movement in deferred tax during the period

	31 March 2022 £m	Recognised in income £m	Recognised in equity £m	30 March 2023 £m
Net financial liabilities	(0.3)	–	(0.1)	(0.4)
Other short-term timing differences	–	2.1	–	2.1
Share based payments	3.1	–	(2.0)	1.1
	2.8	2.1	(2.1)	2.8

The rate used to calculate deferred tax assets and liabilities is 25% based on a blended rate at which the majority of items are expected to reverse.

Notes (forming part of the financial statements) continued

16 Other financial assets and liabilities

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Non-current assets				
Investments in Joint Venture veterinary practices	**2.7**	0.4	**–**	–
Loans to Joint Venture veterinary practices – initial set up loans	**5.2**	6.6	**–**	–
Loans to Joint Venture veterinary practices – other loans	**0.5**	1.2	**–**	–
Other investments	**2.0**	2.1	**–**	–
Other receivables	**0.5**	0.6	**–**	–
	10.9	10.9	**–**	–

Investments in Joint Venture veterinary practices

The Investments in Joint Venture veterinary practices balance of £2.7m (2023: £0.4m) comprises of two parts; £0.2m (2023: £0.4m) represents the 'B' share capital in Joint Venture veterinary practice companies and £2.5m (2023: nil) relates to capital contributions made to these companies for extensions and improvements to their practice residences. These investments are held at cost less impairment. In relation to the share, the fair values of investments in unlisted equity securities are considered to be their carrying value which is the cost to the Group on recognition as the impact of discounting future cash flows has been assessed as not material and the investment is non-participatory. The share capital of the veterinary practice companies is split equally into 'A' ordinary shares (held by Joint Venture Partners) and 'B' ordinary shares (held by the Group). Any operational decisions require the agreement of the Joint Venture Partner. Under the terms of the agreements, the Group ('B' shareholder) is not entitled to any profits, losses or dividends, or any surplus on winding up or disposal, although it is entitled to appoint Directors to the Board and carry the same shareholder voting rights as 'A' ordinary shareholders. The agreements entitle the Group to receive income in relation to support services offered in such areas as clinical development, promotion and methods of operation as well as service activities including accountancy, legal and property.

Loans to Joint Venture veterinary practices – initial set up loans

Loans to Joint Venture veterinary practices of £5.2m (2023: £6.6m) are provided to Joint Venture veterinary practice companies trading under the Companion Care, Vets4Pets or VetsforPets brands, in which the Group's share interest is non-participatory. These loans support their initial set up and working capital, and are held at amortised cost under IFRS9. The loans are initially recorded at fair value and subsequently measured at amortised cost as the impact of discounting future cash flows at a market rate of interest has been assessed as not material. Under the terms of the loans provided to veterinary companies trading under the Companion Care, Vets4Pets, Vets4Pets or VetsforPets brands the loans attract varying interest rates between 2% and 3%. There is no set date for repayment of the loans due to the Group.

The balances are shown net of an expected credit loss ('ECL') of £0.6m (2023: £1.0m).

	Gross loan value £m	Expected credit loss £m	Carrying value of loan £m
As at 30 March 2023	7.6	(1.0)	6.6
Net repayment and further advances	(1.8)	–	(1.8)
Provisions released during the period	–	0.4	0.4
As at 28 March 2024	**5.8**	**(0.6)**	**5.2**

Analysis of expected credit loss by risk category

The following table presents an analysis of the credit risk and credit impairment of initial set up loans held at amortised cost. The loans are categorised as performing, significant increase in credit risk or in default in accordance with the policy set out in note 1.16. The loss allowance is calculated depending on the credit risk of each loan, the Group's expectations of future cash flow recoverability and practice age in accordance with the policy set out in note 1.16.

Credit risk	At 28 March 2024 £m	At 30 March 2023 £m
Performing	**5.2**	6.6
Significant increase in credit risk	**0.6**	1.0
Gross carrying amount	**5.8**	7.6
Loss allowance	**(0.6)**	(1.0)
Net carrying amount	**5.2**	6.6

Loans to Joint Venture veterinary practices – other loans

Loans to Joint Venture veterinary practices – other loans of £0.5m (2023: £1.2m) represent loan balances to Joint Venture veterinary practices. These loans are unsecured, typically for five to seven years and attract an interest rate of SONIA plus 2.8%. The loans are accounted for at amortised cost under IFRS9. The carrying value is considered to be the fair value on the day the loans were granted as the impact of discounting future cash flows at a market rate of interest has been assessed as not material. The loans are typically to support capacity expansion.
The balances have been assessed under the criteria in note 1.16 as fully performing. Any expected credit losses are immaterial (2023: £nil).

	Gross loan value £m	Expected credit loss £m	Carrying value of loan £m
As at 30 March 2023	1.2	–	1.2
Net repayment and further advances	(0.7)	–	(0.7)
Provisions made during the period	–	–	–
As at 28 March 2024	**0.5**	**–**	**0.5**

Other investments

Other investments are held at fair value through other comprehensive income ('FVOCI'). The fair values 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.

	Group		Company	
Other financial assets	**At 28 March 2024 £m**	**At 30 March 2023 £m**	**At 28 March 2024 £m**	**At 30 March 2023 £m**
Current assets				
Fuel forward contracts	**0.1**	–	**–**	–
Interest rate swaps	**–**	2.0	**–**	2.0
Forward exchange contracts	**0.2**	–	**–**	–
Other receivables	**–**	0.2	**–**	–
	0.3	2.2	**–**	2.0

	Group		Company	
Other financial liabilities	**At 28 March 2024 £m**	**At 30 March 2023 £m**	**At 28 March 2024 £m**	**At 30 March 2023 £m**
Current liabilities				
Fuel forward contracts	**–**	(0.3)	**–**	–
Forward exchange contracts	**(1.0)**	(3.4)	**–**	–
	(1.0)	(3.7)	**–**	–

	Group		Company	
	At 28 March 2024 £m	**At 30 March 2023 £m**	**At 28 March 2024 £m**	**At 30 March 2023 £m**
Non-current liabilities				
Interest rate swaps	**–**	(0.4)	**–**	(0.4)
	–	(0.4)	**–**	(0.4)

Notes (forming part of the financial statements) continued

17 Trade and other receivables

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Current assets				
Trade receivables	**13.9**	13.5	**–**	–
Amounts owed by JV practices – funding for new practices	**0.4**	–	**–**	–
Amounts owed by Joint Venture veterinary practices – operating loans	**5.8**	10.4	**–**	–
Amounts owed by Joint Venture veterinary practices – trading balances	**10.9**	11.5	**–**	–
Other receivables	**6.3**	5.7	**–**	–
Prepayments	**9.3**	3.4	**–**	–
Accrued income	**14.3**	7.3	**–**	–
Non-current assets				
Amounts owed by Group undertakings	**–**	–	**663.3**	578.4
	60.9	51.8	**663.3**	578.4

Trade and other receivables

The carrying amount of trade and other receivables approximates to the fair value. Supplier income is included with trade and other receivables, this has been invoiced where there is no legal right to offset. The impairment of trade and other receivables is assessed in line with IFRS9. As at 28 March 2024 and 30 March 2023 the impact of expected credit loss on these balances was deemed to be immaterial and as such no provision has been made.

The Group apply the simplified approach under IFRS9 and default to lifetime expected credit loss. The ECL is immaterial on the trade receivables balance for the 52 week period ended 28 March 2024 (52 week period ended 30 March 2023: £nil).

Amounts owed by Joint Venture veterinary practices

Amounts owed by Joint Venture veterinary practices represent trading balances and operating loans owed by Joint Venture veterinary practices to the Group.

The impairment of amounts owed by Joint Venture veterinary practices relating to trading balances are assessed in line with IFRS 9. As at 28 March 2024 and 30 March 2023, the impact of expected credit loss on these balances was deemed to be immaterial due to the short-term nature of these balances and as such no provision has been made.

Operating loans are provided on a short-term monthly cycle to the extent that a practice requires additional funding above their external bank loan. Practices generate cash on a monthly basis which is applied to the repayment of brought forward operating loans. For immature practices, loan balances may increase due to operating requirements. Based on a projected cash flow forecast on a practice by practice basis, the funding is expected to be required for a number of years, however as cash is applied against opening loan balances, the Group's expectation is that the brought forward balance will be repaid in cash within 12 months. The loans have been classified as current on this basis and the Group has chosen not to charge interest on these balances, and they are initially recognised under IFRS9 at their nominal value as the effect of discounting the expected cash flows based on the effective interest rate at the market rate of interest is not material. 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 practices' performance against business plan and a number of financial and non-financial KPIs in accordance with the policy set out in note 1.16.

For those practices in default, a credit impairment charge is recognised under IFRS9 taking into account the Group's expectations of future cash flow recoverability. For other practices, a credit impairment charge is recognised under IFRS9, taking into account both the probability of loss and the loss proportion given default.

The balances above are shown net of allowances for expected credit losses held for operating loans of £3.0m (2023: £3.4m). The basis for this allowance and the movement in the period is set out below.

Group

	Gross loan value £m	Expected credit loss £m	Carrying value of loan £m
As at 30 March 2023	13.8	(3.4)	10.4
Loans written off	(1.6)	–	(1.6)
Net repayment and further advances	(3.4)	–	(3.4)
Utilisation of provision	–	1.1	1.1
Provisions made during the period	–	(0.7)	(0.7)
As at 28 March 2024	8.8	(3.0)	5.8

During the 52 week period ended 28 March 2024, £1.6m of operating loans which were deemed to be in default were written off in advance of the acquisition of the 'A' shares (52 week period ended 30 March 2023: £2.0m) which led to the control and consolidation of these practices. Further details of these acquisitions are provided in note 10.

The Group continues to work with a number of Joint Venture Partners, where the partners choose to follow the Group's recommendations on remediation plans aimed at improving practice performance. Further details regarding credit risk are provided in note 1.16.

The following table presents an analysis of the credit risk and credit impairment of operating loans held at amortised cost. Based on their future cashflow forecast, loans are categorised as performing or in default. The loss allowance is calculated in accordance with the policy set out in note 1.16, depending on the credit risk of each loan.

Credit risk	At 28 March 2024 £m	At 30 March 2023 £m
Performing	**5.3**	9.1
In default	**3.5**	4.7
Gross carrying amount	**8.8**	13.8
Loss allowance	**(3.0)**	(3.4)
Net carrying amount	**5.8**	10.4

Should forecast cash flows, as defined by the risk criteria in note 1.16, decrease by 0.5% over the 10-year time horizon, this would lead to an increase in the required provision for operating loans of £0.8m (30 March 2023: £0.8m). This sensitivity is considered by management to represent a reasonably possible range of estimation uncertainty, based on the variance in current trading performance within these Joint Venture veterinary practices. The factors which give rise to the estimation uncertainty include macro-economic and industry specific factors, including the level of industry growth, as well as gross margin percentages achieved within the industry, which contain a number of factors including the availability of suitably qualified veterinary personnel. Further details are provided in note 27.

Accrued income

Accrued income relates to income in relation to fees to Joint Venture veterinary practices and overrider and promotional income from suppliers which have not yet been invoiced. Accrued income is classified as current as it is expected to be invoiced and received within 12 months of the period end date. Supplier income is recognised on an accruals basis, based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. As detailed in note 1.19, supplier income is recognised as a credit within gross margin to cost of sales and is outside of the scope of IFRS15. Further detail of the Group's revenue recognition policy is provided in note 1.19.

