



CVS Group plc

Interim report for the six months ended 31 December 2024

CVS Group plc
(“CVS”, the “Company” or the “Group”)
Interim results for the six-month period ended 31 December 2024
 FY2025 Trading in line with market expectations; continued growth in Australia

CVS, the UK listed veterinary group and a leading provider of veterinary services, issues its unaudited interim results for the six-month period ended 31 December 2024 (“H1 2025”) and provides an update on year-to-date trading. Comparative data is provided for the six months ended 31 December 2023 (“H1 2024”), unless otherwise stated.

Financial Highlights¹

- Revenue from continuing operations increased by 6.6%, to £341.8m (H1 2024: £320.5m)
- As reported in the 30 January trading update, 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 the Group’s online retail and laboratory businesses. Whilst performance across CVS’s core Veterinary Practice division was flat in the period, year on year growth in this division and across the Group is expected in the second half of the year
- Adjusted EBITDA³ increased by 4.5%, to £67.4m (H1 2024: £64.5m) underpinned by growth from acquisitions in Australia, marginally offset by ongoing inflationary pressures
- Reported profit before tax on continuing operations decreased by 35.1%, to £17.4m (H1 2024: £26.8m) due to an increase in finance expense (+£4.2m) from a combination of increased borrowing to fund acquisitions and capital investment and higher interest rates; a non-cash increase in depreciation and amortisation from investments made in recent years (+£6.6m); and exceptional costs (+£1.4m) primarily in relation to the Competition and Markets Authority (“CMA”) process
- Leverage⁷ increased to 1.66x (FY 2024: 1.54x) as a result of the continued investment in acquisitions in Australia and capital investment, but remains comfortably within our stated guidance of <2.0x leverage
- Operating cash conversion⁸ increased 7.2ppts to 72.0% (H1 2024: 64.8%) (FY 2024: 70.5%) and is in line with the Group’s 70%+ guidance

£m except where stated	H1 2025 (unaudited)	H1 2024 ¹ (unaudited)	Change %	FY 2024 ¹ (audited)
Revenue	341.8	320.5	6.6%	647.3
<i>Group like-for-like (“LFL”) sales growth (%)²</i>	-1.1%	6.5%	-7.6ppts	2.9%
Adjusted EBITDA ³	67.4	64.5	4.5%	127.3
<i>Adjusted EBITDA³ margin (%)</i>	19.7%	20.1%	-0.4ppts	19.7%
Adjusted profit before tax ⁴	39.2	45.3	-13.5%	82.7
Adjusted earnings per share ⁵ (p)	40.0	48.3	-17.2%	86.6
Operating profit	26.4	31.6	-16.5%	50.8
Profit before tax	17.4	26.8	-35.1%	38.2
Basic earnings per share for continuing operations (p)	15.6	25.2	-38.1%	36.5
Net bank borrowings ⁶	182.9	129.2	+41.6%	168.0

Notes

¹ Six months ended 31 December 2023 (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 Adjusted profit before tax is calculated as profit before amortisation, taxation, costs relating to business combinations, and exceptional items.

⁵ Adjusted earnings per share is calculated as adjusted profit before tax less applicable taxation divided by the weighted average number of Ordinary shares in issue in the year.

⁶ Net bank borrowings is drawn bank debt less cash and cash equivalents

⁷ 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.

⁸ 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.

Operational Highlights

- Established a meaningful business and platform for growth in Australia with confidence in the opportunity for further expansion. Completed a further five practice acquisitions in H1 2025 for combined initial consideration of £23.3m
- Invested over £100m (since July 2023) in Australia practice acquisitions and now operate 27 practices, comprising 36 practice sites, across six major states with annualised revenue of c.£55m
- Australian Practices are performing fully in line with management expectations, with additional purchasing synergies identified and agreements in place with preferred laboratory and crematoria suppliers
- Building on cloud-based system foundations, enhancing client experience in practice and trialling systems that improve efficiencies with practice teams
- Launched a new website for Animed Direct, improving speed and usability
- Strong employee engagement resulting in a c.3% increase in the average number of vets employed in the year (c.10% including acquisitions)
- Strengthened management team with senior appointments across operations team
- Continued success of the Group's Healthy Pet Club preventative healthcare scheme, with 507,000 members (+1.4%) (H1 2024: 500,000 members, FY 2024: 503,000 members).

Outlook

- Whilst the Board continues to be mindful of headwinds in the UK and employment cost increases resulting from the UK Autumn Budget, the fundamental need for high-quality veterinary care remains strong.
- The Group's expansion in Australia is progressing well and CVS remains well positioned to deliver attractive growth in shareholder value over the medium and long term. The Group has exchanged contracts on a further Australian small animal practice acquisition comprising 6 sites, for initial consideration of £5.7m (A\$10.9m), with completion expected in the coming weeks.
- In light of the uncertainty in the UK due to the ongoing CMA Market Investigation, the Group has reprioritised investment activity into Australia, where there is a more stable and supportive regulatory environment around the sector. Until the conclusion of the CMA Market Investigation process in November 2025, and pending the decisions to be reached in that process, the Group has determined UK investment can only be undertaken on an exceptionally disciplined basis, with respect to facilities, equipment and IT with no UK acquisitions.
- The Group continues to support the CMA in its Market Investigation and looks forward to the process reaching its statutory conclusion later in the year.
- The Board reiterates its thanks to CVS colleagues and all the Group's key stakeholders.
- The Board remains confident in the Group delivering full year 2025 results in line with market expectations.

Richard Fairman, Chief Executive Officer, commented:

"I am pleased to report that the Group has delivered further growth in both revenue and adjusted EBITDA, notwithstanding the current weaker consumer demand for veterinary care in the UK. CVS has increased its footprint and delivered growth in Australia, achieving enhanced returns through synergies and increasing scale benefits.

There is continued demand for high-quality veterinary care and with our focus on clinical excellence and investment in practices and people, CVS is well placed to deliver sustainable long-term growth.

I would like to take this opportunity to thank our colleagues, both in the UK and Australia for their outstanding commitment and dedication and I look forward to delivering further growth in 2025 and beyond.”

Results webcast

An audio webcast and presentation of these results will be available on <https://stream.brrmedia.co.uk/broadcast/67a4930b836d608dd9c1c1be> from 07.00am on 27 February 2025.

A Q&A for analysts and investors will be held today at 09.30am at Berenberg, 60 Threadneedle St, London EC2R 8HP, attendance is by invitation only. To access a live streaming of the event, please click on the following link https://brrmedia.news/CVSG_IR24

Those wishing to participate in the Q&A session remotely should email CVSG@camarco.co.uk for call details.

Retail investors' webcast

CVS Group is pleased to announce that Richard Fairman, Chief Executive Officer, and Robin Alfonso, Chief Financial Officer will host a live interactive presentation on the Engage Investor platform, on the 5th of March at 4:30pm GMT.

CVS Group welcomes all current shareholders and interested investors to join and encourages investors to pre-submit questions. Investors can also submit questions at any time during the live presentation.

Investors can sign up to Engage Investor at no cost and follow CVS Group from their personalised investor hub.

Register interest in this event here: https://engageinvestor.news/CVSG_IR24

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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 for 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 people, including c.2,400 veterinary surgeons and c.3,300 nurses and patient care assistants.

Introduction

The Board is pleased to report that the Group has delivered further growth in both revenue and adjusted EBITDA through its continued focus on providing high-quality care to its clients and their animals. 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 the Group's online retail and laboratory businesses. Whilst revenue from CVS' core Veterinary Practice division was flat, the Group expects to deliver year on year revenue 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%, in line with target EBITDA margins.

Whilst trading continues to be impacted by a softer market in the UK, the Group is confident in delivering like-for-like revenue growth in H2 2025 and progressing towards CVS' five-year plan to double adjusted EBITDA underpinned by:

- Organic revenue growth of 4% - 8% per annum;
- Adjusted EBITDA margin between 19% to 23%;
- Investment in practice facilities and technology to deliver additional organic growth;
- Investment in selective acquisitions subject to disciplined criteria for returns and earnings accretion;
- Operating cash conversion greater than 70%; and
- Maintaining leverage (net debt to EBITDA ratio) below 2.0x.

Competition and Markets Authority (CMA)

The Group will continue to support the CMA with its investigation and looks forward to the CMA's publication of three further working papers in the next two months. The statutory deadline for the CMA to conclude the Market Investigation is 22 November 2025.

M&A: CVS has established a meaningful business in Australia and is confident in the opportunity for further growth.

Attractive market with relatively low levels of corporate consolidation, favourable market dynamics and strong similarities with the UK

In July 2023 CVS entered the Australian veterinary services market in accordance with its growth objectives, as outlined in the five-year plan, to execute on scalable international consolidation opportunities subject to maintaining its disciplined acquisition criteria. To date CVS has completed 27 practice acquisitions, comprising 36 practice sites, for combined consideration in excess of £100m including five acquisitions in H1 2025 for initial consideration £23.2m.

CVS has built its presence across Australia in and around the major cities of Sydney, Melbourne, Brisbane, Adelaide, Newcastle and Perth. The combined historical multiples paid are lower than those in the UK and the internal rate of return within the relevant acquisition business cases is comfortably above the Group's hurdle rate of 10%. The acquisitions made to date are performing well and in line with expectations. These acquisitions, together with a strong pipeline, provide a meaningful platform for CVS's operations in Australia. The Group is focused on acquiring high-quality small animal practices with good facilities and strong practice management teams. CVS's local senior management team work closely with the practice management teams in supporting the growth of their practices and in generating value from the Group's expanding presence in Australia. Appropriate governance is maintained through support functions in the UK and Australia-based resource in the key functions of finance, legal and HR.

