

For Immediate Release

20 November 2024

CVS GROUP plc
("CVS", the "Company" or the "Group")
AGM Statement and Trading Update
Trading in line with expectations
Continued successful expansion in Australia

CVS, the UK listed veterinary group and a leading provider of veterinary services, is holding its Annual General Meeting at 11.00 am today and provides the following update to shareholders ahead of the meeting

Unaudited Business Update

In the four-month period to 31 October 2024, Group sales increased 7.6% over the comparable period in FY2024. Like-for-like sales¹ were flat over this period due to soft demand in the UK. Adjusted EBITDA² increased by 5.5% with an adjusted EBITDA² margin of 19.3%.

The Board continues to expect to deliver full year 2025 results in line with market expectations, with the impact of recently announced UK government budget changes to employment costs offset with growth, efficiencies and purchasing synergies in Australia.

The Group's Healthy Pet Club preventative healthcare scheme has seen a further increase in membership, with 507,000 members as at 31 October 2024 (31 October 2023: 499,000 members) reflecting an increase of 1.6% over the last twelve months.

In line with CVS' strategy to provide high quality patient care and modern facilities and equipment for its colleagues, the Group has invested £10.6m in the financial year-to-date in practice refurbishment, relocations, clinical equipment and technology (period to 31 October 2023: £10.9m). Following the migration to the cloud based systems in Q4 FY2024, the Group is building on this technology with enhancements expected in H2 FY2025.

CVS continues to deliver strong operating cash conversion³ to support this investment and the Group's acquisitions in Australia. As at 31 October 2024 leverage⁴ stood at 1.53x (30 June 2024: 1.54x).

Australia Acquisitions

The Group is making good progress with its Australian acquisition strategy and completed the acquisition of Northcote Animal Hospital on 18 November 2024. The Group has made three acquisitions comprising four practice sites for the financial year to date, for aggregate initial considerations of A 18.5m / £9.5m.

The Group now operates across 25 practices in Australia comprising 32 practice sites providing sufficient scale to start to deliver benefits from purchasing synergies. The Group has a strong pipeline of future acquisition opportunities with contracts exchanged for a further two acquisitions (comprising four practice sites) and a healthy deal pipeline.

Competition and Markets Authority (CMA)

CVS continues to engage with the CMA and has responded to a number of detailed requests for information. The Group will continue to support the CMA with its investigation and looks forward to further updates from the CMA in the coming months.

Dividend

Subject to shareholder approval at the AGM, CVS intends to pay its previously announced final dividend of 8.0 pence per ordinary share on 29 November 2024 to holders on the register as at 1 November 2024. The ex-dividend date was 31 October 2024.

Outlook

Whilst the Board remains mindful of headwinds in the UK, the fundamental need for high quality veterinary care remains strong, the expansion into Australia is progressing well and CVS remains well positioned to deliver attractive growth in shareholder value over the medium term.

The recently announced UK government budget changes will result in a significant increase in employment costs with effect from April 2025. Whilst these increases will only apply in the final quarter of this financial year, the annualised impact to the year ending 30 June 2026 is estimated to be £8m from the national insurance scheme changes. The Group expects to substantially mitigate these through growth

is estimated to be born from the national insurance scheme changes. The Group expects to substantially mitigate these through growth, efficiencies and purchasing synergies in Australia.

The Board remains confident in the Group's ability to deliver full year 2025 results in line with market expectations.

Notes

1 Like-for-like sales shows revenue generated from like-for-like operations compared to the prior year, adjusted for the number of working days. For example, for a practice acquired in September 2023, revenue is included from September 2024 in the like-for-like calculations.

2 Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is profit before tax adjusted for interest (net finance expense), depreciation, amortisation, costs relating to business combinations, and exceptional items. Adjusted EBITDA provides information on the Group's underlying performance and this measure is aligned to our strategy and KPIs.

3 Operating cash conversion is defined as cash flows from operating activities adjusted for discontinued operations, acquisition fees and contingent consideration paid, less lease liability repayment and maintenance capital expenditure; divided by adjusted EBITDA

4 Leverage on a bank test basis is net bank borrowings divided by 'Adjusted EBITDA', annualised for the effect of acquisitions, deducting cost in relation to acquisition fees and adding back share option costs, on an accounting basis prior to the adoption of IFRS 16.

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About CVS Group plc (www.cvsukltd.co.uk)

CVS Group is an AIM-listed provider of veterinary services with operations in the UK and Australia. CVS is focused on providing high-quality clinical services to its clients and their animals, with outstanding and dedicated clinical teams and support colleagues at the core of its strategy.

The Group now operates c.460 veterinary practices across its two territories, including specialist referral hospitals and dedicated out-of-hours sites. Alongside the core Veterinary Practices division, CVS operates Laboratories (providing diagnostic services to CVS and third-parties), Crematoria (providing pet cremation and clinical waste disposal for CVS and third-party practices) and an online retail business ("Animed Direct").

The Group employs c.9,000 personnel, including c.2,400 veterinary surgeons and c.3,300 nurses.

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