Company

Amounts owed by Group undertakings

Amounts owed by Group undertakings are repayable on demand bearing no interest and with no expectation that it will be settled within the next 12 months. The ECL calculated under IFRS 9 is not material.

18 Cash and cash equivalents

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Cash at bank	**57.1**	178.0	**–**	0.4

19 Other interest-bearing loans and borrowings

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Non-current liabilities				
Unsecured bank loans	**22.2**	97.3	**22.2**	97.3
Asset backed loans	**21.1**	22.0	**–**	–
Total	**43.3**	119.3	**22.2**	97.3

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Current liabilities				
Asset backed loans	**2.2**	1.2	**–**	–

Notes (forming part of the financial statements) continued

19 Other interest-bearing loans and borrowings continued

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value at 28 March 2024 £m	Carrying amount at 28 March 2024 £m	Face value at 30 March 2023 £m	Carrying amount at 30 March 2023 £m
Revolving credit facility	GBP	SONIA +1.30%	2028	**25.0**	**22.2**	100.0	97.3
Asset backed loan	GBP	SONIA + 1.50%	2030	**23.3**	**23.3**	23.3	23.2
Total				**48.3**	**45.5**	123.3	120.5

The drawn amount on the £300.0m revolving credit facility was £25.0m at 28 March 2024 (drawn amount on the £300.0m revolving credit facility was £100.0m at 30 March 2023) and this amount is reviewed each month. Interest is charged at SONIA plus a margin based on leverage on a pre-IFRS16 basis (net debt: EBITDA). The loan also has ESG linked metrics which will be 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 28 March 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 28 March 2024 £m	At 30 March 2023 £m
Within one year or repayable on demand	**2.2**	1.2
Between one and two years	**4.3**	3.7
Between two and five years	**37.9**	111.2
Greater than five years	**3.9**	7.2
	48.3	123.3

The £25.0m revolving credit facility at 28 March 2024 is held by the Company. The £23.3m of asset backed loan are 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. The Group has fixed interest rate swap agreements over a total £50.0m of senior facility borrowing at a blended fixed rate of 5.058% which expires in September 2024.

The hedges are structured to hedge at least 70% of the forecast outstanding debt for the next 12 months.

Analysis of changes in net debt

	At 30 March 2023 £m	Cash flow £m	Non-cash movement £m	At 28 March 2024 £m
Cash and cash equivalents	178.0	(120.9)	–	**57.1**
Debt due within one year	(1.2)	–	(1.0)	**(2.2)**
Debt due after one year	(122.1)	75.0	1.0	**(46.1)**
Net debt	54.7	(45.9)	–	**8.8**

20 Trade and other payables

	Group		Company	
	At 28 March 2024 £m	At 30 March 2023 £m	At 28 March 2024 £m	At 30 March 2023 £m
Current				
Trade payables	**138.2**	155.5	**–**	–
Accruals and deferred income	**74.9**	68.5	**2.8**	1.5
Amounts owed to Joint Venture veterinary practices	**0.8**	4.5	**–**	–
Other payables including tax and social security	**35.3**	32.7	**–**	–
Amounts owed to Group undertakings	**–**	–	**813.5**	616.5
	249.2	261.2	**816.3**	618.0

Amounts owed to Joint Venture veterinary practices that relate to trading balances are interest free and repayable on demand.

Within accruals and deferred income above, contract liabilities under IFRS15 of £0.4m (2023: £0.5m) relate to advanced consideration received from customers in relation to gift vouchers, cards and points redeemable by charities. This revenue will be recognised as the vouchers, cards and points are redeemed, which is expected to be over the next two years.

Within accruals above, contract liabilities under IFRS15 of £1.3m (2023: £1.9m) relate to advanced consideration received from customers in relation to online orders which have not yet been delivered. This revenue will be recognised as the online orders are delivered to customers, which is expected to be in less than one week from the balance sheet date.

21 Provisions

	Dilapidation provision £m	Closed stores provision £m	Provisions for exit and closure costs relating to Joint Venture veterinary practices £m	Provision for exit and closure costs relating to existing Distribution Centres £m	Total £m
Balance at 30 March 2023	9.2	0.7	3.2	3.7	16.8
Provisions made during the period	0.3	–	3.7	2.8	6.8
Provisions utilised during the period	(0.7)	(0.6)	(2.3)	(2.6)	(6.2)
Provisions released	(4.6)	–	(0.1)	–	(4.7)
Balance at 28 March 2024	**4.2**	**0.1**	**4.5**	**3.9**	**12.7**

	At 28 March 2024 £m	At 30 March 2023 £m
Current	**7.6**	3.9
Non-current	**5.1**	12.9
	12.7	16.8

As a result of the closure and planned closure of the existing Distribution Centres on the transition to the Stafford Distribution Centre, at 28 March 2024, the Group has a provision of £1.4m (2023: £2.0m) for voluntary redundancies for colleagues employed at those sites. The Group also holds a provision of £2.5m (2023: £1.7m) for retention bonuses payable to colleagues who remain from the previous Distribution Centres provided they remain employed by the Group until the remaining sites close. Further information is provided in note 3.

The closed stores provision relates to the rates, service charge and utilities payable on vacant stores. The timing of the utilisation of these provisions is variable dependent upon the lease expiry dates of the properties concerned, which vary between one and three years. Market conditions have an impact and hence the assumptions on future cash flows are reviewed regularly and revisions to the provision made where necessary.

The dilapidations provision relates to the expected cost of repairs on leased properties at future lease expiry dates, all of which are expected to be within 2 years of the 52 weeks ending 28 March 2024, therefore the provision is not discounted. The timing of the utilisation of these provisions is variable depending on the expiry dates of the property leases concerned.

The provisions for exit and closure costs relating to Joint Venture veterinary practices relate to expenses for any Joint Venture veterinary practices that the Group has bought out or has offered to buy out from Joint Venture Partners, and therefore which have been provided for under IAS37. The timing of the utilisation of these provisions is variable dependent upon the lease expiry dates of the properties concerned, which vary between 2 and 13 years. Market conditions have a significant impact and hence the assumptions on future cash flows are reviewed regularly and revisions to the provision made where necessary.

Notes (forming part of the financial statements) continued

22 Capital and reserves

Share capital

Group

	Share capital Number	Share capital £m
At 31 March 2022	500,000,000	5.0
At 30 March 2023	483,197,785	4.8
At 28 March 2024	**467,911,542**	**4.7**

Company

	Share capital 28 March 2024 £m
At beginning of period	**4.8**
Nominal value of shares cancelled in year following purchase by the Group	**(0.1)**
On issue at period end – authorised	**4.7**

In the 52 week period ended 28 March 2024, the Company bought back and cancelled 15,286,243 ordinary shares for total consideration including stamp duty of £50.3m, at an average market value of 327 pence per share.

	Share capital 28 March 2024 £m
At beginning of period	5.0
Nominal value of shares cancelled in year following purchase by the Group	0.2
On issue at period end – authorised	4.8

In the 52 week period ended 30 March 2023, the Company bought back and cancelled 16,802,215 ordinary shares for total consideration including stamp duty of £50.3m, at an average market value of 298 pence per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Consolidation and Merger reserves

The consolidation reserve and the merger reserve arose as a result of the creation of Pets at Home Group Plc and its purchase of the existing group of companies as part of the Initial Public Offering in 2014. As part of the IPO, a number of shares in Plc were issued in exchange for various instruments or cash. The premium arising on the issue was allocated between the share premium and merger reserve. A consolidation reserve was also created which reflected the difference between Plc reserves and the consolidated equity of PAH Lux S.a.r.l as part of the IPO in 2014.

Capital redemption reserve

The capital redemption reserve comprised the par value of the 15.3m (2023:16.8m) shares purchased and cancelled as part of the share buyback programme completed in the 52 week period ended 28 March 2024.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 21 November 2011, the date of incorporation of Pets at Home Asia Ltd where the functional currency differs from that of the rest of the Group.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings

Included within the Group is Pets at Home Employee Benefit Trust ('EBT'). The EBT purchases shares to fund the share option schemes. As at 28 March 2024, the EBT held 5,564,701 ordinary shares (2023: 5,323,525) with a cost of £20,300,288 (2023: £19,546,982). The average purchase value of these shares as at 28 March 2024 was 364.8 pence per share (2023: 367.2 pence per share).

Other comprehensive income
28 March 2024

	Translation reserve £m	Cash flow hedging reserve £m	Total other comprehensive income £m
Other comprehensive income	–	–	–
Effective portion of changes in fair value of cash flow hedges	–	3.3	3.3
Net change in fair value of cash flow hedges reclassified to profit or loss	–	1.3	1.3
Deferred tax on changes in fair value of cash flow hedges	–	(0.3)	(0.3)
Total other comprehensive income	–	4.3	4.3

30 March 2023

	Translation reserve £m	Cash flow hedging reserve £m	Total other comprehensive income £m
Other comprehensive income	(0.1)	–	(0.1)
Effective portion of changes in fair value of cash flow hedges	–	(10.6)	(10.6)
Deferred tax on changes in fair value of cash flow hedges	–	1.3	1.3
Total other comprehensive income	(0.1)	(9.3)	(9.4)

23 Financial instruments

Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management framework
Risk management in respect of financial risk is carried out by the Group Treasury function under policies approved by the Board of Directors. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board provides written principles through its Group Treasury Policy for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The main objectives of the Group Treasury function are:

- To ensure shareholder and management expectations are managed on cash flow and earnings volatility resulting from financial market movements;
- To protect the expected cash flow and earnings from interest rate and foreign exchange fluctuations to within parameters acceptable to the Board and shareholders; and
- To control banking costs and service levels.

Market risk
Foreign currency risk
The Group sources a significant level of purchases in foreign currency, in the region of US$110m each financial year, and monitors its foreign currency requirements through short, medium and long-term cash flow forecasting. The value of purchases in US dollars continues to increase each year and the risk management policy has evolved with this increased risk.

At 28 March 2024, the Group's policy is to hedge up to 95% of the next 12 months and additionally up to 60% of the following six months out to 18 months forecast foreign exchange transactions, using foreign currency bank accounts and forward foreign exchange contracts. The transactions are deemed to be 'highly probable' and are based on historical knowledge and forecast purchase and sales projections.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments, except for derivatives which are based on notional amounts:

28 March 2024

	Euro £m	US Dollar £m	HKD £m	Total £m
Cash and cash equivalents	0.4	6.1	–	6.5
Trade payables	(2.8)	(3.2)	–	(6.0)
Forward exchange contracts	(0.2)	(0.6)	–	(0.8)
Balance sheet exposure	(2.6)	2.3	–	(0.3)

Notes (forming part of the financial statements) continued

23 Financial instruments continued

Market risk continued

Foreign currency risk continued

30 March 2023

	Euro £m	US Dollar £m	HKD £m	Total £m
Cash and cash equivalents	0.3	6.8	–	7.1
Trade payables	(2.9)	(7.2)	–	(10.1)
Forward exchange contracts	–	(3.3)	–	(3.3)
Balance sheet exposure	(2.6)	(3.7)	–	(6.3)

Sensitivity analysis

A 5% weakening of the following currencies against the pound sterling at the period end date in both years would have increased profit or loss or equity by the amounts shown below. This calculation is post the impact of hedging and assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity		Profit or loss	
	28 March 2024 £m	30 March 2023 £m	28 March 2024 £m	30 March 2023 £m
US Dollar	**–**	0.2	**(0.1)**	–
Euro	**–**	–	**0.1**	–

A 5% strengthening of the above currencies against the pound sterling in any period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Managing interest rate benchmark reform and associated risks.