The Group expects to benefit increasingly over time from additional advantages of scale as it further expands in Australia, including improved drug purchasing terms, laboratory and crematoria synergies from preferred supplier networks, revenue growth and margin enhancement with a focus on high-quality clinical care and developing a market leading employee and client experience.

The Group's people-focused approach with a clinical-led culture is attracting talent and also further practice acquisition leads. The Group has over 600 colleagues, in Australia, including over 200 vets and over 300 nurses, and supports them in delivering the best care to our patients with oversight from the CVS Australia Clinical Advisory Committee. A supportive working environment has been created for the Group's Australian teams through a package of relevant colleague rewards and benefits. CVS has recently launched 'Knowledge Hub' with over 450 veterinary and management courses, programmes and webinars. Utilising the experience and success of the Group's UK learning and education platform alongside launching a new graduate programme in 2025 and providing

dedicated Wellbeing Champions in each practice, CVS has a differentiated and highly attractive employee proposition in Australia.

Building on the Group's cloud-based system foundations to improve client experience and ultimately clinical care

Following the roll out of the Group's cloud-based practice management system in Q4 FY2024, CVS is focused on further improving the client experience. With enhancements to local practice websites, a pilot of online booking for appointments will be conducted in H2 2025 alongside the provision of more convenient ways for clients to pay and digital product and prescription reminders with home delivery available to enhance client convenience.

This enhanced technology should also benefit practice teams, with improved usability and flexibility of the practice management system, and an Artificial Intelligence (AI) tool being trialled to convert veterinary consultation recordings into clinical notes, thereby improving efficiency in the consulting room.

A new Animed Direct website was launched in February 2025. This improves the shopping experience, provides enhanced product ranges and comes with a complete brand refresh to bring the consumer proposition up to date with client expectations.

Continuing to promote great clinical care in a contextualised way

The Group recognises that aligning culture, accountability, ownership, leadership support and visibility promotes clinical care. The Group encourages this within its operations in order to ensure clinicians are empowered to understand client requirements and to provide appropriate clinical care. CVS recently launched a campaign 'Let's Learn from Mistakes' where colleagues are encouraged to complete a learning review after an adverse event and to record these on VetSafe, the Veterinary Defence Society's confidential adverse event recording platform. Led by over 500 Clinical Improvement Advocates, this not only improves psychological safety amongst the Group's clinical teams, but allows for dissemination of learnings in order to drive continuous improvement in care.

The Group's focus on antimicrobial stewardship has delivered a further reduction in the prescribing of the Highest Priority Critically Important Antibiotics (HPCIA), with an average reduction of 1.1% in 2024 compared to the benchmark, which equates to about 35,000 fewer prescriptions of these types of antibiotics.

CVS voluntarily adopts the Royal College of Veterinary Surgeons ("RCVS") Practice Standards Scheme (PSS) across its UK operations, adhering to the highest standards expected of our profession. This voluntary scheme gives the RCVS the ability to inspect CVS practices and to provide recommendations where appropriate. The Group currently has 103 PSS awards in recognition for going above and beyond the standard expected across the categories, primarily in client service.

Investing in great facilities and equipment to ensure appropriate and effective working environments

In H1 2025, CVS invested £16.8m (H1 2024: £17.2m) in capex. Of this £5.0m was on practice relocations, refurbishments and clinical equipment, including the expansion into a further site and training facility for Harrogate Vets, a thriving practice in the north of England.

In light of the uncertainty discount created by the ongoing CMA Market Investigation, the Group continues to be highly selective about UK investment, with very disciplined capital investment in facilities, equipment and IT and no UK acquisitions.

People: CVS's vision is to be the veterinary company people most want to work for

CVS remains a people focused business and is pleased to report an improvement in colleagues' satisfaction, as measured through the Group's employee net promoter score, improving to +3.8 (FY 2024: -2.8). During the prior year, this employee net promoter score was impacted due to the cyber incident, accelerated roll out of cloud-based systems and the ongoing CMA review. The Group is therefore pleased with the progress made in the past six months, and is on track to achieve its target of +5.0 by June 2025.

Development and progression for CVS colleagues remains a key focus; a new nurse career framework has been embedded and a dedicated framework has recently been introduced for receptionists. Guidance has been introduced to support personal development discussions with all colleagues, with continued emphasis on regular check-ins (87% of CVS colleagues report that they have these regularly with their line managers). CVS encourages interactive meetings across all teams, with 88% of colleagues reporting that these take place regularly. These regular team touch points contribute to colleague satisfaction by creating an opportunity for feedback, development and improved colleague wellbeing.

CVS continues to recruit clinicians, and now employs more vets and nurses than ever before. The Group has seen an increase in the average number of vets employed in calendar year 2024 vs calendar year 2023, excluding acquisitions of c.3% and nurses remained flat. CVS's market leading New Graduate Programme also saw over 180 New Graduates join the scheme in 2024. The Group's well-understood, people focused strategy is delivering positive momentum in CVS becoming the veterinary company people most want to work for.

CVS remains focused on controlling locum usage. Whilst locums provide flexibility and cover which is particularly important in the provision of out-of-hours care, the Group has launched a new locum booking system which simplifies the booking process and should lead to lower costs.

Sustainability and ESG

CVS published its third Sustainability report in September 2024 showcasing the progress made across six key Sustainability and ESG focus areas.

The Group has developed a pet bereavement support booklet, endorsed by the Blue Cross Pet loss support. For many children, losing a pet is their first experience of the passing of a loved one and this is why our Crematoria business launched the 'Goodbye My Friend' booklet, to help process the loss of a beloved companion animal.

CVS has collaborated on antimicrobial resistance collating evidence to support responsible antibiotic prescribing and infection control processes, thereby helping to balance the requirement of animal welfare with the environment and public health.

CVS also takes the opportunity to celebrate its apprentices. The Group has a minimum of 450 apprentices at any time, covering a variety of programmes. CVS promotes opportunities to support the development of its colleagues and to attract new talent to the profession. CVS also took a moment to recognise Time to Talk Day, encouraging colleagues throughout the group to have a conversation about mental health, to reduce stigma associated with this issue. This aligns with being the company people most want to work for.

Financial and operational review:

Financial highlights¹

H1 2025 marked further progress against the Group's plan to double adjusted EBITDA over five years, as outlined at CVS's Capital Markets Day in November 2022. The Group delivered revenue growth of 6.6% to £341.8m (H1 2024: £320.5m) and adjusted EBITDA growth of 4.5% to £67.4m (H1 2024: £64.5m).

During the prior year, CVS made the strategic decision to dispose of its Netherlands and Republic of Ireland (ROI) operations due to specific challenges in both these markets and the sub-scale nature of these operations. In light of this, prior year numbers have been re-presented to reflect the Netherlands and ROI as discontinued operations.

Overall Group like-for-like sales² for the period, compared to H1 2024, were -1.1% impacted by softer market conditions in the UK, most notably in the Group's online retail and laboratory businesses. Performance across the core Veterinary Practice division was flat and the Group expects to deliver year-on-year growth in this division and across the Group in the second half of the year. (H1 2024: Group like-for-like 6.5%).

Year-on-year revenue growth was delivered through our expansion into the Australian veterinary services market. The Group is delighted to welcome new colleagues from 27 practice acquisitions in Australia, including from five practices acquired since July 2024. The Group's short-term expansion focus continues to be on the Australian market where there is a strong pipeline of exciting opportunities and a more certain regulatory environment.

Leverage has increased to 1.66x from 1.54x at FY 2024 (H1 2024: 1.15x) and remains well within the Group's stated guidance of <2.0x. The increase in net bank borrowings by £14.9m since 30 June 2024 to £182.9m (H1 2024: £129.2, FY 2024: £168.0m) comes from acquisition investment of £23.2m (H1 2024: £63.1m, FY 2024: £96.2m) and continued focus on investment in practice facilities of £16.8m (H1 2024: £17.2m, FY 2024 £43.1m). Operating cash conversion remains strong at 72.0%.

The Group financial highlights are as follows:

	H1 2025	H1 2024	Change	FY 2024
	(unaudited)	(unaudited)	%	(audited)
Revenue (£m)	341.8	320.5	6.6%	647.3
Gross profit (£m)	148.7	139.8	6.4%	277.9
Operating profit (£m)	26.4	31.6	-16.5%	50.8
Profit before tax (£m)	17.4	26.8	-35.1%	38.2
Profit from continuing operations (£m)	11.3	18.1	-37.6%	26.4
Basic earnings per share from continuing operations (p)	15.6	25.2	-38.1%	36.5

Adjusted¹ financial highlights

	H1 2025 (unaudited)	H1 2024 (unaudited)	Change %	FY 2024 (audited)
Adjusted EBITDA (£m)	67.4	64.5	4.5%	127.3
Adjusted profit before tax (£m)	39.2	45.3	-13.5%	82.7
Adjusted earnings per share (p)	40.0	48.3	-17.2%	86.6

Revenue

Total revenue increased 6.6% to £341.8m from £320.5m benefitting from acquisitions made during the current and prior year offsetting negative life-for-like sales.

