



## ASX Announcement

### Mad Paws Holdings Limited (ASX:MPA)

26 October 2021

### September 2021 Quarterly Update and Appendix 4C

Mad Paws Holdings Limited is pleased to provide its Appendix 4C cash flow and activity report for the quarter ending 30 September 2021.

#### Highlights

- Q1 FY22 LTM GMV of **\$14.1 million** up from \$8.7 million in Q1 FY21
- Q1 FY22 GMV of **\$2.9 million** up **97%** on Q1 FY21. Over 117,000 paying pet customers and 27,000 pet sitters on the platform
- Q1 FY22 Operating Revenue of **\$1.3 million** an increase of **304%** compared to Q1 FY21
  - Subscription revenues of **\$0.72 million** up from \$25k in Q1 FY21
  - Marketplace revenues of **\$0.34 million** in line with Q1 FY21 as a result of the COVID-19 restrictions in Q1 FY21
  - Ecommerce revenues of **\$0.24 million**, a new revenue source following the Waggly acquisition in Q4 FY21
- Strategic focus on subscription verticals delivering record growth
  - Total Subscribers continue to accelerate increasing **42%** quarter on quarter to **4.2k**
  - ARR up **32%** quarter on quarter to **\$3.2 million**
- Waggly integration completed ahead of expectations with performance accelerating post acquisition
- Operating cash outflow before strategic growth investments of \$1.8 million successfully minimizing the lockdown impact on the marketplace
- Marketplace booking volumes have started to rebound as COVID restrictions begin to lift. Marketplace GMV is **+50%** for week 40 to 43 (the first three weeks of October) compared to the same period in the prior year

Justus Hammer, Co-Founder & CEO highlighted, "I am pleased to report Mad Paws has started the new financial year well. We delivered 377% revenue growth on the prior corresponding period despite COVID restrictions affecting marketplace transactions. We are also making good progress in executing on our growth strategy to broaden our product offering and build complementary subscription revenues. With over 117,000 paying customers and 27,000 pet sitters on our platform we have established clear market leadership and have significant scope for long term growth. Our immediate priority is to ensure we fully capitalize on the expected surge in bookings as restrictions lift and travel resumes. Q2 has already started strongly.

"Our vision is to provide a broad range of pet services and products to make pet owners' lives and, more importantly, their pets lives' more enjoyable. In FY21 we delivered on our execution priority: building on the assets we have put in place to scale marketplace revenues to complement growing subscription revenues. In Q1 FY22 we started to see acceleration for our recurring subscription revenues.

"We used the lockdown slowdown of the marketplace to improve some of our pet owner and sitter experiences by doubling down on product improvements like our new pet sitter dashboard, repeat booking functionality as well as a majorly improved search experience that now delivers search results significantly faster than before. This positions us well to drive bookings growth as the lockdowns ease and domestic and international travel returns."



## Q2 FY22 Trading update

As expected with the easing of restrictions, we have seen an acceleration in marketplace performance compared to the same period in the prior year. In addition, we see the underlying market themes of i) return of international travel, ii) further easing of domestic border restrictions, and iii) increased pet ownership during the pandemic to fuel growth for the rest of FY22.