The Group's exposure to sterling SONIA designated in hedging relationships is £48.3m at 28 March 2024, £25.0m of which represents the nominal amount of the hedging interest rate swap and the principal amount of the hedged sterling-denominated revolving credit facility.

Interest rate risk

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. As at 28 March 2024 the Group had a revolving credit facility with a face value totalling £25.0m and an asset backed loan with a face value of £23.3m. The Group's borrowings as at 28 March 2024 incur interest at a rate of 1.3% to 1.5% plus SONIA at the leverage prevalent in the period, which exposes the Group to cash flow interest rate risk. The analysis of loan repayments is detailed in note 19.

The Group's policy with regard to interest rate risk is to hedge the appropriate level of borrowings by entering into fixed rate agreements. From 25 September 2023 the Group has fixed interest rate swap agreements covering £50.0m of senior facility borrowing at a blended fixed rate of 5.058% which expires in September 2024. The hedge is structured to hedge at least 70% of the forecast outstanding debt for the next year.

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		Company	
	Book value At 28 March 2024 £m	Book value At 30 March 2023 £m	Book value At 28 March 2024 £m	Book value At 30 March 2023 £m
Fixed rate instruments				
Financial liabilities	**48.3**	100.0	**25.0**	100.0
Variable rate instruments				
Financial liabilities	**–**	23.3	**–**	–
Total financial liabilities	**48.3**	123.3	**25.0**	100.0

All borrowings bear a variable rate of interest based on SONIA. Group policy is to hedge at least 70% of the loans to ensure a fixed rate of interest. Therefore, designated above is the portion of the loan hedged by a fixed rate interest rate swap.

Sensitivity analysis

A change of 50 basis points in interest rates at the period end date would have increased/(decreased) equity and profit or loss by the amounts shown below post hedging. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for the comparative period.

	At 28 March 2024 £m	At 30 March 2023 £m
Equity		
Increase	**0.1**	0.5
Decrease	**(0.1)**	(0.5)
Profit or loss		
Increase	**0.1**	0.1
Decrease	**(0.1)**	(0.1)

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, investment securities and operating loans to Joint Venture veterinary practices.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Group ensures that the banks used for the financing of the revolving credit facilities and interest rate swap agreements hold an acceptable risk rating by independent parties.

The Group has in place certain guarantees over the bank loans taken out by a number of Joint Venture veterinary practice companies in which it holds an investment. Further details of these guarantees are disclosed in note 27. The performance of the Joint Venture veterinary practice companies is reviewed on an ongoing basis.

Exposure to credit risk

The Group's maximum exposure to credit risk, being the carrying amount of financial assets, is summarised in the table within the fair values section below.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management prepares and monitors rolling forecasts of the Group's cash balances based on expected cash flows to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without risking damage to the Group's reputation. Covenants are monitored on a regular basis to ensure there is no risk or breach which would lead to an 'Event of Default' and compliance certificates are issued as required to the syndicate agent.

The following are the contractual maturities of financial liabilities including estimates of interest payable based on SONIA rates at the end of the financial period:

Group

28 March 2024

	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Non-derivative financial liabilities						
Bank loans (note 19)	**45.5**	**48.3**	**2.2**	**4.3**	**37.9**	**3.9**
Trade payables (note 20)	**138.2**	**138.2**	**138.2**	**–**	**–**	**–**
	183.7	**186.5**	**140.4**	**4.3**	**37.9**	**3.9**

30 March 2023

	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Non-derivative financial liabilities						
Bank loans (note 19)	120.5	140.5	6.6	7.5	118.8	7.6
Trade payables (note 20)	155.5	155.5	155.5	–	–	–
	276.0	296.0	162.1	7.5	118.8	7.6

Notes (forming part of the financial statements) continued

23 Financial instruments continued

Liquidity risk continued

Company

28 March 2024

	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Non-derivative financial liabilities						
Bank loans (note 19)	**22.2**	**25.0**	**–**	**–**	**25.0**	**–**

30 March 2023

	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Non-derivative financial liabilities						
Bank loans (note 19)	97.3	111.9	4.0	2.7	105.2	–
	97.3	111.9	4.0	2.7	105.2	–

Liquidity risk and cash flow hedges

Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and to affect profit or loss:

Group

28 March 2024

	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Forward exchange contracts:						
Current liabilities (note 16)	**(1.0)**	**(1.0)**	**(1.0)**	**–**	**–**	**–**

30 March 2023

	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Interest rate swaps:						
Current assets (note 16)	2.0	2.0	2.0	–	–	–
Non-current liabilities (note 16)	(0.4)	(0.4)	–	(0.4)	–	–
Forward exchange contracts:						
Current liabilities (note 16)	(3.4)	(3.4)	(3.4)	–	–	–
Fuel forward contracts:						
Current liabilities (note 16)	(0.3)	(0.3)	(0.3)	–	–	–
	(2.1)	(2.1)	(1.7)	(0.4)	–	–

Company

28 March 2024

	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Interest rate swaps:						
Assets (note 16)	–	–	–	–	–	–
Liabilities (note 16)	–	–	–	–	–	–
	–	–	–	–	–	–

30 March 2023

	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Interest rate swaps:						
Assets (note 16)	2.0	2.0	2.0	–	–	–
Liabilities (note 16)	(0.4)	(0.4)	–	(0.4)	–	–
	1.6	1.6	2.0	(0.4)	–	–

Fair values of financial instruments

Investments

The fair values of investments 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.

Trade and other payables and receivables

The fair values of these items are considered to be their carrying value as the impact of discounting future cash flows has been assessed as not material.

Cash and cash equivalents

The fair value of cash and cash equivalents is its carrying amount where the cash is readily available. The fair value of short-term deposits approximates to the carrying amount because of the short maturity of these instruments.

Long-term and short-term borrowings

The fair value of bank loans and other loans approximates their carrying value as they have interest rates based on SONIA. The impact of credit risk has an immaterial impact on the fair value.

Short-term deposits

The fair value of short-term deposits is considered to be their carrying value as the balances are held in floating rate accounts where the interest rate is reset to market rates.

Derivative financial instruments

The fair values of forward exchange contracts and interest rate swap contracts are calculated by management based on external valuations received from the Group's bankers and are based on forward exchange rates and anticipated future interest yield respectively.

Contingent consideration

Contingent consideration on acquisition or disposal of a subsidiary is valued at fair value at the time of acquisition or disposal. Any subsequent changes in fair values are recognised in profit or loss.

Fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

Fair value hierarchy

The table on page 144 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)

23 Financial instruments continued

Fair values of financial instruments continued

Fair value hierarchy continued

28 March 2024

Carrying amount	Fair value – hedging instruments £m	FVOCI – equity instruments £m	Financial assets at amortised cost £m	Other financial liabilities £m	Total carrying amount £m
Financial assets measured at fair value					
Forward exchange contracts used for hedging (note 16)	0.2	–	–	–	0.2
Fuel forward contracts used for hedging (note 16)	0.1	–	–	–	0.1
Interest rate swaps used for hedging (note 16)	–	–	–	–	–
	0.3	–	–	–	0.3
Financial assets not measured at fair value					
Other investments (note 16)	-	-	2.0	-	2.0
Investments in Joint Venture veterinary practices (note 16)	–	–	2.7	–	2.7
Current trade and other receivables (note 17)	–	–	20.2	–	20.2
Amounts owed by Joint Venture veterinary practices – funding, trading and operating loans (note 17)	–	–	17.1	–	17.1
Cash and cash equivalents (note 18)	–	–	57.1	–	57.1
Loans to Joint Venture veterinary practices – initial set up loans (note 16)	–	–	5.2	–	5.2
Loans to Joint Venture veterinary practices – other loans (note 16)	–	–	0.5	–	0.5
Non-current other receivables (note 16)	–	–	0.5	–	0.5
	–	–	105.3	–	105.3
Financial liabilities measured at fair value					
Fuel forward exchange contracts used for hedging (note 16)	–	–	–	–	–
Forward exchange contracts used for hedging (note 16)	(1.0)	–	–	–	(1.0)
Interest rate swaps used for hedging (note 16)	–	–	–	–	–
	(1.0)	–	–	–	(1.0)
Financial liabilities not measured at fair value					
Current lease liabilities (note 12)	–	–	–	(79.8)	(79.8)
Non-current lease liabilities (note 12)	–	–	–	(301.0)	(301.0)
Trade payables (note 20)	–	–	–	(138.2)	(138.2)
Amounts owed to Joint Venture veterinary practices (note 20)	–	–	–	(0.8)	(0.8)
Other interest-bearing loans and borrowings (note 19)	–	–	–	(45.5)	(45.5)
	–	–	–	(565.3)	(565.3)

28 March 2024

Fair value	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets measured at fair value				
Forward exchange contracts used for hedging (note 16)	–	0.2	–	0.2
Fuel forward contracts used for hedging (note 16)	–	0.1	–	0.1
Interest rate swaps used for hedging (note 16)	–	–	–	–

30 March 2023

Carrying amount	Fair value – hedging instruments £m	FVOCI – equity instruments £m	Financial assets at amortised cost £m	Other financial liabilities £m	Total carrying amount £m
Financial assets measured at fair value					
Interest rate swaps used for hedging (note 16)	2.0	–	–	–	2.0
	2.0	–	–	–	2.0
Financial assets not measured at fair value					
Investments in Joint Venture veterinary practices (note 16)	–	–	0.4	–	0.4
Other investments (note 16)			2.1	–	2.1
Current trade and other receivables (note 17)	–	–	19.2	–	19.2
Amounts owed by Joint Venture veterinary practices – funding, trading and operating loans (note 17)	–	–	21.9	–	21.9
Cash and cash equivalents (note 18)	–	–	178.0	–	178.0
Loans to Joint Venture veterinary practices – initial set up loans (note 16)	–	–	6.6	–	6.6
Loans to Joint Venture veterinary practices – other loans (note 16)	–	–	1.2	–	1.2
Non-current other receivables (note 16)	–	–	0.6	–	0.6
	–	–	230.0	–	230.0
Financial liabilities measured at fair value					
Fuel forward exchange contracts used for hedging (note 16)	(0.3)	–	–	–	(0.3)
Forward exchange contracts used for hedging (note 16)	(3.4)	–	–	–	(3.4)
Interest rate swaps used for hedging (note 16)	(0.4)	–	–	–	(0.4)
	(4.1)	–	–	–	(4.1)
Financial liabilities not measured at fair value					
Current lease liabilities (note 12)	–	–	–	(83.3)	(83.3)
Non-current lease liabilities (note 12)	–	–	–	(338.1)	(338.1)
Trade payables (note 20)	–	–	–	(155.5)	(155.5)
Amounts owed to Joint Venture veterinary practices (note 20)	–	–	–	(4.5)	(4.5)
Other interest-bearing loans and borrowings (note 19)	–	–	–	(120.5)	(120.5)
	–	–	–	(701.9)	(701.9)

30 March 2023

Fair value	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets measured at fair value				
Interest rate swaps used for hedging (note 16)	–	–	2.0	2.0