Overall Group like-for-like sales² for the period compared to H1 2024 were -1.1% (H1 2024: Group like-for-like 6.5%) impacted by softer market conditions in the UK most notably in the Group's online retail and laboratory businesses. Performance across the core Veterinary Practice division was flat.

The Group is pleased that, despite this backdrop, membership of its preventative Healthy Pet Club scheme continued to grow in the period, increasing by 1.4% to 507,000 at December 2024 compared to December 2023 (H1 2024: 500,000 members, FY 2024: 503,000 members).

Gross profit/gross profit margin

Gross profit of £148.7m increased by 6.4% from £139.8m benefitting from an increase in revenue with gross profit margin broadly flat at 43.5% (H1 2024: 43.6%).

Whilst cost of sales excluding clinical staff costs as a percentage of revenue decreased favourably to 21.3% from 21.8%, this was offset by an increase in clinical staff as a percentage of revenue to 35.2% from 34.6% as a result of wage inflation and investment in people.

Operating profit

Operating profit decreased 16.5% to £26.4m from £31.6m impacted by an increase in depreciation following a step up in recent years in capex investment, an increase in amortisation from increased acquisition investment and one-off exceptional costs in the year relating mainly to the CMA market investigation.

This was partially offset by an increase in net Research and Development Expenditure Tax Credits (RDEC) to £7.0m (H1 2024: £6.0m).

Profit before tax and basic earnings per share

Profit before tax decreased by 35.1% to £17.4m from £26.8m. Finance expense increased to £9.0m from £4.8m following an increase in the cost of borrowing and increased bank borrowing to support the Group's strategy of investment in its practices and acquisitions. Consequently, basic EPS for continuing operations decreased by 38.1% to 15.6p from 25.2p.

Adjusted EBITDA and adjusted earnings per share

Adjusted EBITDA increased by 4.5% to £67.4m from £64.5m benefitting from an increase in revenue from acquisitions. Adjusted EBITDA margin decreased to 19.7% from 20.1% impacted by continued inflationary pressures and increased people costs from wage inflation as well as continued investment in people, partially offset by an increase in net Research and Development Expenditure Tax Credits to £7.0m (H1 2024: £6.0m).

Despite the increase in adjusted EBITDA, adjusted EPS (as defined in note 2) decreased 17.2% to 40.0p from 48.3p impacted by an increase in depreciation from increased capital investment in recent years, an increase in finance expense from increases in both cost of borrowing and net debt and an increase in the effective rate of tax.

Adjusted EBITDA and adjusted EPS excludes the impact of amortisation of intangible assets, costs relating to business combinations and exceptional items.

A reconciliation between adjusted EBITDA and Operating profit is shown below:

£m	H1 2025 (unaudited)	H1 2024 (unaudited)	Change %	FY 2024 (audited)
Adjusted EBITDA	67.4	64.5	4.5%	127.3
Adjustments for:				
Amortisation, depreciation, impairment and profit on disposal	(31.9)	(25.3)	-26.1%	(55.6)
Costs relating to business combinations	(7.6)	(7.5)	-1.3%	(15.1)
Exceptional items*	(1.5)	(0.1)	-1400%	(5.8)
Operating profit	26.4	31.6	-16.5%	50.8

* *Exceptional items relate to costs incurred in relation with the Competition and Markets Authority market investigation of £1.1m and restructuring costs of £0.4m.*

Long-term prospects for the Group continue to be strong, supported by its great people. Despite the softer consumer environment in the UK currently, the fundamentals in the sector remain strong with an increasing pet population, pet life expectancy increasing and continued advancements in the standards of clinical care.

Taxation

The effective tax rate on profit before tax from continuing operations was 35.1% in the period (H1 2024: 32.5%), which reflects the mix of tax rates in the jurisdictions where the Group operates, together with the impact of an increase in non-deductible expenses predominantly in connection with acquisitions. The Group's tax charge for the period was £6.1m (H1 2024: £8.7m).

All of the Group's revenues and the majority of its expenses are subject to corporation tax. The main expenses that are not deductible for tax purposes are costs relating to acquisitions and depreciation on fixed assets that do not qualify for tax relief.

Divisional highlights

£m	H1 2025 (unaudited)	H1 2024 (unaudited)	Change %	FY 2024 (audited)
Veterinary practices	308.4	285.4	8.1%	577.5
Laboratories	15.6	16.3	-4.3%	31.6
Crematoria	6.2	6.0	3.3%	12.0
Online retail business	23.5	25.0	-6.0%	50.0
Central administration	(11.9)	(12.2)	2.5%	(23.8)
Total Group revenue	341.8	320.5	6.6%	647.3

£m	H1 2025 (unaudited)	H1 2024 (unaudited)	Change %	FY 2024 (audited)
Veterinary practices	65.0	61.0	6.6%	120.1
Laboratories	4.5	5.3	-15.1%	9.2
Crematoria	2.3	2.1	9.5%	4.3
Online retail business	1.1	1.7	-35.3%	3.3
Central administration	(5.5)	(5.6)	1.8%	(9.6)
Total Group adjusted EBITDA	67.4	64.5	4.5%	127.3

Veterinary practices (87.2%*)

The Group's Companion Animal division forms the majority of its Veterinary Practices division. The focus of the Companion Animal division is on delivering care clients require and this market will grow over time as pets age.

CVS continues to focus on the recruitment, retention and development of its highly skilled and dedicated colleagues. The Group employed an average of c3.0% more vets in calendar year 2024 vs 2023 (excluding the impact of acquisitions), reflecting a further reduction in attrition, a record graduate vet intake and the ongoing recruitment of some of the best talent in the profession.

The division also includes Referrals, Equine, Farm, Vet Direct, MiPet Products and the Group's Healthy Pet Programmes.

During the period CVS focused on embedding its new cloud-based practice management system and reviewing opportunities to enhance the client experience.

The Group is delighted with the performance of its Australian practices, with a further five acquisitions in H1 2025, which are all performing in line with expectations.

Laboratories (4.4%*)

CVS's Laboratories division provides diagnostic services and in-practice desktop analysers to both CVS and third-party practices and employs a national courier network to facilitate the collection and timely processing of samples from practices across the UK. The Group continues to develop its capability to ensure it can support the wider Group focus on growing diagnostic care.

The revenue performance in the period was impacted by a loss of a major contract along with increased inflationary pressures which led to EBITDA falling vs H1 2024.

Crematoria (1.8%*)

CVS's Crematoria division provides both individual and communal cremation services for companion animal and equine clients as well as clinical waste disposal services, for both CVS and third-party veterinary practices.

The positive revenue performance and adjusted EBITDA growth in the division continues to be driven by the Direct Pet Cremation service, which puts customers directly in contact with crematoria to make pet aftercare arrangements, giving them more time to consider their range of options which has resulted in significant changes to customers' choices and generated improved customer care.

Online retail business (6.6%*)

The Group's online pet food and retailer "Animed Direct" focuses on supplying pet food and prescription and non-prescription medicine directly to customers.

Although trading was challenging for Animed Direct in H1 2025, the launch of a new website in February 2025 will bring future growth whilst also enhancing the customers' user experience.

* Revenue share for continuing operations before intercompany sales between practices and other divisions.

Cash flow and movement in net debt

	H1 2025	H1 2024	FY 2024
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Adjusted EBITDA	67.4	64.5	127.3
Working capital movements	(5.0)	(9.8)	(12.5)
Capital expenditure – maintenance	(6.4)	(5.4)	(10.3)
Repayment of right-of-use liabilities	(7.5)	(7.5)	(14.8)
Operating cash flow	48.5	41.8	89.7
Operating cash conversion (%)	72.0%	64.8%	70.5%
Taxation paid	(8.3)	(3.5)	(15.7)
Net interest paid	(8.8)	(4.6)	(12.0)
Free cash flow	31.4	33.7	62.0
Capital expenditure – investment	(10.4)	(11.5)	(32.2)
Business combinations (net of cash acquired)/other investments	(23.3)	(63.1)	(96.2)
Contingent consideration and acquisition costs	(5.5)	(5.8)	(11.6)
Dividends paid	(5.8)	(5.4)	(5.5)
Other financing activities	(1.4)	(1.1)	(5.3)
Cash movement in relation to discontinued operations	—	(2.0)	(4.6)
Impact of foreign exchange	0.1	—	(0.6)
Net outflow	(14.9)	(55.2)	(94.0)
Decrease in unamortised borrowing costs	(0.4)	(0.7)	(0.1)
Increase/(decrease) in net debt	15.3	(55.9)	(94.1)

The Group's operating cash flow for continuing operations increased by 16.0% to £48.5m (H1 2024: £41.8m) with the increase in adjusted EBITDA and favourable working capital movements vs the prior period; partially offset by an increase in maintenance capital expenditure. In the prior year, an RDEC receipt of £5.1m was included as a reduction in tax paid, pending confirmation of the balance with HMRC, which was subsequently included within working capital at the year end.

The Group's operating cash conversion of 72.0% was in line with expectations set at our Capital Markets Day in November 2022.

Free cash flow decreased 6.8% to £31.4m from £33.7m with an increase in finance expense from increases in both cost of borrowing and net debt to support our strategy of investment in our practices and acquisitions.