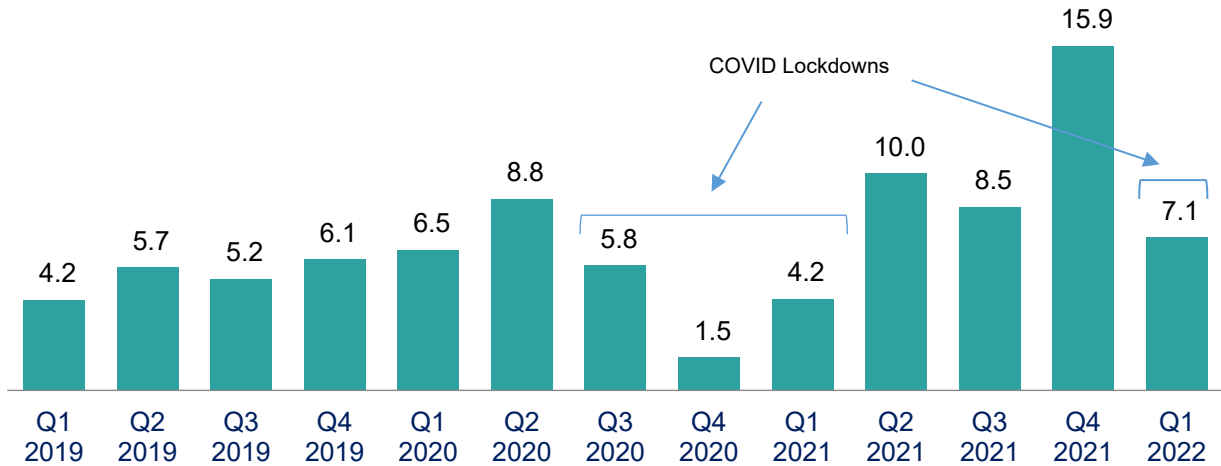
### Weekly Marketplace GMV in \$000s week 30 to 43 2021 vs PCP





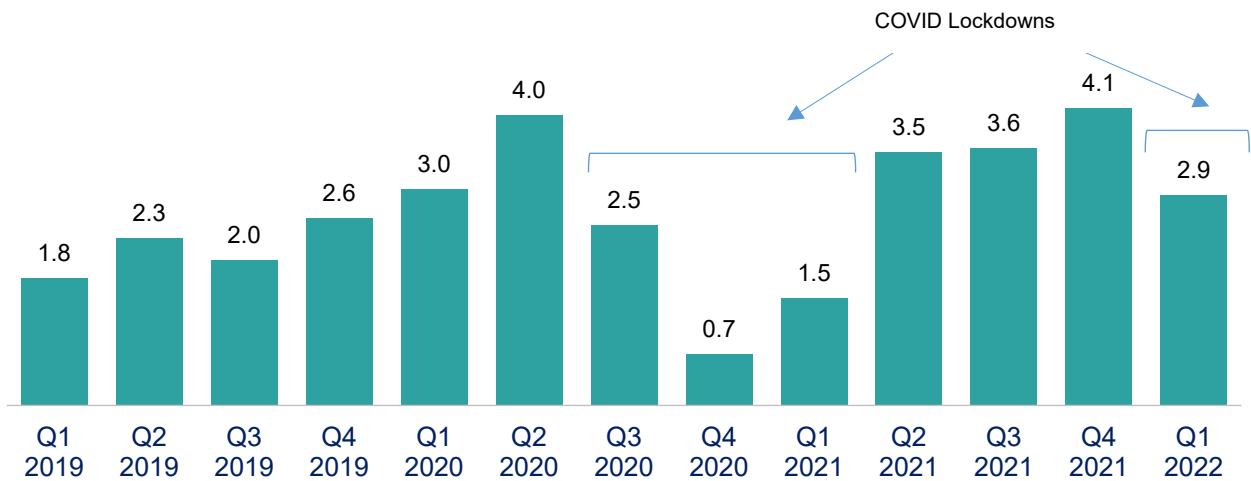
## Key performance metrics for Q1 FY22

### New customers in 000s



New customers increased 67% in Q1 FY22 vs Q1 FY21 driven by customer acquisition in our subscription verticals from shifting our paid marketing to Dinner Bowl and Waggly while the lockdowns impacted the marketplace. Despite the lockdowns, the marketplace acquired 3.7k new customers largely through organic marketing channels.