Notes (forming part of the financial statements) continued

23 Financial instruments continued

Changes in liabilities arising from financing activities

Group

	Loans and borrowings £m	Lease liabilities £m	Total £m
Balance at 30 March 2023	**120.5**	**421.4**	**541.9**
Changes from financing cash flows			
Repayment of borrowings	**(75.0)**	**–**	**(75.0)**
Payment of lease liabilities	**–**	**(81.7)**	**(81.7)**
Total changes from financing cash flows	**(75.0)**	**(81.7)**	**(156.7)**
Other changes			
Interest expense on lease liabilities	**–**	**13.3**	**13.3**
Additions to lease liabilities	**–**	**29.8**	**29.8**
Disposal of lease liabilities	**–**	**(2.0)**	**(2.0)**
Capitalisation of debt issue costs	**(0.9)**	**–**	**(0.9)**
Amortisation of debt issue costs	**0.9**	**–**	**0.9**
Total other changes	**–**	**41.1**	**41.1**
Balance at 28 March 2024	**45.5**	**380.8**	**426.3**

	Loans and borrowings £m	Lease liabilities £m	Total £m
Balance at 31 March 2022	96.9	383.0	479.9
Changes from financing cash flows			
Proceeds from loans and borrowings	123.3	–	123.3
Repayment of borrowings	(100.0)	–	(100.0)
Lease incentives received	–	22.0	22.0
Payment of lease liabilities	–	(83.1)	(83.1)
Total changes from financing cash flows	23.3	(61.1)	(37.8)
Other changes			
Interest expense on lease liabilities	–	12.4	12.4
Additions to lease liabilities	–	87.4	87.4
Disposal of lease liabilities	–	(0.3)	(0.3)
Capitalisation of debt issue costs	(0.1)	–	(0.1)
Amortisation of debt issue costs	0.4	–	0.4
Total other changes	0.3	99.5	99.8
Balance at 30 March 2023	120.5	421.4	541.9

Company

	Loans and borrowings £m	Total £m
Balance at 30 March 2023	**97.3**	**97.3**
Changes from financing cash flows		
Repayment of borrowings	**(75.0)**	**(75.0)**
Total changes from financing cash flows	**(75.0)**	**(75.0)**
Capitalisation of debt issue costs	**(0.9)**	**(0.9)**
Amortisation of debt issue costs	**0.8**	**0.8**
Total other changes	**(0.1)**	**(0.1)**
Balance at 28 March 2024	**22.2**	**22.2**

	Loans and borrowings £m	Total £m
Balance at 31 March 2022	96.9	96.9
Changes from financing cash flows		
Proceeds from loans and borrowings	100.0	100.0
Repayment of borrowings	(100.0)	(100.0)
Total changes from financing cash flows	–	–
Other changes		
Amortisation of debt issue costs	0.4	0.4
Total other changes	0.4	0.4
Balance at 30 March 2023	97.3	97.3

	Cash flow hedge reserve	
	2024 £m	2023 £m
Foreign currency risk		
Inventory purchases	**(0.6)**	(2.5)
Commodity price risk		
Fuel purchases	**0.1**	(0.3)
Interest rate risk		
Variable rate instruments	**–**	1.2

	Commodity price risk		Foreign currency risk		Interest rate risk	
	Forward exchange contracts – fuel		Forward exchange contracts – inventory		Interest rate swaps	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Nominal amount						
Carrying amount – asset (note 16)	**0.1**	–	**0.2**	–	**–**	2.0
Carrying amount – liability (note 16)	**–**	(0.3)	**(1.0)**	(3.4)	**–**	(0.4)
Changes in the value of hedging instrument recognised in OCI						
Amount of hedging reserve transferred to cost of inventory	**–**	0.5	**(3.3)**	2.2	**–**	1.6
Net change in fair value of cash flow hedges reclassified to profit or loss	**(0.3)**	–	**–**	–	**1.6**	–

The following table provides a reconciliation by risk category of hedging reserve and analysis of OCI items, net of tax, resulting from cash flow hedging accounting:

	28 March 2024 £m	30 March 2023 £m
Balance brought forward	**(1.6)**	3.4
Changes in fair value		
Foreign currency risk- inventory purchase	**2.6**	(5.5)
Commodity risk- fuel	**0.4**	(0.9)
Interest rate risk	**(1.6)**	0.1
Tax on movements on reserves during the year	**(0.3)**	1.3
Balance carried forward	**(0.5)**	(1.6)

Notes (forming part of the financial statements) continued

23 Financial instruments continued

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 values 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 interest rate swaps	Market comparison technique – the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments.	Not applicable	Not applicable
Other financial liabilities	Other financial liabilities include the fair values of the put and call options over the non-controlling interests of subsidiary undertakings. The fair values represent the best estimate of amounts payable based on future earnings performance discounted to present value.	Future earnings performance	Fair value linked to increase or decrease in the best estimate of the future earnings performance

Hedge accounting

Cash flow hedges

At 28 March 2024 and 30 March 2023, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity					
	1–6 months 2024	6–12 months 2024	More than 1 year 2024	1–6 months 2023	6–12 months 2023	More than 1 year 2023
Foreign currency risk						
Forward exchange contracts						
Net exposure (£m)	**50.4**	**29.1**	**–**	50.1	30.8	–
Average GBP-USD forward contract rate	**1.24**	**1.27**	**–**	1.16	1.21	–
Average GBP-EUR forward contract rate	**1.14**	**1.16**	**–**	1.14	1.11	–
Interest rate risk						
Interest rate swaps						
Net exposure (£m)	**50.0**	**–**		100.0	–	50.0
Average fixed interest rate	**5.06%**	**–**		0.811%	–	5.058%

Company

The Company held interest rate swaps as at 28 March 2024 and 30 March 2023 which are valued as above.

Capital management

The Group's objectives when managing capital, which is deemed to be total equity plus total debt, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, through the optimisation of the debt and equity balance, and to maintain a strong credit rating and headroom on financial covenants. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The funding requirements of the Group are met by the utilisation of external borrowings together with available cash, as detailed in note 19.

A key objective of the Group's capital management is to maintain compliance with the covenants set out in the revolving credit facility and to maintain a comfortable level of headroom over and above these requirements. Management have continued to measure and monitor covenant compliance throughout the period and the Group has complied with the requirements set.

24 Share-based payments

At 28 March 2024 and 30 March 2023, the Group has five share award plans, all of which are equity settled schemes.

1 Company Share Ownership Plan ('CSOP')
On 25 February 2014 the Company adopted the CSOP. Part I of the CSOP is tax approved under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and provides for the grant of tax approved options. Part II of the CSOP provides for the grant of unapproved options.

The tax approved options under Part I of the CSOP will be exercisable between the third and tenth anniversary of the date of grant, subject to continued employment with the Group. These awards will be granted with an exercise price equal to the market value of the shares at the grant date (as agreed with HMRC).

(a) Eligibility
All colleagues, including the Executive Directors and Senior Executives, are eligible to participate in the CSOP, at the discretion of the Remuneration Committee.

(b) Grant of options
No options may be granted more than ten years after the adoption of the CSOP. Options under the CSOP will not form part of a colleague's pensionable earnings.

(c) Vesting and performance
Colleagues who receive options under the CSOP and under the PSP in connection with Admission will be subject to the same performance conditions described in Section 1 (d) above in respect of both grants. Colleagues who only receive options under the CSOP in connection with Admission will not be subject to performance conditions.

(d) Exercise price
The price at which an option holder may acquire shares on the exercise of an option shall be determined by the Board but shall not be less than the greater of market value of a share at the time of grant and its nominal value. The exercise price is therefore fixed at grant date.

(e) Individual limits
No option may be granted to an eligible colleague under Part I of the CSOP which would result in the aggregate exercise prices of shares comprised in all outstanding options granted to him/her under Part I, when aggregated with outstanding options held under any other tax approved executive share option scheme established by the Company, exceeding the tax approved limit (currently £30,000).

In addition, (both under Part I and II of the CSOP) the aggregate exercise price of shares comprised in options granted to a colleague under the CSOP and the PSP in any financial year shall not exceed 150% of his/her annual salary for that year.

For the purposes of these limits, market value will be calculated by reference to the market value of the shares on or prior to the relevant date of grant as determined by the Board (following consultation with the Remuneration Committee) and subject to HMRC approval if applicable.

Part II of the CSOP provides for the grant of unapproved options. This enables options to be granted under the same terms as Part I of the CSOP but without complying with the particular requirements of the legislation applicable to tax approved CSOP Schemes. The provisions of the CSOP that do not apply under Part II include the £30,000 limit and the need to seek HMRC approval for the scheme and subsequent amendments (as applicable).

2 Performance Share Plan ('PSP')
On 25 February 2014 the Company adopted the PSP. Awards under the PSP were made on 17 March 2014 and annually thereafter up until 2017 after which no further awards were granted. The awards will be exercisable between the third and tenth anniversary of the grant date, subject to continued employment with the Group and the satisfaction of performance conditions. These awards were granted at nil cost.

(a) Eligibility
Only the Executive Directors, Senior Executives and certain other senior colleagues were selected to participate in the PSP.

(b) Grant of awards
Awards under the PSP will not form part of a colleague's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Remuneration Committee.

(c) Exercise price
The price at which a colleague may acquire shares on the exercise or vesting of an award under the PSP shall be determined by the Remuneration Committee on the date of grant, and may, if the Remuneration Committee determines, be nil or nominal value only.

(d) Scheme limits
The number of newly issued shares over which (or in respect of which) awards may be granted under the PSP on any date shall be limited so that: (i) the total number of shares issued and issuable in respect of options or awards granted in any ten year period under the PSP and any other discretionary share option scheme of the Company (including the RSA and the CSOP but other than to satisfy dividend equivalent payments) is restricted to 5% of the Company's issued shares calculated at the relevant time; and (ii) the total number of shares issued and issuable pursuant to options or awards granted in any ten year period under the PSP and any other employee share scheme operated by the Company (including the CSOP, SAYE and RSA but other than to satisfy dividend equivalent payments) is restricted to 10% of the Company's issued shares calculated at the relevant time.

Notes (forming part of the financial statements) continued

24 Share-based payments

(d) Scheme limits continued

For the purposes of these limits, no account will be taken of options or awards granted before, on or in connection with Admission and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting. Shares held in treasury will be treated as newly issued shares for the purposes of these limits (as long as this is required by institutional investor guidelines), but (for the avoidance of doubt) shares acquired in the market will not.

(e) Individual limits

The aggregate market value of shares comprised in awards granted to a colleague under the PSP, RSA and the CSOP in any financial year shall not exceed 150% of their annual salary for that year.

For the purposes of awards granted on (or before) Admission, market value for these purposes was calculated by reference to the Offer Price. For the purposes of awards granted following Admission, market value for these purposes will be calculated by reference to the market value of the shares on the relevant date of grant as determined by the Board (following consultation with the Remuneration Committee) in its absolute discretion.