Net debt increased by £15.3m to £180.1m from £164.8m at FY 2024 mainly from an increase in acquisition investment of £23.3m (H1 2024: £63.1m, FY 2024: £96.2m) and continued focus on investment in practice facilities of £16.8m (H1 2024: excluding discontinued operations of £16.9m, including discontinued operations of £17.2m) (FY 2024 excluding discontinued operations of £42.5m, including discontinued operations of £43.1m). In addition there were cash outflows in the year for exceptional costs and an increase in contingent and acquisition costs from an increase in the number of acquisitions made during the year and prior years.

Net debt

	H1 2025	H1 2024	FY 2024
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Borrowings repayable:			
Within one year	—	—	—
After more than one year:			
Loan facility	194.5	161.5	184.5
Unamortised borrowing costs	(2.8)	(2.9)	(3.2)
Total borrowings	191.7	158.6	181.3
Cash and cash equivalents	(11.6)	(32.3)	(16.5)
Net debt	180.1	126.3	164.8

The Group's loan facility comprises a £87.5m term loan and £262.5m revolving credit facility. This facility is supported by eight banks and runs until February 2028. The facility has two key financial covenants:

- net debt to bank-test EBITDA of not more than 3.25x; and
- the bank-test EBITDA to interest ratio of not less than 4.5x.

Bank-test EBITDA is based on the last twelve months' adjusted EBITDA performance annualised for the effect of acquisitions deducting costs relating to acquisition fees and adding back share option expense, prior to the adoption of IFRS 16.

The Group manages its banking arrangements centrally. Funds are swept daily from its various bank accounts into central bank accounts to optimise the Group's net interest payable position.

Interest rate risk is also managed centrally and derivative instruments are used to mitigate this risk. The Group has two fixed interest rate swap arrangements to hedge fluctuations in interest rates on £100.0m of its loan facility, which ends in February 2028. Interest cover at 31 December 2024 was 9.56x (FY 2024: 14.06x).

The Group continues to have a strong balance sheet coupled with the ability to generate cash, which enables it to effectively manage working capital. The Group targets a long-term net debt to EBITDA ratio of less than 2.0x and closely monitors this in line with acquisition investment opportunities. Leverage at 31 December 2024 was 1.66x (FY 2024: 1.54x)

Dividend

A dividend of 8.0p (December 2023: 7.5p) per share was paid in November 2024 in respect of the financial year ended 30 June 2024. The Board will continue to review its dividend policy and anticipates the payment of a final dividend in respect of the current financial year, which will be payable in December 2025. In line with the Group's customary practice, the amount of this dividend will be dependent on the outcome of the full year results and the growth capital needs of the business.

Current trading and Outlook

CVS has laid the foundations for further growth and is well positioned to benefit from the sizeable veterinary services market and continued humanisation of pets. The Board remains confident in the Group's ability to deliver sustainable long-term growth and its strategic goals.

Whilst CVS is naturally adapting its capital allocation and looking for efficiencies to offset recently announced UK employment cost increases, the Group's strategy for growth remains largely unchanged and CVS continues to execute this.

Although trading continues to be impacted by a softer market, the wider macroeconomic backdrop and inflationary pressures on margins over the near term, the Board remains confident that full year results will be in line with market expectations and the strategy remains appropriate to deliver longer term sustainable growth in value.

CVS has a healthy balance sheet and free cash flows in support of further investment with funding in place through to February 2028 and leverage maintained well below 2.0x. The Group will continue to focus its investment on people, technology and Australian acquisitions in order to support further growth.

The Board would like to acknowledge and thank all members of the CVS team for their support in providing the very best care for animals, and looks forward to sharing continued success in the future.

David Wilton
Chair
27 February 2025

**Condensed consolidated income statement for the six-month period ended 31 December 2024
(unaudited)**

	Note	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
<i>Continuing operations</i>				
Revenue		341.8	320.5	647.3
Cost of sales		(193.1)	(180.7)	(369.4)
Gross profit		148.7	139.8	277.9
Administrative expenses		(122.3)	(108.2)	(227.1)
Operating profit		26.4	31.6	50.8
Finance expense	5	(9.0)	(4.8)	(12.6)
Profit before tax		17.4	26.8	38.2
Tax expense	8	(6.1)	(8.7)	(11.8)
Profit from continuing operations		11.3	18.1	26.4
Loss from discontinued operations		-	(3.4)	(20.0)
Profit for the period		11.3	14.7	6.4
Profit for the period attributable to:				
Owners of the parent		11.2	14.6	6.2
Non-controlling interests		0.1	0.1	0.2
		11.3	14.7	6.4
Earnings per Ordinary share (EPS) for profit from continuing operations attributable to the ordinary equity holders of the Company:				
Basic	6	15.6p	25.2p	36.5p
Diluted	6	15.6p	25.2p	36.5p
Earnings per Ordinary share (EPS) for profit attributable to the ordinary equity holders of the Company:				
Basic	6	15.6p	20.4p	8.6p
Diluted	6	15.6p	20.4p	8.6p

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as discontinued operations in FY 2024.

Reconciliation of alternative performance measures

The Directors believe that adjusted measures, being adjusted EBITDA, adjusted PBT and adjusted EPS provide additional useful information for shareholders. These measures are used by the Board and management for planning, internal reporting and setting Director and management remuneration. In addition, they are used by the investor analyst community and are aligned to our strategy and KPIs. These measures are not defined by IFRS and therefore may not be directly comparable with other companies' adjusted measures.

Adjusted EBITDA is calculated by reference to profit before tax for continuing operations, adjusted for interest (net finance expense), depreciation, amortisation, costs relating to business combinations and exceptional items. The following table provides the calculation of adjusted EBITDA:

Alternative performance measure: adjusted EBITDA	Note	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit before tax from continuing operations		17.4	26.8	38.2
Adjustments for:				
Finance expense	5	9.0	4.8	12.6
Amortisation of intangible assets	9	12.7	11.7	24.8
Depreciation of property, plant and equipment	9	11.1	7.7	17.7
Depreciation of right-of-use assets	9	8.5	7.5	16.0
Depreciation and amortisation attributable to discontinued operations		-	(1.5)	(2.6)
Profit on disposal of property, plant and equipment and right-of-use assets		(0.4)	(0.1)	(0.3)
Costs relating to business combinations ²		7.6	7.5	15.1
Exceptional items ³		1.5	0.1	5.8
Adjusted EBITDA		67.4	64.5	127.3
Adjusted earnings per share (EPS):				
Adjusted EPS	6	40.0p	48.3p	86.6p
Diluted adjusted EPS	6	40.0p	48.2p	86.5p

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as discontinued operations in FY 2024.

² Includes amounts accrued in respect of contingent consideration in relation to acquisitions in prior years expensed to the income statement and acquisition fees.

³ Exceptional items relate to costs incurred in relation with the Competition and Markets Authority market investigation of £1.1m and restructuring costs of £0.4m. Further information on 2024 exceptional costs is available in note 6 for the 2024 Annual report.

Condensed consolidated statement of comprehensive income for the six-month period ended 31 December 2024 (unaudited)

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit for the period	11.3	14.7	6.4
Other comprehensive (expense) / income – items that will or may be reclassified to profit or loss in future periods			
Cash flow hedges:			
Net movement on cash flow hedge	(0.1)	(1.8)	(1.2)
Deferred tax on cash flow hedge	-	0.5	0.3
Exchange differences on translation of foreign operations	(5.5)	1.6	0.6
Other comprehensive (expense) / income for the period, net of tax	(5.6)	0.3	(0.3)
Total comprehensive income for the period	5.7	15.0	6.1
Total comprehensive income for the period attributable to:			
Owners of the parent	5.6	14.9	5.9
Non-controlling interests	0.1	0.1	0.2
Total comprehensive income for the period	5.7	15.0	6.1
Total comprehensive income/ (loss) for period attributable to owners of CVS Group plc:			
Continuing operations	5.6	18.3	26.1
Discontinued operations	-	(3.4)	(20.2)
	5.6	14.9	5.9

Condensed consolidated statement of financial position as at 31 December 2024 (unaudited)

	Note	31 December 2024 (Unaudited) £m	31 December 2023 (Unaudited) £m	30 June 2024 (Audited) £m
Non-current assets				
Intangible assets	9	344.9	321.7	334.9
Property, plant and equipment	9	126.5	111.3	123.0
Right-of-use assets	9	99.1	105.7	102.6
Derivative financial instruments		0.8	-	0.9
		571.3	538.7	561.4
Current assets				
Inventories		30.3	28.5	31.8
Trade and other receivables		60.5	58.2	67.7
Derivative financial instruments		-	0.3	-
Current tax receivable		22.5	2.8	12.6
Cash and cash equivalents		11.6	32.3	16.5
		124.9	122.1	128.6
Total assets		696.2	660.8	690.0
Current liabilities				
Trade and other payables	11	(97.5)	(91.2)	(102.6)
Provisions		(0.6)	(0.8)	(0.9)
Current tax liabilities		(3.7)	-	(0.7)
Lease liabilities	12	(14.0)	(14.0)	(13.9)
		(115.8)	(106.0)	(118.1)
Non-current liabilities				
Borrowings		(191.7)	(158.6)	(181.3)
Lease liabilities	12	(89.8)	(95.7)	(92.6)
Deferred tax liabilities		(37.5)	(34.2)	(37.5)
		(319.0)	(288.5)	(311.4)
Total liabilities		(434.8)	(394.5)	(429.5)
Net assets		261.4	266.3	260.5

Condensed consolidated statement of financial position as at 31 December 2024 (unaudited)

	31 December 2024 (Unaudited) £m	31 December 2023 (Unaudited) £m	30 June 2024 (Audited) £m
Shareholders' equity			
Share capital	0.1	0.1	0.1
Share premium	109.1	107.1	109.0
Capital redemption reserve	0.6	0.6	0.6
Treasury reserve	-	(0.9)	-
Cash flow hedge reserve	0.4	0.1	0.5
Merger reserve	(61.4)	(61.4)	(61.4)
Foreign exchange translation reserve	(5.1)	1.4	0.4
Retained earnings	217.6	219.2	211.2
	261.3	266.2	260.4
Non-controlling interest	0.1	0.1	0.1
Total equity	261.4	266.3	260.5

The interim financial information above is reproduced from that on pages 14 to 38 of the Group's Interim Report which was approved by the Board of Directors on 27 February 2025.

