

For Immediate Release

30 January 2025

CVS Group plc
("CVS", the "Company" or the "Group")
Half year Trading Update

FY2025 Trading in line with expectations; continued growth in Australia

CVS, the UK listed veterinary group and a leading provider of veterinary services, issues the following update on trading covering the six months ended 31 December 2024 ("H1 2025"). The Company expects to announce its H1 2025 interim results on 27 February 2025.

Unaudited Business Update¹

In the six-month period to 31 December 2024, Group sales increased 6.6% to £341.8m (H1 2024: £320.5m). Overall Group like-for-like sales² for the period compared to H1 2024 were -1.1% impacted by a continuation of softer market conditions in the UK most notably in our online retail and laboratory businesses. Performance across our core Veterinary Practice division was flat and we expect to deliver year on year growth in this division and across the Group in the second half of the year.

Adjusted EBITDA³ increased by 4.5% to £67.4m (H1 2024: £64.5m) with an adjusted EBITDA³ margin of 19.7% which is in line with target EBITDA margins.

The UK government budget changes announced in November 2024 will result in increased employment costs with effect from April 2025. The Group estimates that the annualised impact to the year ending 30 June 2026 to be c. £8m from National Insurance scheme changes and c. £3m from National Living Wage/National Minimum Wage increases. The Group is targeting cost synergies in Australia and efficiencies in the UK to offset these increases.

The Group's Healthy Pet Club preventative healthcare scheme has seen a further increase in membership, with 507,000 members as at 31 December 2024 (31 December 2023: 500,000 members) reflecting an increase of 1.4% over the last twelve months.

In line with the Group's strategy to provide the best possible facilities and infrastructure for its clients and staff, the Group has invested £16.8m in H1 2025 (H1 2024: £17.2m) in technology, clinical equipment, practice refurbishment and relocations. Following the accelerated investment made into the Group's technology platform in 2024, the Group launched its new website for Animated Direct in January 2025 which improves speed and usability, and is piloting several client engagement projects on a number of trial sites using the Group's cloud based systems.

In light of the uncertainty in the UK due to the ongoing CMA Market Investigation, the Group continues to be more selective about investment in the UK, with very disciplined capital investment in facilities, equipment and IT and no UK acquisitions. The Group is increasing its investment in growth in Australia, where there is greater stability and certainty in the regulatory environment around the sector.

The Group is pleased to share an improvement in employee engagement as measured through the employee Net Promoter Score, which increased to +3.8 in December 2024 (30 June 2024: -2.8).

Strengthened Management Team

The Group has strengthened its management team with the appointment of Claire Slater as Chief Operating Officer on 13 January 2025. Claire brings a wealth of operational and commercial experience from her previous roles including at IVC Evidensia and WH Smith.

Australia Acquisitions on track with healthy pipeline

The Group is pleased with the performance in Australia which continues to be in line with management's expectations. Synergies are expected to have a positive impact on Australia and Group adjusted EBITDA margins for the year. The Group has completed a further two companion animal first opinion practice acquisitions in Australia since the trading update in November. Five acquisitions comprising eight practice sites have been made in the financial year to date, for aggregate initial consideration of A 45.2m / £23.3m.

Name of business combination	%acquired	Date of acquisition
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Direct Vet Services	Trade and assets	2 September 2024
Northcote Animal Hospital	Trade and assets	18 November 2024
Cessnock Veterinary Centre and Hospital, Vetcare Aberglasslyn and Vetcare Kurri	Trade and assets	21 November 2024
Ripley Valley Veterinary Hospital Pty Ltd	100%	21 November 2024

The Group now operates across 27 practices in Australia comprising 36 practice sites, providing increased scale. The Group has a strong pipeline of future acquisition opportunities.

Net bank borrowings

The Group's investment in capital expenditure and acquisitions, partly offset by robust operating cashflows, has resulted in net bank borrowings⁴ increasing to £182.9m as at 31 December 2024 (30 June 2024: £168.0m). Leverage⁵ on a bank test basis of 1.66x as at 31 December 2024 is in line with management expectations (30 June 2024: 1.54x). The Group expects leverage to remain below its c.2.0x target ceiling.

Competition and Markets Authority (CMA)

The Group will continue to support the CMA with its investigation and looks forward to further updates from the CMA in the coming months as their process reaches its conclusion later this year.

Outlook

Whilst the Board continues to be mindful of headwinds in the UK and the people cost increases as a result of the UK Autumn Budget, 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 Board reiterates its thanks to its colleagues and all CVS stakeholders.

The Board remains confident in the Group delivering full year 2025 results in line with market expectations.

Notes

1. H1 2024 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as a discontinued operation in FY 2024.

2. 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.

3. 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.

4. Net bank borrowings is drawn bank debt less cash and cash equivalents.

5. 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.csvukltd.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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