(f) Performance

The Matching Awards granted on 17 March 2014 vested subject to the satisfaction of the performance conditions outlined below. To the extent that any future awards are granted, different conditions may apply (in the absolute discretion of the Remuneration Committee).
The performance conditions were as follows:

- 75% of the Matching Award was subject to the CAGR in the Company's earnings per share ('EPS') over three financial years, namely FY15, FY16 and FY17 (together the 'Performance Period') (which, for the avoidance of doubt, ended on 30 March 2017). If the CAGR in the Company's EPS was 10%, then 10% of the total Matching Award would vest. If the CAGR in the Company's EPS was 17.5% or more, then 75% of the total Matching Award would vest. Vesting was on a straight-line basis between these two points. For the avoidance of doubt, if the CAGR in the EPS was less than 10% over the Performance Period then the amount of the Matching Award which would vest under this EPS performance condition would be nil.
- 25% of the total Matching Award was subject to the Company's total shareholder return ('TSR') as compared to a comparator group made up of a selected group of retail companies over the Performance Period. Vesting of 6.25% of the total Matching Award would occur for median performance. Vesting of the maximum 25% of the total Matching Award would occur for upper quartile performance or above. Vesting would occur on a straight-line basis between these two points. If the Company's TSR performance over the Performance Period was below median, then the amount of the Matching Award which would vest under this TSR performance condition would be nil.
- To the extent vested as to performance, Matching Awards became exercisable in three equal amounts on the third, fourth and fifth anniversary of 17 March 2014, but subject to continued employment with the Group.

3 Save As You Earn ('SAYE')
On 25 February 2014, the Company adopted the SAYE (which was registered with and self-certified with HMRC on 4 April 2015). The rules of the SAYE were adopted pursuant to Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 and provide for the grant of tax approved options. In September each year, the Company issues invitations under the rules of the SAYE which provides eligible colleagues with an opportunity to receive share options at a 20% discount to the market price. The maximum monthly savings is £500 per month. During the 52 weeks ending 28 March 2024 the Executive Directors have elected to participate in the SAYE, along with 10.95% of eligible colleagues.

The options are granted once a year, and in normal circumstances they are not exercisable until completion of a savings period, beginning on 1 December each year, and will then be exercisable for a period of six months following completion of the relevant savings period.

(a) Eligibility

All colleagues and full-time Directors of the Group, who have been in continuous service for such period of time (not exceeding five years) as may be determined by the Board prior to the relevant date of grant of an option and who are liable to UK income tax, are eligible to participate in the SAYE.

Participation may also be offered, at the discretion of the Board (taking account of the recommendations of the Remuneration Committee), to other Directors or employees who otherwise do not satisfy all of the above criteria, although Non-Executive Directors are not eligible to participate in the SAYE.

(b) Issue of invitations

Invitations to participate in the SAYE may be made during each 42 day period from (and including) (i) the date on which any amendment to the SAYE is approved or adopted by the Company's shareholders, (ii) the announcement of the Company's final or interim results for any financial period, (iii) the occurrence of an event which the Remuneration Committee considers to be an non-underlying event concerning the Group or (iv) changes to the legislation affecting tax approved SAYE option schemes coming into effect. If any of the above periods is a 'close period' as a result of the application of the Model Code for Securities Transactions by Directors of Listed Companies (or as a result of the Company's equivalent internal share dealing rules) and the Company is prohibited from issuing invitations and/or granting options as a result, then invitations may be made within 42 days of the end of the close period.

Invitations may be issued by the trustee of an employee benefit trust. No invitations may be issued or options granted more than ten years after the adoption of the SAYE.

(c) Exercise price

The price at which an option holder may acquire shares on the exercise of an option shall be determined by the Board but shall not be less than the greater of 80% of the market value of a share at the time of grant and its nominal value.

(d) Savings contract

Options may be granted by the Board or the trustee of an employee benefit trust. Upon applying for an option, the colleague will be required to enter into an approved savings contract with a savings institution nominated by the Company which lasts for three years. The maximum amount which an employee is permitted to contribute under SAYE contracts is £500 per month. The Board may set lower savings limits than this for different colleagues by reference to objective criteria such as levels of salary or length of service. The minimum contribution is £5 per month (or such greater amount as the Board may specify, not to exceed £10). The total exercise price of the shares over which the option is granted may not exceed the aggregate of the monthly contributions and bonus payable at the end of the colleague's related SAYE contract.

(e) Scheme limits

The number of newly issued shares over which (or in respect of which) options may be granted under the SAYE on any date of grant shall be limited so that the total number of shares issued or capable of being issued in any ten year period under all the Company's employee share schemes (including the CSOP, PSP and RSA but other than to satisfy dividend equivalent payments) is restricted to 10% of the Company's issued shares calculated at the relevant time. Any options or rights to acquire shares granted before, on or in connection with Admission will be excluded from this limit, and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

(f) Exercisability

Options will normally be exercisable during a period of six months following the allocation of a bonus under the related SAYE contract and will normally lapse upon cessation of employment. Earlier exercise is, however, permitted if the colleague dies or leaves employment through injury, disability, redundancy or retirement or where a colleague leaves employment of the Group by reason of his employing company ceasing to be a member of the Group, or if the undertaking in which he is employed is sold outside the Group. Early exercise will also be permitted in the event of a takeover, reconstructions or voluntary winding up of the Company.

4 Restricted Stock Plan ('RSA')

On 20 July 2017 the Company adopted the RSA. Awards under the RSA were made on 20 July 2017 and annually thereafter and will be exercisable between the third and tenth anniversary of this date, subject to continued employment with the Group and the satisfaction of performance conditions. These awards are granted at nil cost.

(a) Eligibility

All colleagues, including the Executive Directors and Senior Executives, are eligible to participate in the RSA, at the discretion of the Remuneration Committee.

(b) Grant of awards

Awards under the RSA will not form part of a colleague's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Remuneration Committee.

(c) Exercise price

The price at which a colleague may acquire shares on the exercise or vesting of an award under the RSA shall be determined by the Remuneration Committee on the date of grant, and may, if the Remuneration Committee determines, be nil or nominal value only.

(d) Scheme limits

The number of newly issued shares over which (or in respect of which) awards may be granted under the RSA on any date shall be limited so that: (i) the total number of shares issued and issuable in respect of options or awards granted in any ten year period under the RSA and any other discretionary share option scheme of the Company (including the PSP and the CSOP but other than to satisfy dividend equivalent payments) is restricted to 5% of the Company's issued shares calculated at the relevant time; and (ii) the total number of shares issued and issuable pursuant to options or awards granted in any ten year period under the RSA and any other employee share scheme operated by the Company (including the CSOP, SAYE and PSP but other than to satisfy dividend equivalent payments) is restricted to 10% of the Company's issued shares calculated at the relevant time.

For the purposes of these limits, no account will be taken of options or awards granted before, on or in connection with Admission and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting. Shares held in treasury will be treated as newly issued shares for the purposes of these limits (as long as this is required by institutional investor guidelines), but (for the avoidance of doubt) shares acquired in the market will not.

(e) Individual limits

The aggregate market value of shares comprised in awards granted to a colleague under the RSA, PSP and the CSOP in any financial year shall not exceed 150% of their annual salary for that year. Market value for these purposes will be calculated by reference to the market value of the shares on the relevant date of grant as determined by the Board (following consultation with the Remuneration Committee) in its absolute discretion.

Fair value of share awards

The expected volatility is based on historical volatility of a peer group of companies over a relevant period prior to award. The expected life is the average expected period to exercise, which has been taken as three years. The risk free rate of return is the yield on zero-coupon UK government bonds with a life equal to this expected life.

Options are valued using a Black-Scholes option-pricing model for the non-market based (EPS element) performance conditions and a Monte-Carlo simulation for the market-based (TSR element) performance conditions.

Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the Company which employs the option holder ceases to be part of the Group or in the event of a change in control, reconstruction or winding up of the Company.

Notes (forming part of the financial statements) continued

24 Share-based payments continued

5 Deferred Share Bonus Plan ('DSBP')

On 24 March 2022 the Company adopted the DSBP. Awards under the DSBP represent the deferral of the discretionary bonus awarded to eligible colleagues into shares. Awards under the DSBP will be exercisable between the second anniversary of the first day following the end of the Year in respect of which the Bonus in question is earned or would have been earned notwithstanding that it was deferred and the tenth anniversary of the Date of Grant. These awards are granted at nil cost.

(a) Eligibility

All colleagues, including the Executive Directors and Senior Executives, are eligible to participate in the DSBP, at the discretion of the Remuneration Committee.

(b) Grant of awards

Awards under the DSBP will not form part of a colleague's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Remuneration Committee.

(c) Exercise price

The price at which a colleague may acquire shares on the exercise or vesting of an award under the DSBP shall be determined by the Remuneration Committee on the date of grant, and may, if the Remuneration Committee determines, be nil or nominal value only.

(d) Scheme limits

The number of newly issued shares over which (or in respect of which) awards may be granted under the DSBP on any date shall be limited so that: (i) the total number of shares issued and issuable in respect of options or awards granted in any ten year period under the DSBP and any other discretionary share option scheme of the Company (including the PSP and the CSOP but other than to satisfy dividend equivalent payments) is restricted to 5% of the Company's issued shares calculated at the relevant time; and (ii) the total number of shares issued and issuable pursuant to options or awards granted in any ten year period under the DSBP and any other employee share scheme operated by the Company (including the CSOP, SAYE and PSP but other than to satisfy dividend equivalent payments) is restricted to 10% of the Company's issued shares calculated at the relevant time.

For the purposes of these limits, no account will be taken of options or awards granted before, on or in connection with Admission and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting. Shares held in treasury will be treated as newly issued shares for the purposes of these limits (as long as this is required by institutional investor guidelines), but (for the avoidance of doubt) shares acquired in the market will not.

(e) Individual limits

The aggregate market value of all the shares awarded to an eligible employee in respect of any financial year (calculated on the Date of Grant) comprised in awards granted to them in respect of that financial year under the plan, shall not exceed 100 per cent. of the bonus the eligible employee has agreed to, or has been required to, defer for that financial year.

Fair value of share awards

The expected volatility is based on historical volatility of a peer group of companies over a relevant period prior to award. The expected life is the average expected period to exercise, which has been taken as three years. The risk free rate of return is the yield on zero-coupon UK government bonds with a life equal to this expected life.

Options are valued using a Black-Scholes option-pricing model for the non-market based (EPS element) performance conditions and a Monte-Carlo simulation for the market-based (TSR element) performance conditions.

Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the Company which employs the option holder ceases to be part of the Group or in the event of a change in control, reconstruction or winding up of the Company.

The key assumptions used in the fair value of the awards were as follows:

					RSA			PSP	
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
At grant date									
Share price	£3.75	£3.47	£4.57	£2.28	£1.87	£1.37	£2.59	£2.75	£2.45
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Expected volatility	37%	32%	32%	32%	32%	32%	32%	30%	30%
Option life (years)	10	10	10	10	10	10	10	10	10
Expected dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	0.005	0.0107	0.0107
Weighted average fair value of options granted	3.75	3.47	£4.57	£2.28	£1.87	£1.37	£2.06	£2.06	£2.06

		DSBP	CSOP		SAYE			
	2023	2022	2016	2015	2023	2022	2021	2020
At grant date								
Share price	£3.78	£3.10	£2.75	£2.31	£3.49	£3.05	£5.13	£2.87
Exercise price	£0.00	£0.00	£2.75	£2.31	£2.79	£2.44	£4.10	£2.29
Expected volatility	37%	37%	32%	37%	37%	37%	33%	32%
Option life (years)	10	10	10	10	3	3	3	3
Expected dividend yield	2%	2%	2%	2%	2%	2%	2%	2%
Risk free interest rate	n/a	n/a	2%	2%	4%	1%	1%	0%
Weighted average fair value of options granted	£3.78	£3.10	£0.89	£0.75	£1.36	£1.16	£1.68	£0.95

For both the RSA and DSBP awards, the fair value is the share price at the date of the grant so the risk free rate has no impact on the fair value calculation.