Condensed consolidated statement of changes in equity for the six-month period ended 31 December 2024 (unaudited)

	Share capital	Share premium	Capital redemption reserve	Treasury reserve	Cash flow hedge reserve	Merger reserve	Foreign exchange transaction reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 July 2024	0.1	109.0	0.6	-	0.5	(61.4)	0.4	211.2	260.4	0.1	260.5
Profit for the period	-	-	-	-	-	-	-	11.2	11.2	0.1	11.3
Other comprehensive income and loss											
Cash flow hedges: Fair value loss	-	-	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(5.5)	-	(5.5)	-	(5.5)
Deferred tax on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(0.1)	-	(5.5)	-	(5.6)	-	(5.6)
Total comprehensive (loss) / income	-	-	-	-	(0.1)	-	(5.5)	11.2	5.6	0.1	5.7
Transactions with owners:											
Issue of Ordinary shares	-	0.1	-	-	-	-	-	-	0.1	-	0.1
Credit to reserves for share-based payments (note 7)	-	-	-	-	-	-	-	0.9	0.9	-	0.9
Deferred tax relating to share-based payments	-	-	-	-	-	-	-	-	-	-	-
Purchase of Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (note 15)	-	-	-	-	-	-	-	(5.7)	(5.7)	(0.1)	(5.8)
Transactions with owners	-	0.1	-	-	-	-	-	(4.8)	(4.7)	(0.1)	(4.8)
At 31 December 2024	0.1	109.1	0.6	-	0.4	(61.4)	(5.1)	217.6	261.3	0.1	261.4

Condensed consolidated statement of changes in equity for the six-month period ended 31 December 2023 (unaudited)

	Share capital	Share premium	Capital redemption reserve	Treasury reserve	Cash flow hedge reserve	Merger reserve	Foreign exchange transaction reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 July 2023	0.1	107.0	0.6	-	1.4	(61.4)	(0.2)	209.1	256.6	-	256.6
Profit for the period	-	-	-	-	-	-	-	14.6	14.6	0.1	14.7
Other comprehensive income and loss											
Cash flow hedges: Fair value loss	-	-	-	-	(1.8)	-	-	-	(1.8)	-	(1.8)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1.6	-	1.6	-	1.6
Deferred tax on cash flow hedge	-	-	-	-	0.5	-	-	-	0.5	-	0.5
Total other comprehensive (loss) / income	-	-	-	-	(1.3)	-	1.6	-	0.3	-	0.3
Total comprehensive (loss) / income	-	-	-	-	(1.3)	-	1.6	14.6	14.9	0.1	15.0
Transactions with owners:											
Issue of Ordinary shares	-	0.1	-	-	-	-	-	-	0.1	-	0.1
Credit to reserves for share-based payments (note 7)	-	-	-	-	-	-	-	1.4	1.4	-	1.4
Deferred tax relating to share-based payments	-	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Purchase of Treasury shares	-	-	-	(0.9)	-	-	-	-	(0.9)	-	(0.9)
Dividends paid (note 15)	-	-	-	-	-	-	-	(5.4)	(5.4)	-	(5.4)
Transactions with owners	-	0.1	-	(0.9)	-	-	-	(4.5)	(5.3)	-	(5.3)

	Share capital	Share premium	Capital redemption reserve	Treasury reserve	Cash flow hedge reserve	Merger reserve	Foreign exchange transaction reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2023	0.1	107.1	0.6	(0.9)	0.1	(61.4)	1.4	219.2	266.2	0.1	266.3

Condensed consolidated statement of cash flows for the six-month period ended 31 December 2024 (unaudited)

	Note	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	13	56.9	47.8	101.8
Taxation paid		(8.3)	(3.5)	(15.7)
Interest paid		(8.8)	(4.8)	(12.4)
Exceptional items		(1.5)	(0.1)	(5.9)
Net cash generated from operating activities		38.3	39.4	67.8
Cash flows from investing activities				
Business combinations (net of cash acquired)	10	(23.3)	(63.1)	(97.0)
Purchase of property, plant and equipment	9	(13.6)	(15.7)	(39.5)
Proceeds from sale of property, plant and equipment		-	0.1	0.2
Purchase of intangible assets	9	(3.2)	(1.5)	(3.6)
Payments for financial assets at amortised cost		-	-	(0.6)
Net cash used in investing activities		(40.1)	(80.2)	(140.5)
Cash flows from financing activities				
Dividends paid to Company's shareholders	15	(5.7)	(5.4)	(5.4)
Dividends paid to non-controlling interests in subsidiaries		(0.1)	-	(0.1)
Proceeds from issue of Ordinary shares		0.1	0.1	2.0
Proceeds from sale of Treasury shares		-	-	0.4
Purchase of Treasury shares		-	(0.9)	(0.9)
Repayment of obligation under right-of-use assets		(7.5)	(7.9)	(15.6)
Debt issuance costs		-	-	(0.8)
Repayment of borrowings		-	(0.3)	(0.3)
Increase of borrowings		10.0	66.0	89.0
Net cash generated (used in)/from financing activities		(3.2)	51.6	68.3
Effects of exchange rate changes		0.1	-	(0.6)
Net (decrease)/increase in cash and cash equivalents		(4.9)	10.8	(5.0)
Cash and cash equivalents at the beginning of period		16.5	21.5	21.5
Cash and cash equivalents at end of the period		11.6	32.3	16.5

Notes to the interim consolidated financial information

1. General information

The principal activity of CVS Group plc, together with its subsidiaries (“the Group”) is to operate veterinary practices, complementary veterinary diagnostic businesses, pet crematoria and an online pharmacy and retail business.

CVS Group plc is a public limited company incorporated under the Companies Act 2006 and domiciled in England and Wales and its shares are quoted on the AIM Market of the London Stock Exchange (“CVSG”). Its company registration number is 06312831 and registered office is CVS House, Owen Road, Diss, IP22 4ER.

This interim consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of CVS Group plc in respect of the year ended 30 June 2024 have been delivered to the Registrar of Companies, upon which the Company’s auditors have given a report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

Forward looking statements

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Save as required by regulation or law, we undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2. Basis of preparation

The interim consolidated financial information of CVS Group plc is for the six months ended 31 December 2024. It is unaudited and has been prepared in accordance with the AIM Rules for Companies and with IAS 34, ‘Interim Financial Reporting’. The interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2024, which have been prepared in accordance with international accounting standards and in conformity with the requirements of the Companies Act 2006.

The interim consolidated financial information has been prepared on a going concern basis.

Use of alternative performance measures

The Directors believe that adjusted performance measures provide additional useful information for shareholders. These measures are used by the Board and management for planning, internal reporting and setting Director and management remuneration. In addition, they are used by the investor analyst community and are aligned to our strategy and KPIs. These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies’ adjusted measures. They are not intended to be a substitute for, or superior to, IFRS measurements of profit or earnings per share.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (adjusted EBITDA), adjusted profit before tax (adjusted PBT) and adjusted earnings per share (adjusted EPS)

Adjusted EBITDA is calculated by reference to profit before tax for continuing operations, adjusted for interest (net finance expense), depreciation, amortisation, costs relating to business combinations and exceptional items. An exceptional item is where the item is deemed to be outside the ordinary course of business or where the value of the item is such that it distorts the view of performance from the underlying ongoing business and operations.

Adjusted PBT is calculated as profit before tax, amortisation, costs relating to business combinations and exceptional items.

Adjusted EPS is calculated as adjusted PBT attributable to the owners of CVS Group plc, less applicable tax, divided by the weighted average number of Ordinary shares in issue in the period.

The following table provides the calculation of adjusted EBITDA as defined above:

Alternative performance measure: adjusted EBITDA	Note	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit before tax from continuing operations		17.4	26.8	38.2
Adjustments for:				
Finance expense	5	9.0	4.8	12.6
Amortisation of intangible assets	9	12.7	11.7	24.8
Depreciation of property, plant and equipment	9	11.1	7.7	17.7
Depreciation of right-of-use assets	9	8.5	7.5	16.0
Depreciation and amortisation attributable to discontinued operations		-	(1.5)	(2.6)
Profit on disposal of property, plant and equipment and right-of-use assets		(0.4)	(0.1)	(0.3)
Costs relating to business combinations ²		7.6	7.5	15.1
Exceptional items ³		1.5	0.1	5.8
Adjusted EBITDA		67.4	64.5	127.3
Adjusted earnings per share (EPS):				
Adjusted EPS	6	40.0p	48.3p	86.6p
Diluted adjusted EPS	6	40.0p	48.2p	86.5p

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as discontinued operations in FY 2024.