Movements in awards under share-based payment schemes:

	PSP 000	CSOP 000	SAYE 000	RSA 000	DSPS 000	Total 000
Outstanding at start of year	2	328	3,891	5,007	–	9,228
Granted	–	–	1,364	1,797	250	3,411
Forfeited	–	(11)	(780)	(815)	–	(1,606)
Exercised	–	(114)	(1,060)	(1,685)	–	(2,859)
Lapsed	(2)	(2)	(17)	(17)	–	(38)
Outstanding at end of year	**–**	**201**	**3,398**	**4,287**	**250**	**8,136**
Weighted average exercise price	**–**	**2.60**	**2.68**	**–**	**–**	**NA**

The Group income statement charge recognised in respect of share-based payments for the 52 week period ended 28 March 2024 is £5.9m (52 week period ended 30 March 2023: £4.9m).

25 Commitments

Capital commitments

At 28 March 2024, the Group is committed to incur capital expenditure of £1.9m (30 March 2023: £3.0m). At 28 March 2024, the Group has a commitment to increase the loan funding to Joint Venture companies of £0.3m (30 March 2023: £0.4m), this increase in funding is written into the Joint Venture agreements and becomes payable when certain criteria are met.

26 Contingencies

Veterinary practices

Provisions are maintained by the Group, where necessary, against certain balances held with the veterinary practices. During the period, the Group also 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. Under IFRS 9, the Group holds provision against a proportion of the guarantees where the practices are in default in accordance with the policy set out in note 1.16. At 28 March 2024, the total amount of bank overdrafts and loans guaranteed by the Group amounted to £4.5m (30 March 2023: £7.6m). The Group is a guarantor for the lease for veterinary practices that are not located within Pets at Home stores. The Group is also a guarantor to a small number of third parties where the lease has been reassigned.

Notes (forming part of the financial statements) continued

26 Contingencies continued

Exemption from audit by parent guarantee

The following wholly owned subsidiaries of the Company are covered by a guarantee provided by Pets at Home Group Plc and are consequently entitled to an exemption under s479A from the requirement of the Act relating to the audit of individual accounts. Under this guarantee, the Group will guarantee all outstanding liabilities of these entities. No liability is expected to arise under the guarantee. The entities covered by this guarantee are disclosed below.

Company	Registered number
ABTW Limited	07715283
Accrington Vets4Pets Limited	10015704
Alton Vets4Pets Limited	09639868
Andover Vets4Pets Limited	08132407
Bangor Wales Vets4Pets Limited	08314827
Bearsden Vets4Pets Limited	07780175
Bedminster Vets4Pets Limited	09267870
Belfast Stormont Vets4Pets Limited	09022077
Bicester Vets4Pets Limited	10285804
Blackpool Warbreck Vets4Pets Limited	08394978
Bolton Central Vets4Pets Limited	11047742
Bonnyrigg Vets4Pets Limited	10757330
Borehamwood Vets4Pets Limited	09319066
Bourne Vets4Pets Limited	10200670
Bracknell Vets4Pets Limited	10605544
Brand Developments Limited	00039522
Brighton Vets4Pets Limited	13539268
Carmarthen Vets4Pets Limited	09498169
Clacton Vets4Pets Limited	13668587
Clitheroe Vets4Pets Limited	09878308
Companion Care (Ballymena) Limited	08294444
Companion Care (Banbury) Limited	08606393
Companion Care (Barnsley Cortonwood) Limited	08314805
Companion Care (Chippenham) Limited	08107702
Companion Care (Ely) Limited	04417089
Companion Care (Exeter Marsh) Limited	08314727
Companion Care (Exeter) Limited	04930076
Companion Care (Farnborough) Limited	07673889
Companion Care (Farnham) Limited	07877541
Companion Care (Kings Lynn) Limited	06797982
Companion Care (Macclesfield) Limited	08285995
Companion Care (Newport) Limited	08425358
Companion Care (Nottingham) Limited	04289970
Companion Care (Salisbury) Limited	06457719
Companion Care (Services) Limited	04141142
Companion Care (Speke) Limited	07149744
Companion Care (Stratford-upon-Avon) Limited	07329166
Companion Care (Telford) Limited	04417091
Companion Care Management Services Limited	08878037
Corby Vets4Pets Limited	08163294
Craigavon Vets4Pets Limited	08846831
Davidsons Mains Vets4Pets Limited	07726992
Denbigh Vets4Pets Limited	10976376
Didcot Vets4Pets Limited	14091352
East Kilbride South Vets4Pets Limited	09628917
Ellesmere Port Vets4Pets Limited	09725644
Evesham Vets4Pets Limited	09269582
Gamston Vets4Pets Limited	05665158
Gillingham Vets4Pets Limited	10970617
Grantham Vets4Pets Limited	08361049
Guildford Vets4Pets Limited	13470077
Haverfordwest Vets4Pets Limited	09485504
Horsham Vets4Pets Limited	14345928
Huddersfield Vets4Pets Limited	07207906
Inverurie Vets4Pets Limited	11056047
Kendal Vets4Pets Limited	10163314
Larne Vets4Pets Limited	11121715

Company	Registered number
Leeds Kirkstall Vets4Pets Limited	10291543
Leicester St Georges Vets4Pets Limited	09881176
Leigh Vets4Pets Limited	10601393
Linlithgow Vets4Pets Limited	09966547
Liverpool OS Vets4Pets Limited	06959208
Maidstone Vets4Pets Limited	05171954
Malvern Vets4Pets Limited	10516552
Market Harborough Vets4Pets Limited	10602806
Marlborough Vets4Pets Limited	09869384
Melton Mowbray Vets4Pets Limited	07893688
Monmouth Vets4Pets Limited	10756991
Musselburgh Vets4Pets Limited	10425760
Newbury Vets4Pets Limited	04633009
Newton Mearns Vets4Pets Limited	07957431
Newtownards Vets4Pets Limited	10067571
Northwich Vets4Pets Limited	11107287
Pet Advisory Services Limited	09180974
Pets at Home (ESOT) Limited	03911784
Pets at Home No.1 Limited	08887355
Pets at Home Holdings Limited	03864149
Pet City Limited	02466773
Pet City Holdings Limited	02342109
Pet City Resources Limited	02634797
Pet Investment Limited	04428715
Pets at Home Vet Group Limited	08595290
Prescot Vets4Pets Limited	08878815
Rawtenstall Vets4Pets Limited	09009519
Redditch Vets4Pets Limited	05612150
Runcorn Vets4Pets Limited	11446894
Sheldon Vets4Pets Limited	08822150
South Shields Quays Vets4Pets Limited	09848857
St Neots Vets4Pets Limited	09811640
Staines Vets4Pets Limited	13584062
Stamford Vets4Pets Limited	14179951
Sudbury Vets4Pets Limited	09916308
Thamesmead Vets4Pets Limited	09881179
Tilehurst Vets4Pets Limited	10573329
Tiverton Vets4Pets Limited	11023079
Uttoxeter Vets4Pets Limited	11145982
Vets4Pets (Services) Limited	04317414
Vets4Pets Limited	00038174
Vets4Pets Services Limited	05055601
Vets4Pets UK Limited	03940967
Vets4Pets Veterinary Group Limited	04263054
VetsDirect Limited	SC230445
Wakefield Vets4Pets Limited	04262693
Wallasey Bidston Moss Vets4Pets Limited	09190138
Wellingborough Vets4Pets Limited	07620413
Wokingham Vets4Pets Limited	09869355
Wrexham Vets4Pets Limited	07103838

Notes (forming part of the financial statements) continued

27 Related parties

Joint Venture veterinary practice transactions
The Group has entered into a number of arrangements with third parties in respect of veterinary practices. These veterinary practices are deemed to be related parties due to the factors explained in note 1.4.

Financial commitments provided to related party veterinary practices for funding are set out in note 25.

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 £4.5m (30 March 2023: £7.6m).

The transactions entered into during the period and the balances outstanding at the end of the period are as follows:

	28 March 2024 £m	30 March 2023 £m
Transactions		
– Fees for services provided to Joint Venture veterinary practices	**89.3**	77.2
– Rental and other occupancy charges to Joint Venture veterinary practices	**12.7**	12.2
Total income from Joint Venture veterinary practices	**102.0**	89.4
Acquisitions		
– Consideration for Joint Venture veterinary practices acquired (note 10)	**1.0**	0.5
Balances		
Included within investments		
– Investments		
– Capital Contributions for extensions and improvements of practices (note 16)	**2.5**	–
– B Share Capital (note 16)	**0.2**	0.4
Included within trade and other receivables (note 17):		
– Operating loans		
– Gross value of operating loans	**8.8**	13.8
– Allowance for expected credit losses held for operating loans	**(3.0)**	(3.4)
– Net operating loans	**5.8**	10.4
– Trading balances	**10.9**	11.5
Included within other financial assets and liabilities (note 16):		
– Loans to Joint Venture veterinary practices – initial set up loans		
– Gross value of initial set up loans	**5.8**	7.6
– Allowance for expected credit losses held for initial set up loans	**(0.6)**	(1.0)
– Net initial set up loans	**5.2**	6.6
– Loans to Joint Venture veterinary practices – other loans (note 16)		
– Gross value of other loans	**0.5**	1.2
– Allowance for expected credit losses held for other loans	**–**	–
– Net other loans	**0.5**	1.2
Included within trade and other payables (note 20):		
– Trading balances	**(0.8)**	(4.5)
Total amounts receivable from veterinary practices (before provisions)	**25.2**	29.6

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 IFRS15, revenue in the 52 week period ended 28 March 2024 and the 52 week period ended 30 March 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 and income received by the Group in relation to the services provided to the Joint Venture veterinary practices that have yet to be recharged.

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 practices performance against business plan. Based on the projected cash flow forecast on a practice by practices 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 £3.0m (30 March 2023: £3.4m).

Loans to Joint Venture veterinary practices for other related parties – 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 £0.6m (30 March 2023: £1.0m).

In the 52 week period ended 28 March 2024, the value of loans written off recognised in the income statement amounted to £1.6m which relates to operating loans. In the 52 week period ended 30 March 2023 the value of loans written off recognised in the income statement amounted to £2.0m, which relates to operating loans.

At 28 March 2024, the Group had a commitment to increase the loan funding to Joint Venture companies of £0.3m (30 March 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.

Key management personnel
Details of remuneration paid to key management personnel are set out in note 4.

28 Investment in subsidiaries

Company

	Investments in subsidiaries £m
At 28 March 2024 and 30 March 2023	**936.2**

Impairment testing
Management have conducted a full impairment review which has been undertaken on the Group's cash generating units of which the Company's investments form part. Management considers whether any impairment triggers existed by comparing the net assets value of the subsidiary to the carrying value of the investment. Management have concluded that under IAS36, no impairment trigger has been identified with regard to the Company's investments in subsidiaries.

Registered office address
Pets at Home (Asia) Limited: Units 704 5A, 7/F, Tower B, Manulife Financial Centre, 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong

PAH Pty Limited: Herbert Greer and Rundle, Level 21, 385 Bourke Street, Melbourne, VIC 3000, Australia

Pure Pet Food Limited: Unit 6, Brookmills, Saddleworth Road, Greetland, Halifax, West Yorkshire, England, HX4 8LZ

Dog Stay Limited: 305 Regents Park Road, Finchley, London, England, N3 1DP

VetsDirect Limited: Dickson Minto, 16 Charlotte Square, Edinburgh, Scotland, EH2 4DF

Project Blu Limited: 34 Cardiff Road, Dinas Powys, Wales CF64 4JS

Good Dog Food Limited ('Meatly'): Hill Dickinson Llp, The Broadgate Tower, 20 Primrose Street, London, United Kingdom, EC2A 2EW

The registered office of all the remaining companies in which the Group has an interest in the share capital is Epsom Avenue, Stanley Green, Handforth, Cheshire, England SK9 3RN.

Group
In the 52 week period ended 28 March 2024 the Group acquired 100% of the 'A' shares of eight companies and 75% of the 'A' shares of one company. These practices were previously accounted for as Joint Venture veterinary practices as the Group held 100% of the non-participatory 'B' ordinary shares. Acquisition of the 'A' shares has led to the control and consolidation of these companies. A detailed explanation for the basis of consolidation can be found in note 1.4. Further details of these acquisitions can be found in note 10.

The Group also invested in 8.5% of the ordinary share capital of Good Dog Food Limited ('Meatly'), a sustainable pet food company for a consideration of £1.0m.

The group fully impaired the investment in Dog Stay Limited ('Tailster') and £1.1m has been recognised as a non-underlying impairment charge (see note 3).

Notes (forming part of the financial statements) continued

28 Investment in subsidiaries continued

Group continued
Details of the subsidiary undertakings are as follows:

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Brand Development Limited	Indirect	Guernsey	Ordinary	**100**	100
Companion Care (Services) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care Management Services Limited	Indirect	United Kingdom	Ordinary	**100**	100
Les Boues Limited	Indirect	Jersey	Ordinary	**100**	100
PAH Pty Limited	Indirect	Australia	Ordinary	**100**	100
Pet Advisory Services Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pet Investments Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home (Asia) Limited	Indirect	Hong Kong	Ordinary	**100**	100
PAH Financial Services Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home Holdings Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home No.1 Limited	Direct	United Kingdom	Ordinary	**100**	100
Pets at Home Superstores Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home Vets Group Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pets at Home (ESOT) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pet City Holdings Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pet City Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pet City Resources Limited	Indirect	United Kingdom	Ordinary	**100**	100
Vets4Pets (Services) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Vets4Pets Holdings Limited	Indirect	Guernsey	Ordinary	**100**	100
Vets4Pets I.P. Limited	Indirect	Guernsey	Ordinary	**100**	100
Vets4Pets Services Limited	Indirect	United Kingdom	Ordinary	**100**	100
Vets4Pets UK Limited	Indirect	United Kingdom	Ordinary	**100**	100
Vets4Pets Limited	Indirect	Guernsey	Ordinary	**100**	100
Vets4Pets Veterinary Group Limited	Indirect	United Kingdom	Ordinary	**100**	100
VetsDirect Limited	Indirect	United Kingdom	Ordinary	**100**	100
Accrington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Addlestone Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Alton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Andover Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Aylesbury Berryfields Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bangor Wales Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bearsden Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bedminster Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Belfast Stormont Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bicester Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bishop Auckland Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Blackpool Warbreck Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bodmin Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bolton Central Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bonnyrigg Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Borehamwood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bourne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bracknell Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bradford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bramley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bramley Vets4Pets (Newco) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bridlington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Brighton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Bromborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Cambridge Perne Road Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Canvey Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Carmarthen Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Chorley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Clacton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Clitheroe Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Ballymena) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Banbury) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Barnsley Cortonwood) Limited	Indirect	United Kingdom	Ordinary	**100**	100

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Companion Care (Chippenham) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Ely) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Exeter Marsh) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Exeter) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Farnborough) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Farnham) Limited	Indirect	United Kingdom	Ordinary	**100**	50
Companion Care (Kendal) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Kings Lynn) Limited	Indirect	United Kingdom	Ordinary	**100**	50
Companion Care (Llantrisant) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Macclesfield) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Newport) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Nottingham) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Salisbury) Limited	Indirect	United Kingdom	Ordinary	**100**	50
Companion Care (Speke) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Stratford-Upon-Avon) Limited	Indirect	United Kingdom	Ordinary	**100**	100
Companion Care (Telford) Limited	Indirect	United Kingdom	Ordinary	**100**	50
Corby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Coventry Canley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Craigavon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Crosby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Davidsons Mains Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Denbigh Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Didcot Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Dundee Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
East Grinstead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
East Kilbride South Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Ellesmere Port Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Evesham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Gamston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**75**	50
Gillingham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Grantham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Great Yarmouth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Guildford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Haverfordwest Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Hemsworth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Hexham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Horden Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Horsham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Huddersfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Inverness Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Inverurie Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Kendal Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Kingswood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Larne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	50
Leeds Kirkstall Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Leicester St Georges Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Leigh Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	50
Leven Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Linlithgow Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Littleover Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Liverpool OS Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Long Eaton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Maidstone Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Malvern Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Market Harborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Marlborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Melton Mowbray Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Mexborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Milton Keynes Broughton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Monmouth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Musselburgh Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Newark Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Newbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Newhaven Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100

Notes (forming part of the financial statements) continued

28 Investment in subsidiaries continued

Group continued

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Newton Mearns Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Newtownards Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Northwich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Norwich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Nottingham Castle Marina Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Pentland Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Perth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Peterlee Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Poynton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Prescot Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Rawtenstall Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Redditch Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Ripon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Runcorn Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Scunthorpe Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Selby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Sheffield Heeley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Sheldon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Shepton Mallet Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
South Shields Quays Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
St Austell Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**95**	95
St Neots Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Staines Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Stocksbridge Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Stoke-On-Trent Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Sudbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Teesside Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Thamesmead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
The Heart of Dulwich Veterinary Care Limited	Indirect	United Kingdom	Ordinary	**100**	100
Thornbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Tilehurst Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	50
Tiverton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Uckfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Uttoxeter Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Wakefield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	50
Wallasey Bidston Moss Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Warrington Winnick Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Wellingborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
West Drayton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Wokingham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100
Wrexham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**100**	100

Investments in Joint Venture practices and other investments

The Group holds an indirect interest in the share capital of the following companies:

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Aberdeen North Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Aberdeen Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Abingdon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
ABTW Limited	Indirect	United Kingdom	Ordinary	**50**	50
Airdrie Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Alsager Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Altrincham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Amesbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bagshot Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bangor Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Barnsley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Barnstaple Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Barnwood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Barry Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bath Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bedford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bedlington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Beeston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Beverley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Biggleswade Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bishops Stortford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bishopston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bitterne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Blackburn Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Blackheath Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Blackpool Squires Gate Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Blackwood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bolton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bracknell Peel Centre Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bradford Idle Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Brighouse Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bristol Emerson Green Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bristol Imperial Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bristol Kingswood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bristol Longwell Green Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bromsgrove Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Buckingham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bulwell Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Burscough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Burton-On-Trent Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bury St Edmunds Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Bury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Byfleet Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Caerphilly Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Camborne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cannock Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Canterbury Sturry Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cardiff Ely Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cardiff Newport Road Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Carlisle Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Carrickfergus Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Castleford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Catterick Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Chadwell Heath Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cheadle Hulme Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Chester Caldy Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Chester Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Chesterfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cirencester Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Clevedon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cleveleys Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Clifton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Clowne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Coalville Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Colchester Layer Road Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Colchester Vets4Pets Advanced Practice Limited	Indirect	United Kingdom	Ordinary	**50**	50
Colne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Aintree) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Andover) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Ashford) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Ashton) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Aylesbury) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Ayr) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Basildon Pipps Hill) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Basildon) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Basingstoke) Limited	Indirect	United Kingdom	Ordinary	**50**	50

Notes (forming part of the financial statements) continued

28 Investment in subsidiaries continued

Investments in Joint Venture practices and other investments continued

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Companion Care (Beckton) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bedford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Belfast) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bishopbriggs) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bletchley) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bolton) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bournemouth) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Braintree) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Brentford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bridgend) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bridgwater) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Brislington) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Bristol Filton) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Broadstairs) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Burgess Hill) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cambridge Beehive) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cambridge) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cannock) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Canterbury) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cardiff) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Charlton) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Chatham) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Chelmsford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cheltenham) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Chesterfield) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Chichester) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Chingford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Christchurch) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Colchester) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Corstorphine) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Coventry Walsgrave) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Cramlington) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Crawley) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Crayford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Croydon) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Derby Kingsway) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Derby) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Dunstable) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Eastbourne) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Enfield) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Falmouth) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Fareham Collingwood) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Fareham) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Folkestone) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Fort Kinnaird) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Friern Barnet) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Gloucester) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Harlow) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Hatfield) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Hemel Hempstead) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (High Wycombe) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Hove) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Huddersfield) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Huntingdon) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Ilford) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Ipswich Martlesham) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Keighley) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Kidderminster) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Kirkcaldy) Limited	Indirect	United Kingdom	Ordinary	50	100
Companion Care (Leicester Beaumont Leys) Limited	Indirect	United Kingdom	Ordinary	50	50
Companion Care (Leicester Fosse Park) Limited	Indirect	United Kingdom	Ordinary	50	50

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Companion Care (Leighton Buzzard) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Linwood) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Lisburn) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Liverpool Penny Lane) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Livingston) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Maidstone) Limited	Indirect	United Kingdom	Ordinary	**50**	100
Companion Care (Merry Hill) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Milton Keynes) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (New Malden) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Newbury) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Newcastle Kingston Park) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Northampton Nene Valley) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Norwich Hall Road) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Norwich Longwater) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Norwich) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Oldbury) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Oldham) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Orpington) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Oxford) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Perth) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Peterborough Bretton) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Peterborough) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Plymouth) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Poole) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Portsmouth) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Preston Capitol) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Pudsey) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Reading) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Redditch) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Redhill) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Romford) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Rotherham) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Rustington) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Scarborough) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Slough) Limited	Indirect	United Kingdom	Ordinary	**50**	100
Companion Care (Southampton) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Southend-On-Sea) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Stevenage) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Stirling) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Stockport) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Stoke Festival Park) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Swansea) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Swindon) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Tamworth) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Taunton) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Truro) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Tunbridge Wells) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Wakefield) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Weston-Super-Mare) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Winchester) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Winnersh) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Woking) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Woolwell) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Worcester) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Companion Care (Wrexham Holt Road) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Craigleith Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Crescent Link Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Crewe Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cross Hands Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Cumbernauld Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dagenham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Darlington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Daventry Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50