² Includes amounts accrued in respect of contingent consideration in relation to acquisitions in prior years expensed to the income statement and acquisition fees.

³ Exceptional items relate to costs incurred in relation with the Competition and Markets Authority market investigation of £1.1m and restructuring costs of £0.4m. Further information on 2024 exceptional costs is available in note 6 for the 2024 Annual report.

Net debt

Net debt is calculated as bank borrowings less gross cash and cash equivalents and unamortised borrowing costs.

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Borrowings repayable after more than one year			
Loan facility	194.5	161.5	184.5
Unamortised borrowing costs	(2.8)	(2.9)	(3.2)
Total borrowings	191.7	158.6	181.3
Cash and cash equivalents	(11.6)	(32.3)	(16.5)
Net debt	180.1	126.3	164.8

For bank covenant reporting, an alternative calculation for net debt is used. This definition can be found in note 3 of the 2024 Annual Report.

Leverage

Leverage on a bank test basis is drawn bank debt less cash and cash equivalents, divided by adjusted EBITDA annualised for the effect of acquisitions, including costs relating to acquisition fees and excluding share option costs, prior to the adoption of IFRS 16.

Net bank borrowings

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

Like-for-like sales

Like-for-like sales show revenue generated from like-for-like continuing 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.

Operating cash conversion

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.

Free cash flow

Free cash flow is defined as cash flows from operating activities adjusted for discontinued operations, acquisition fees and contingent consideration paid, less lease liability repayment, maintenance capital expenditure, net interest paid and taxation paid.

3. Summary of significant accounting policies

The accounting policies adopted are consistent with those set out on pages 108 to 117 of the consolidated financial statements of CVS Group plc for the year ended 30 June 2024 (which are available upon request from the Company's registered office or on the Company's website).

The policy for recognising and measuring taxation in the interim period is described in note 8.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, operating segments, is based on the Group's management and internal reporting structure and monitored by the Group's Chief Operating Decision Maker (CODM).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-bearing borrowings and associated costs, tax-related assets and liabilities, costs relating to business combinations, and support function salary and premises costs.

Revenue comprises £242.5m of fees and £99.3m of goods (31 December 2023: £234.0m and £86.5m respectively).

Operating segments

The Group is split into four operating segments (Veterinary Practices, Laboratories, Crematoria and Online Retail Business) and a centralised support function (Central administration) for business segment analysis. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each segment requires different specialisms, marketing approaches and resources. Intra-group sales eliminations are included within the Central administration segment. Central administration includes costs relating to the employees and property and other overhead costs associated with the centralised support function together with finance costs arising on the Group's borrowings.

Six-months ended 31 December 2024	Veterinary Practices £m	Laboratories £m	Crematoria £m	Online Retail Business £m	Central Administration £m	Group £m	Discontinued operations £m
Revenue	308.4	15.6	6.2	23.5	(11.9)	341.8	-
Adjusted EBITDA	65.0	4.5	2.3	1.1	(5.5)	67.4	-
Profit/(loss) before tax	26.3	3.9	1.8	1.1	(15.7)	17.4	-
Total assets	547.3	56.4	31.3	24.6	36.6	696.2	-
Total liabilities	(177.7)	(3.0)	(2.4)	(18.6)	(233.1)	(434.8)	-
Reconciliation of adjusted EBITDA							
Profit/(loss) before tax	26.3	3.9	1.8	1.1	(15.7)	17.4	-
Finance expense (note 5)	2.4	-	-	-	6.6	9.0	-
Amortisation of intangible assets (note 9)	12.6	-	0.1	-	-	12.7	-
Depreciation of property, plant and equipment (note 9)	9.9	0.6	0.4	-	0.2	11.1	-
Depreciation of right-of-use assets (note 9)	8.2	-	-	-	0.3	8.5	-
Profit on disposal of property, plant and equipment and right-of-use assets	(0.4)	-	-	-	-	(0.4)	-
Costs relating to business combinations	5.9	-	-	-	1.7	7.6	-
Exceptional items	0.1	-	-	-	1.4	1.5	-
Adjusted EBITDA	65.0	4.5	2.3	1.1	(5.5)	67.4	-

Six-months ended 31 December 2023¹	Veterinary Practices £m	Laboratories £m	Crematoria £m	Online Retail Business £m	Central Administration £m	Group £m	Discontinued operations £m
Revenue	285.4	16.3	6.0	25.0	(12.2)	320.5	9.4
Adjusted EBITDA	61.0	5.3	2.1	1.7	(5.6)	64.5	(1.5)
Profit/(loss) before tax	32.9	4.8	1.7	1.7	(14.3)	26.8	(3.4)
Total assets	544.9	46.4	24.5	24.3	20.7	660.8	-
Total liabilities	(179.2)	(1.5)	(1.7)	(19.3)	(192.8)	(394.5)	-
Reconciliation of adjusted EBITDA							
Profit/(loss) before tax	32.9	4.8	1.7	1.7	(14.3)	26.8	(3.4)
Finance expense (note 5)	1.8	-	-	-	3.0	4.8	0.4
Amortisation of intangible assets ² (note 9)	11.0	-	-	-	-	11.0	0.7
Depreciation of property, plant and equipment (note 9)	6.2	0.5	0.4	-	0.2	7.3	0.4
Depreciation of right-of-use assets (note 9)	6.8	-	-	-	0.3	7.1	0.4
Profit on disposal of property, plant and equipment and right-of-use assets	(0.1)	-	-	-	-	(0.1)	-
Costs relating to business combinations	2.3	-	-	-	5.2	7.5	-
Exceptional items	0.1	-	-	-	-	0.1	-
Adjusted EBITDA	61.0	5.3	2.1	1.7	(5.6)	64.5	(1.5)

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as a discontinued operation in FY 2024.

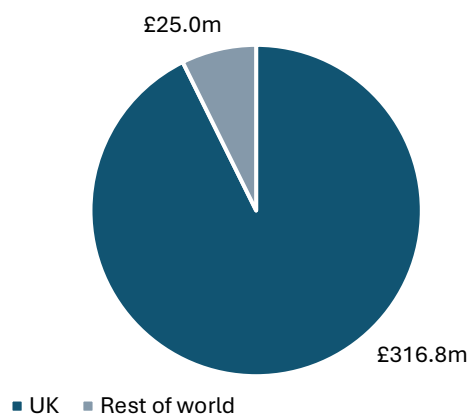
² Amortisation in prior period reclassified as veterinary practice

Year ended 30 June 2024	Veterinary Practices £m	Laboratories £m	Crematoria £m	Online Retail Business £m	Central Administration £m	Group £m	Discontinued operations £m
Revenue	577.5	31.6	12.0	50.0	(23.8)	647.3	17.5
Adjusted EBITDA	120.1	9.2	4.3	3.3	(9.6)	127.3	(2.1)
Profit/(loss) before tax	56.7	8.0	3.6	3.2	(33.3)	38.2	(5.5)
Total assets	567.6	49.3	25.9	21.2	26.0	690.0	-
Total liabilities	(190.0)	(2.2)	(2.3)	(15.5)	(219.5)	(429.5)	-
Reconciliation of adjusted EBITDA							
Profit/(loss) before tax	56.7	8.0	3.6	3.2	(33.3)	38.2	(5.5)
Finance expense (note 5)	3.9	-	-	-	8.7	12.6	0.8
Amortisation of intangible assets (note 9)	23.4	-	0.1	0.1	-	23.6	1.2
Depreciation of property, plant and equipment (note 9)	14.9	1.0	0.7	-	0.4	17.0	0.7
Depreciation of right-of-use assets (note 9)	14.6	0.1	-	-	0.6	15.3	0.7
Profit on disposal of property, plant and equipment and right-of-use assets	(0.2)	-	(0.1)	-	-	(0.3)	-
Costs relating to business combinations	6.1	-	-	-	9.0	15.1	-
Exceptional items	0.7	0.1	-	-	5.0	5.8	-
Adjusted EBITDA	120.1	9.2	4.3	3.3	(9.6)	127.3	(2.1)

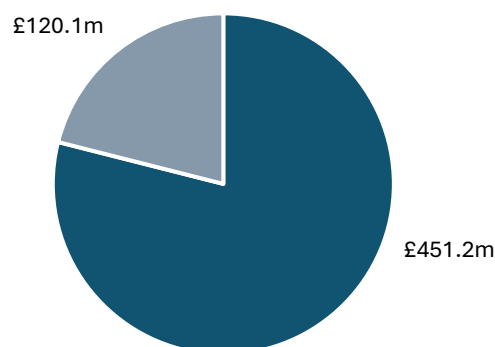
Geographical segments

The business operates predominantly in the UK. As at 31 December 2024, it has 36 veterinary practice sites in Australia. It performs a small amount of laboratory work and teleradiology work for Europe-based clients and a small amount of teleradiology work for clients based in the rest of the world. In accordance with IFRS 8, 'Operating Segments', no segment results are presented for operations in Australia as it meets the aggregation criteria, or trade with clients in Europe or the rest of the world which is not considered material for separate disclosure. Neither Australia or trade with clients in Europe and the rest of the world are reported separately for management reporting purposes.