Notes (forming part of the financial statements) continued

28 Investment in subsidiaries continued

Investments in Joint Venture practices and other investments continued

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Denton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dewsbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Doncaster Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Dorchester Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dog Stay Limited	Indirect	United Kingdom	Ordinary	**12**	12
Dover Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Droitwich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Drumchapel Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dudley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dumbarton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Dunfermline Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Durham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
East Kilbride Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Eastleigh Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Eastwood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Eccleshill Vets4Pets (Newco) Limited	Indirect	United Kingdom	Ordinary	**50**	50
Epsom Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Falkirk Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Feltham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Filton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Gateshead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Glasgow Forge Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Glasgow Pollokshaws Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Goldenhill Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Good Dog Food Limited	Indirect	United Kingdom	Ordinary	**9**	0
Gosport Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Gravesend Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Greasby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Greenford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Grimsby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Guernsey Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Halesowen Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Halifax Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Handforth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Hamilton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Harrogate New Park Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Harrogate Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hartlepool Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hastings Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Havant Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Haverhill Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hayling Island Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Heanor Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hedge End Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hemel Hempstead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hendon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hereford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hertford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
High Wycombe Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hinckley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hucknall Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hull Anlaby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hull Stoneferry Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Hull Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Ilkeston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Ipswich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Irvine Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Kettering Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Kidderminster Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Kilmarnock Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Kirkby in Ashfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Lancaster Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Launceston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Leamington Spa Myton Road Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	100
Leeds Birstall Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Leeds Colton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Leeds Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Leigh-On-Sea Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Letchworth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Leyland Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Lichfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Lincoln South Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Lisburn Longstone Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Llandudno Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Llanelli Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Llanrumney Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Longton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Loughborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Loughton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Luton Gipsy Lane Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Luton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Lytham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Maidenhead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Maldon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Mansfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Mapperley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Merthyr Tydfil Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Middlesbrough Cleveland Park Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Middlesbrough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Middleton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Millhouses Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Morpeth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
New Milton Vets4pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Newcastle-Upon-Tyne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Newmarket Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Newport Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Newton Abbot Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Newtownabbey Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
North Tyneside Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Northallerton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Northampton Riverside Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Northampton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Nottingham Chilwell Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Nottingham Netherfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Nuneaton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Oadby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Old Kent Road Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Oxford Cowley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Paisley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Penrith Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Pentland Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Penzance Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Peterborough Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Pontypridd Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Poole Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Portishead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Portsmouth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Prenton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Preston Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Prestwich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Project Blu Limited	Indirect	United Kingdom	Ordinary	**9**	9
Pure Pet Food Ltd	Indirect	United Kingdom	Ordinary	**12**	12
Quinton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Rayleigh Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Rhyl Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50

Notes (forming part of the financial statements) continued

28 Investment in subsidiaries continued

Investments in Joint Venture practices and other investments continued

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Richmond Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Rochdale Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Rotherham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Rugby Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Rugby Central Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Ruislip Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Rushden Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Saffron Walden Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Salford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Selly Oak Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sevenoaks Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sheffield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sheffield Drakehouse Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sheffield Wadsley Bridge Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Shelfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Shrewsbury Meole Brace Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Shrewsbury Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sidcup Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	100
Sittingbourne Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Solihull Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Somercotes Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
South Shields Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Southampton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Southend Airport Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Southend-On-Sea Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Southport Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
St Albans Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
St Helens Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Stafford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Stechford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Stockton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Stourbridge Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Street Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sunderland South Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sunderland Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sutton Coldfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sutton In Ashfield Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Swindon Bridgemead Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Swinton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Sydenham Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Telford Madeley Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Thurrock Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Torquay Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Totton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Trafford Park Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Trowbridge Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Walkden Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Walsall Reedswood Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Waltham Abbey Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Walton on Thames Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Walton Vale Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Warminster Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Warrington Riverside Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Warrington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Washington Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Waterlooville Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Watford Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
West Bromwich Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Weymouth Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50
Whitstable Vets4Pets Limited	Indirect	United Kingdom	Ordinary	50	50

Company	Holding	Country of incorporation	Class of shares held	At 28 March 2024 %	At 30 March 2023 %
Widnes Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Wigan Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Wimbledon Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Wolverhampton Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Worksop Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Worthing Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
WSM Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Yate Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
Yeovil Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
York Clifton Moor Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50
York Vets4Pets Limited	Indirect	United Kingdom	Ordinary	**50**	50

During the 52 week period ended 28 March 2024, the Group has sold 100% of the ‘A’ shares in nine companies which were previously classified as subsidiaries, and subsequent to sale of the ‘A’ shares, have been accounted for as Joint Venture veterinary practices, which has led to the reduction in the holding in nine entities listed above to 50% investment.

Glossary – Alternative Performance Measures

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 international accounting standards 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 enhance the comparability of information between reporting periods by adjusting for non-underlying items, to aid the user in understanding the Group's performance. The number and appropriateness of APMs presented in the financial statements has been reviewed and reduced from the comparative period to those considered to be the most relevant for measuring the performance of the Group.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes.

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

APMs considered by the business to be a key performance indicator are explained in more detail on page 8 of the Annual Report.

The key APMs used by the Group are:

'Like-for-Like' sales 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 for 52 weeks or more, excluding fee income from Joint Venture veterinary practices where the Group has bought out the Joint Venture Partners or will offer to buy out the Joint Venture Partners in the future.

Underlying PBT: Underlying profit before tax (PBT) is based on pre-tax profit before the impact of non-underlying items, being 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.

Free cash flow: Net increase/(decrease) in cash before the impacts of dividends paid, share buybacks, investments, proceeds from new loans and repayment of borrowings.

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

<table>
<tr><th>APM</th><th>Definition</th><th>Reconciliation</th></tr>
<tr><td>Consumer revenue</td><td>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).</td><td>
<table>
<tr><th>Consumer revenue (£m)</th><th>FY24</th><th>FY23</th><th>Note</th></tr>
<tr><td>Statutory Group revenue</td><td>1,476.6</td><td>1,404.2</td><td>CIS</td></tr>
<tr><td>Joint Venture fee income</td><td>(89.3)</td><td>(77.2)</td><td>2</td></tr>
<tr><td>Revenue by Group managed practices</td><td>(44.6)</td><td>(37.5)</td><td>2</td></tr>
<tr><td>Revenue by all veterinary practices</td><td>563.6</td><td>492.9</td><td></td></tr>
<tr><td>Consumer revenue[1]</td><td>1,906.3</td><td>1,782.4</td><td></td></tr>
</table>
CIS = Consolidated income statement
[1] Consumer revenue cannot be directly referenced in the financial statements as revenue by all veterinary practices relates to all Joint Venture customer revenue.
</td></tr>
<tr><td>Like-for-like revenue</td><td>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 the 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.</td><td>Not applicable.</td></tr>
<tr><td>Underlying profit before tax</td><td>Underlying profit before tax (PBT) is based on pre-tax profit 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.</td><td>
<table>
<tr><th>Underlying PBT (£m)</th><th>FY24</th><th>FY23</th><th>Note</th></tr>
<tr><td>Underlying PBT</td><td>132.0</td><td>136.4</td><td>CIS</td></tr>
<tr><td>Non-underlying items</td><td>(26.3)</td><td>(13.9)</td><td>CIS</td></tr>
<tr><td>Profit before tax</td><td>105.7</td><td>122.5</td><td></td></tr>
</table>
CIS = Consolidated income statement
</td></tr>
</table>

APM	Definition	Reconciliation
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.	see table below

Underlying basic EPS (p)	FY24	FY23	Note
Underlying basic EPS	**20.7**	22.8	5
Non-underlying items	**(4.1)**	(2.3)	5
Basic earnings per share	**16.6**	20.5	

APM	Definition
Free cash flow	Net increase/(decrease) in cash before the impacts of dividends paid, share buybacks, investment movements, acquisition and disposals of subsidiaries, proceeds from new loans and repayment of borrowings.

Free cash flow (£m)	FY24	FY23	Note
Net (decrease)/increase in cash	**(120.9)**	12.0	CFS
Remove effects of:			
Dividends	**60.7**	58.7	CFS
Proceeds from new loan	**-**	(123.3)	CFS
Repayment of borrowings	**75.0**	100.0	CFS
Share buyback	**50.3**	50.3	CFS
Investment movements	**1.4**	–	CFS
Acquisition of subsidiaries	**1.0**	0.5	CFS
Disposal of subsidiaries	**1.5**	–	CFS
Free cash flow	**69.0**	98.2	

CFS = Consolidated statement of cash flows

APM	Definition
Underlying CROIC	Cash return on invested capital, 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 depreciation of PPE, right-of-use assets and amortisation. GCI represents gross PPE, right-of-use assets and software, and other intangibles excluding the goodwill created on the acquisition of the Group by KKR (£906,445,000) plus net working capital, before the effect of non-underlying items in the period. Net working capital movement is a measure of the cash required by the business to fund its inventory, receivables and payables. Payables includes trade and other payables, income tax payable and other financial liabilities.

Underlying CROIC	FY24	FY23	Note
Cash returns:			
Underlying operating profit	**145.5**	149.7	CIS
Share-based payment charges	**5.9**	4.9	3
	151.4	154.6	
Effective tax rate	**25%**	19%	
Tax charge on above	**(37.9)**	(29.4)	
	113.5	125.2	
Underlying depreciation and amortisation	**101.7**	102.3	2
Cash returns	**215.2**	227.5	
Gross capital invested (GCI):			
Gross property, plant and equipment	**444.7**	405.3	11
Gross right-of-use assets	**662.7**	635.1	12
Intangibles	**1,046.4**	1,046.3	13
Less KKR goodwill	**(906.4)**	(906.4)	
Investments	**9.9**	9.1	
Net working capital:	**(106.7)**	(121.6)	see definition
Receivables	**60.9**	51.8	17
Inventory	**97.5**	108.6	14
Payables	**(252.4)**	(265.2)	CBS
Provisions	**(12.7)**	(16.8)	21
GCI (at period end)	**1,150.6**	1,067.8	
Average	**1,109.2**	1,002.7	
Underlying CROIC	**19.4%**	22.7%	

APM	Definition
Net cash/(debt)	Cash and cash equivalents less loans and borrowings.

Net cash (£m)	FY24	FY23	Note
Cash and cash equivalents	**57.1**	178.0	18
Loans and borrowings	**(48.3)**	(123.3)	19
Net cash	**8.8**	54.7	

Glossary – Alternative Performance Measures continued

APM	Definition	Reconciliation			
Total indebtedness	Net cash (above) less loans and borrowings plus lease liabilities.	**Total indebtedness (£m)**	**FY24**	**FY23**	**Note**
		Net cash (above)	**8.8**	54.7	
		Lease liabilities	**(380.8)**	(421.4)	12
		Total indebtedness	**(372.0)**	(366.7)	
Pre IFRS 16 leverage	Net cash (above) divided by underlying EBITDA less expected rental charges pre IFRS 16.	**Pre IFRS 16 leverage**	**FY24**	**FY23**	**Note**
		Net cash (above)	**8.8**	54.7	
		Statutory operating profit	**119.3**	136.8	
		Underlying depreciation of property, plant and equipment	**26.5**	25.7	3
		Underlying depreciation of right-of-use assets	**65.1**	66.8	3
		Amortisation of intangible assets	**10.1**	9.8	3
		Non-underlying depreciation of property, plant and equipment	**4.2**	0.4	3
		Non-underlying depreciation of right-of-use assets	**3.7**	0.7	3
		Other non-underlying items in EBITDA	**18.3**	11.8	3
		Underlying EBITDA	**247.2**	252.0	
		Less:			
		Proforma rental charges pre IFRS 16	**(78.6)**	(79.9)	
		Underlying EBITDA (pre IFRS 16)[1]	**168.6**	172.1	
		Pre IFRS 16 leverage	**(0.1)x**	(0.3)x	
Lease adjusted leverage	Total indebtedness divided by underlying EBITDA. Underlying EBITDA has been presented on a rolling 52 week proforma basis.	**Lease adjusted leverage**	**FY24**	**FY23**	**Note**
		Total indebtedness (above)	**372.0**	366.7	
		Underlying EBITDA	**247.2**	252.0	
		Lease adjusted leverage	**1.5x**	1.5x	

1 *Proforma rental charges pre IFRS 16 cannot be directly referenced in the financial statements as the balance represents 52 weeks (FY23: 52 weeks) of rental charges for each lease held at the balance sheet date.*

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