Revenue



Non-current assets



5. Finance expense

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Interest expense on bank loans and overdraft	6.1	2.3	7.4
Interest expense on lease liabilities	2.5	2.1	4.3
Amortisation of debt arrangement fees	0.4	0.4	0.9
Net finance expense	9.0	4.8	12.6

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as discontinued operation in FY 2024.

Finance expense including within loss from discontinued operations, not including above, is £nil (31 December 2023: £0.4m, FY 2024: £0.8m).

6. Earnings per Ordinary share

(a) Reconciliation of earnings

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit from continuing operations	11.3	18.1	26.4
Profit attributable to non-controlling interest	(0.1)	(0.1)	(0.2)
Profit for the year from continuing operations attributable to equity holders of the Company	11.2	18.0	26.2
Loss for the year from discontinued operations attributable to equity holders of the Company	-	(3.4)	(20.0)
Profit for the year attributable to the equity holders of the Company	11.2	14.6	6.2

(b) Basic

Basic earnings per share is calculated by dividing the profit after taxation by the weighted average number of shares in issue during the period.

	Six months ended 31 December 2024 (Unaudited)	Six months ended 31 December 2023 ¹ (Unaudited)	Year ended 30 June 2024 (Audited)
Weighted average number of Ordinary shares in issue	71,739,444	71,508,834	71,595,871
Basic earnings per share from continuing operations attributable to equity holders of the Company (pence)	15.6	25.2	36.5
Basic earnings per share from discontinued operations attributable to equity holders of the Company (pence)	-	(4.8)	(27.9)
Total basic earnings per share attributable to the ordinary equity holders of the Company (pence)	15.6	20.4	8.6

(c) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. The Company has potentially dilutive Ordinary shares, being the contingently issuable shares under the Group's Long-Term Incentive Plan (LTIP) schemes and Save-As-You-Earn (SAYE) schemes. For share options, a calculation is undertaken to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 31 December 2024 (Unaudited)	Six months ended 31 December 2023 ¹ (Unaudited)	Year ended 30 June 2024 (Audited)
Weighted average number of Ordinary shares in issue	71,739,444	71,508,834	71,595,871
Adjustment for contingently issuable shares – LTIP schemes	-	113,803	-
Adjustment for contingently issuable shares – SAYE schemes	1,326	27,594	60,844
Weighted average number of Ordinary shares for diluted earnings per share	71,740,770	71,650,231	71,656,715
Diluted earnings per share from continuing operations attributable to equity holders of the Company (pence)	15.6	25.2	36.5
Diluted earnings per share from discontinued operations attributable to equity holders of the Company (pence)	-	(4.8)	(27.9)
Total diluted earnings per share attributable to the ordinary equity holders of the Company (pence)	15.6	20.4	8.6

(d) *Alternative performance measure: adjusted earnings per share*

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 ¹ (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit before tax from continuing operations	17.4	26.8	38.2
Adjustments for:			
Amortisation of intangible assets	12.7	11.7	24.8
Amortisation of intangible assets attributable to discontinued operations	-	(0.8)	(1.2)
Costs relating to business combinations	7.6	7.5	15.1
Exceptional items	1.5	0.1	5.8
Adjusted profit before tax	39.2	45.3	82.7
Tax expense amended for the above adjustments	(10.4)	(10.7)	(20.4)
Adjusted profit after tax	28.8	34.6	62.3
Less: Adjusted profit after tax attributable to non-controlling interest	(0.1)	(0.1)	(0.2)
Adjusted profit after tax attributable to the parent	28.7	34.5	62.1
Weighted average number of Ordinary shares in issue	71,739,444	71,508,834	71,595,871
Weighted average number of Ordinary shares for diluted earnings per share	71,740,770	71,650,231	71,656,715

Adjusted earnings per share (pence)	40.0	48.3	86.6
Diluted adjusted earnings per share (pence)	40.0	48.2	86.5

¹ Six months ended 31 December 2023 has been re-presented following the classification of the Netherlands and Republic of Ireland operations as discontinued operation in FY 2024.

7. Share-based payments

Long-Term Incentive Plans

The Group operates incentive schemes for certain senior executives and others, the CVS Group Long-Term Incentive Plan (LTIP).

Under the LTIP schemes, awards are made at an effective nil cost. Schemes vest over a three-year performance period conditional upon the Group's adjusted earnings per share growth and Total Shareholder Return (TSR) with the exception of LTIP 16 (b) and LTIP 16 (c), which vest over a three-year period but are not conditional on performance. The LTIP scheme arrangements are a mixture of equity-settled and cash-settled. Cash-settled LTIP schemes are linked to a number of shares, the value of which is settled in cash upon exercise.

The following LTIP schemes were issued in the period for the six months ended 31 December 2024:

	LTIP 18	LTIP 18(b)	LTIP 18 (c)
Issue date	4 October 2024	4 October 2024	4 November 2024
Option life	3 years	3 years	3 years
Number of shares	197,820	1,352	3,181
Share price at grant date	£11.51	£11.51	£9.43
Exercise price	0.2p	0.2p	0.2p
Settlement	Equity-settled	Cash-settled	Equity-settled

During the six months to 31 December 2024, Directors and employees exercised nil share options (31 December 2023: 107,903) with a weighted average share price at the date of exercise of £nil (31 December 2023: £16.17) in respect of the LTIP 15 (31 December 2023: LTIP 14) scheme.

Options are valued using the Monte-Carlo option pricing model and Black-Scholes option pricing models. The share-based payment charge for the period in respect of the options issued under the LTIP schemes amounted to £0.2m (31 December 2023: £0.6m), which has been charged to administrative expenses. National Insurance contributions amounting to £nil (31 December 2023: £0.1m) have been accrued in respect of the LTIP scheme transactions and are treated as cash-settled transactions.

Save As You Earn (SAYE)

The Group operates an incentive scheme for all employees, the CVS Group SAYE plan, an HM Revenue & Customs-approved scheme. Under the new SAYE17 scheme, awards were made at a 10.0% discount (SAYE16, SAYE15, SAYE14 and SAYE13 were made at a 20.0% discount) of the closing mid-market price on date of invitation, vesting over a three-year period. There are no performance conditions attached to the SAYE schemes.

SAYE17 was opened for subscription in November 2024 with 612,781 options granted and a contract start date of 1 January 2025. The exercise price was £8.47, a 10.0% discount to the closing mid-market price on the date of invitation.

Options were valued using the Black-Scholes option pricing model and the share-based payment charge for the period in respect of the options issued under the SAYE schemes amounted to £0.7m (31 December 2023: £0.8m), which has been charged to administrative expenses.

8. Tax expense

The tax charge for the six months ended 31 December 2024 is recognised based on management's estimate of the weighted average annual effective tax rate expected for the full financial year, adjusted for the tax impact of any discrete items arising in the period. The estimated average annual tax rate used for the six months ended 31 December 2024 is 32.3% (31 December 2023: 31.8%).

The reported effective tax rate for the six months ended 31 December 2024 is 35.1% (31 December 2023: 36.8%). The reported effective tax rate has decreased from the previous period by 1.6ppts. This is predominantly due to effect of adjustments in respect of previous years for deferred tax resulting in credit in the income statement in the six months ended 31 December 2024.

Total tax expense for the six months ended 31 December 2024 of £6.1m (31 December 2023: £8.7m) on continuing operations would represent an effective tax rate on profit before tax on continuing operations of 35.1% (31 December 2023: 32.5%).

OECD Pillar Two – Global Minimum Tax

The UK substantively enacted the OECD Pillar Two global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit Shifting in June 2023 (the Pillar Two rules). Australia's enactment of the Pillar Two rules received Royal Assent in December 2023. Both UK and Australia rules will have effect for accounting periods from 1 January 2024, making it effective for the Group from 1 July 2024.

Under the Pillar Two rules, a top-up tax arises where the effective tax rate of the Group's operations in any individual jurisdiction, calculated using principles set out in Pillar Two legislation, is below a 15% minimum rate. Any resulting tax would be payable by CVS Group plc to the UK tax authority (HMRC) being the Group's ultimate parent. The Group is in the process of assessing its exposure to Pillar Two taxes for the period ended 30 June 2025, but based on initial assessments does not estimate any current tax expense for Pillar Two in the period.

The quantitative impact of the Pillar Two rules is not yet reasonably able to be estimated.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two.

9. Intangible, tangible and right-of-use assets

	Intangible assets £m	Property, plant and equipment £m	Right-of-use assets £m
Six months ended 31 December 2024			
Opening net book value at 1 July 2024	334.9	123.0	102.6
Foreign currency translation	(6.5)	(0.1)	(0.3)
Additions	3.2	13.6	1.6
Remeasurement of lease term	-	-	3.3
Additions arising through business combinations	26.2	1.1	1.1
Fair value adjustments in respect of prior periods	(0.2)	-	-
Disposals	-	-	(0.7)
Amortisation and depreciation	(12.7)	(11.1)	(8.5)
Closing net book value at 31 December 2024	344.9	126.5	99.1
Six months ended 31 December 2023			
Opening net book value at 1 July 2023	256.1	101.5	102.9

Foreign currency translation	1.6	-	-
Additions	1.5	15.7	2.0
Remeasurement of lease term	-	-	3.1
Additions arising through business combinations	74.2	1.8	5.8
Disposals	-	-	(0.6)
Amortisation and depreciation	(11.7)	(7.7)	(7.5)
Closing net book value at 31 December 2023	321.7	111.3	105.7

10. Business Combinations

Details of business combinations in the six months ended 31 December 2024 are set out below. The reason for each acquisition was to expand the CVS Group business through acquisitions aligned to our strategic goals.

Name of business combination	% Share capital acquired	Date of acquisition	Country of incorporation
Pet Universe	Trade and asset	02 July 2024	Australia
Direct Vet Services	Trade and asset	02 September 2024	Australia
Northcote Animal Hospital	Trade and asset	18 November 2024	Australia
Cessnock Veterinary Hospital, Vetcare Aberglasslyn & Vetcare Kurri	Trade and asset	21 November 2024	Australia
Ripley Valley Veterinary Hospital Pty Ltd	100%	21 November 2024	Australia

The table below summarises the total assets acquired through business combinations in the six months ended 31 December 2024:

	Note	Book value of acquired assets £m	Fair value adjustments £m	Fair value £m
Property, plant and equipment	9	1.1	-	1.1
Patient data records	9	-	12.8	12.8
Right-of-use assets	9	1.1	-	1.1
Deferred tax liability		0.1	(3.8)	(3.7)
Trade and other receivables		0.1	-	0.1
Trade and other payables		(0.5)	-	(0.5)
Right-of-use liabilities		(1.1)	-	(1.1)
Total identifiable assets		0.8	9.0	9.8
Goodwill				13.4
Total consideration				23.2

Purchase consideration - cash outflow

	31 December 2024 (Unaudited) £m	31 December 2023 (Unaudited) £m	30 June 2024 (Audited) £m
Total Purchase consideration	23.2	65.2	100.9
Less:			
Deferred consideration payable	(0.3)	(2.6)	(1.6)
Cash acquired	-	-	(4.1)
Cash outflow for in-year acquisitions	22.9	62.6	95.2
Add:			
Deferred consideration paid on prior period acquisitions	0.4	0.5	1.0
Contingent consideration paid on prior period acquisitions	-	-	0.8
Net outflow of cash- investing activities	23.3	63.1	97.0

The total consideration of £23.2m, net of the cash acquired, is prior to the agreement of the completion accounts. The amounts recognised are subject to adjustment in line with IFRS 3 for up to twelve months from acquisition, with goodwill being adjusted accordingly.

Goodwill recognised represents the excess of purchase consideration over the fair value of the identifiable net assets. Goodwill reflects the synergies arising from the combination of the businesses; this includes cost synergies arising from shared support functions and buying power synergies. Goodwill includes the recognition of an amount equal to the deferred tax that arises on non-qualifying fixed assets acquired under a business combination.

Goodwill and intangible assets recognised in the year relating to business combinations are not expected to be deductible for tax purposes.

Acquired receivables

The fair value of acquired trade receivables is £0.1m. The gross contractual amount for trade receivables due is £0.1m with a loss allowance of £nil recognised on acquisition.

Revenue and profit contribution

If the acquisitions made in the period had been owned for the full half period it is estimated that revenue would have been £5.3m and adjusted EBITDA £1.6m for the acquired businesses.

Post-acquisition revenue and post-acquisition adjusted EBITDA were £2.3m and £0.8m respectively. The post-acquisition period is from the date of acquisition to 31 December 2024. Post-acquisition EBITDA represents the direct operating result of practices from the date of acquisition to 31 December 2024 prior to the allocation of central overheads, on the basis that it is not practicable to allocate these.

Acquisition-related costs

Acquisition costs of £1.7m (31 December 2023: £4.5m) are included within cost relating to business combinations in note 4 of the financial statements.

Contingent consideration, expensed to the income statement, of £5.8m (31 December 2023: £3.0m) are included cost relating to business combinations in note 4 of the financial statements.

The Directors do not consider any individual in-year acquisition to be material to the Group and therefore have not separately disclosed these.

Contingent consideration

At the acquisition date of each acquisition contingent consideration of £nil is recognised. Contingent consideration is expensed to the income statement for a period of up to three years subject to meeting fixed profitability and employment targets. If these targets are met, an aggregated £2.4m of contingent consideration would be payable on the first anniversary of the acquisitions, an aggregated £2.4m would be payable on the second anniversary of the acquisitions and an aggregated £1.1m would be payable on the third anniversary of the acquisitions.

Business combinations in previous years

Details of business combinations in the comparative period are presented in the consolidated financial statements for the full year ended 30 June 2024 compared to the figures above which are presented for the 6 month period to 31 December 2024. Adjustments to the provisional amounts during the measurement period has result in additional patient data records of £0.1m, a reduction in goodwill of £0.3m and additional property, plant and equipment of £0.1m.

During the period to 31 December 2024, £0.4m (31 December 2023: £0.5m) was paid to settle deferred consideration payable from the prior year and no payments were made to settle contingent consideration payments (31 December 2023: £nil).

11. Trade and other payables

	31 December 2024 (Unaudited) £m	31 December 2023 (Unaudited) £m	30 June 2024 (Audited) £m
Trade payables	41.9	39.7	50.1
Social security and other taxes	22.8	22.7	19.3
Other payables	5.5	4.2	6.1
Deferred income ¹	2.0	2.3	2.3
Accruals	25.3	22.3	24.8
Total	97.5	91.2	102.6

¹ Deferred income relates to the contract liability relating to the Healthy Pet Club (HPC) contract.

12. Lease liabilities

	31 December 2024 (Unaudited) £m	31 December 2023 (Unaudited) £m	30 June 2024 (Audited) £m
Current	14.0	14.0	13.9
Non-current	89.8	95.7	92.6
Total discounted lease liabilities	103.8	109.7	106.5
Maturity analysis – contractual undiscounted cash flows			
Less than one year	18.9	18.5	19.0
Between one and five years	62.2	61.7	63.3
More than five years	43.0	49.5	47.5
Total	124.1	129.7	129.8

13. Cash flow generated from operations

	Six months ended 31 December 2024 (Unaudited) £m	Six months ended 31 December 2023 (Unaudited) £m	Year ended 30 June 2024 (Audited) £m
Profit for the period	11.3	14.7	6.4
Tax expense	6.1	8.7	11.8
Finance expense	9.0	5.2	13.4
Loss on the sale of discontinued operation	-	-	14.3
Amortisation of intangible assets	12.7	11.7	24.8
Depreciation of property, plant and equipment	11.1	7.7	17.7
Depreciation and impairment of right-of-use assets	8.5	7.5	16.0
Profit on sale of property, plant and equipment and right-of-use assets	(0.4)	(0.1)	(0.3)
Decrease/(increase) in inventories	1.5	0.4	(3.0)
Decrease/(increase) in trade and other receivables	0.2	(5.5)	(17.4)
(Decrease)/increase in trade and other payables	(5.2)	(4.1)	10.2
(Decrease)/increase in provisions	(0.3)	0.1	(0.3)
Share option expense	0.9	1.4	2.4
Exceptional items	1.5	0.1	5.8
Total net cash flow generated from operations	56.9	47.8	101.8

14. Analysis of movement in liabilities from financing activities

	At 1 July 2024 £m	Cash flow £m	New leases £m	Liabilities on disposed leases £m	Non-cash movement £m	At 31 December 2024 £m
Lease liabilities	(106.5)	10.0	(6.0)	1.2	(2.5)	(103.8)
Bank loans	(181.3)	(10.0)	-	-	(0.4)	(191.7)
Total liabilities from financing activities	(287.8)	-	(6.0)	1.2	(2.9)	(295.5)

	At 1 July 2023 £m	Cash flow £m	New leases £m	Liabilities on disposed leases £m	Non-cash movement £m	At 31 December 2023 £m
Lease liabilities	(106.9)	10.1	(10.9)	0.6	(2.6)	(109.7)
Bank loans	(92.2)	(65.7)	-	-	(0.7)	(158.6)
Total liabilities from financing activities	(199.1)	(55.6)	(10.9)	0.6	(3.3)	(268.3)

Non-cash movements on right-of-use lease liabilities mainly comprise interest. Non-cash movements on borrowings and bank loans mainly include amortisation of issue costs on bank loans and bank debt acquired.

15. Dividends

The dividends paid in November 2024, representing the final dividend payable for the year ended 30 June 2024, amounted to £5.7m (8.0 pence per share) (31 December 2023: £5.4m (7.5 pence per share)).

16. Events after the reporting period

Since the period end, the Group has exchanged contracts for a further small animal veterinary practice acquisition in Australia, with completion expected in due course. Consideration for this pending acquisition is £5.7m (Australian \$10.9m). This acquisition is aligned with the Group's strategic goals.

Directors and advisers

Directors	D Wilton (Chair) D Kemp (Non-Executive Director) R Gray (Non-Executive Director) J Shaw (Non-Executive Director) R Fairman (Chief Executive Officer) R Alfonso (Chief Financial Officer) P Higgs (Chief Veterinary officer) (<i>Appointed 25 July 2024</i>) B Jacklin (Deputy CEO) (<i>Resigned 8th July 2024</i>)
Company Secretary	S Morrison
Company number	06312831
Registered office	CVS House Owen Road Diss Norfolk IP22 4ER
Independent auditor	Deloitte LLP 1 Station Square Cambridge CB1 2GA
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