### Gross Marketplace Value (GMV<sup>1</sup>) in \$ millions

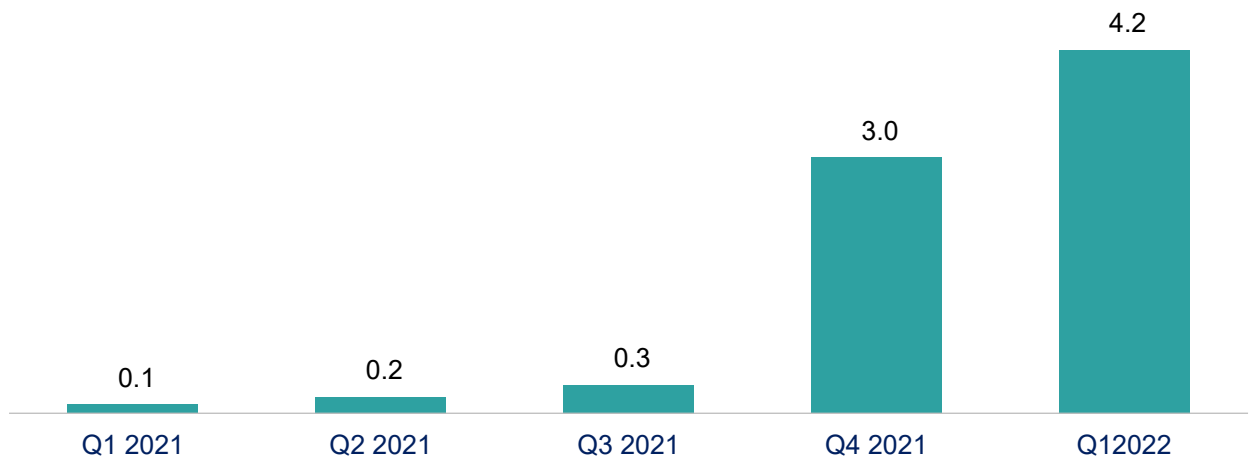


GMV increased by 97%, or \$1.5 million, to \$2.9 million largely as a result of the growth in subscription verticals with marketplace GMV increasing \$0.4 million to \$1.9 million.

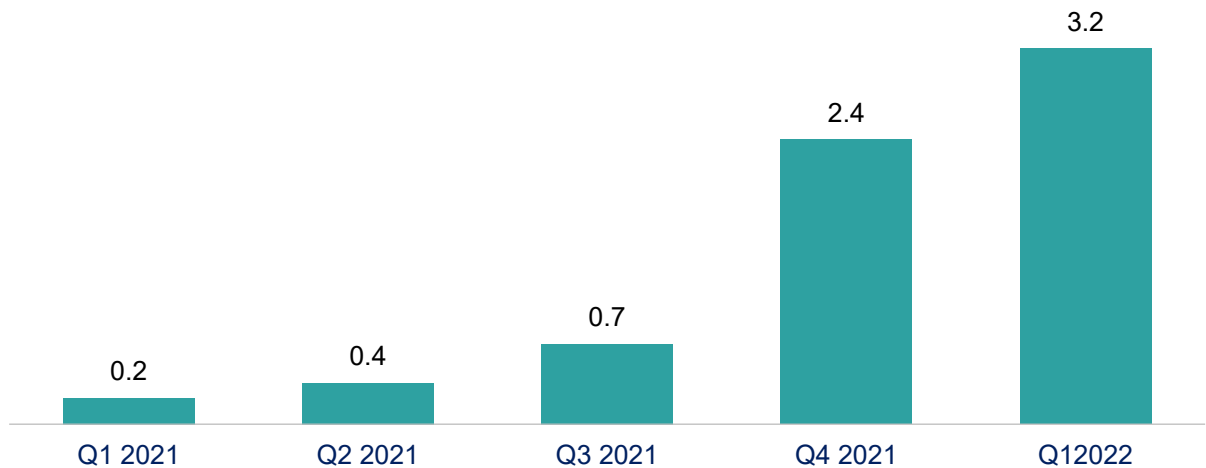
<sup>1</sup>GMV is a non-IFRS measure, it represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discount's and GST.



### Total Subscribers in 000s



### Subscription ARR in \$ millions

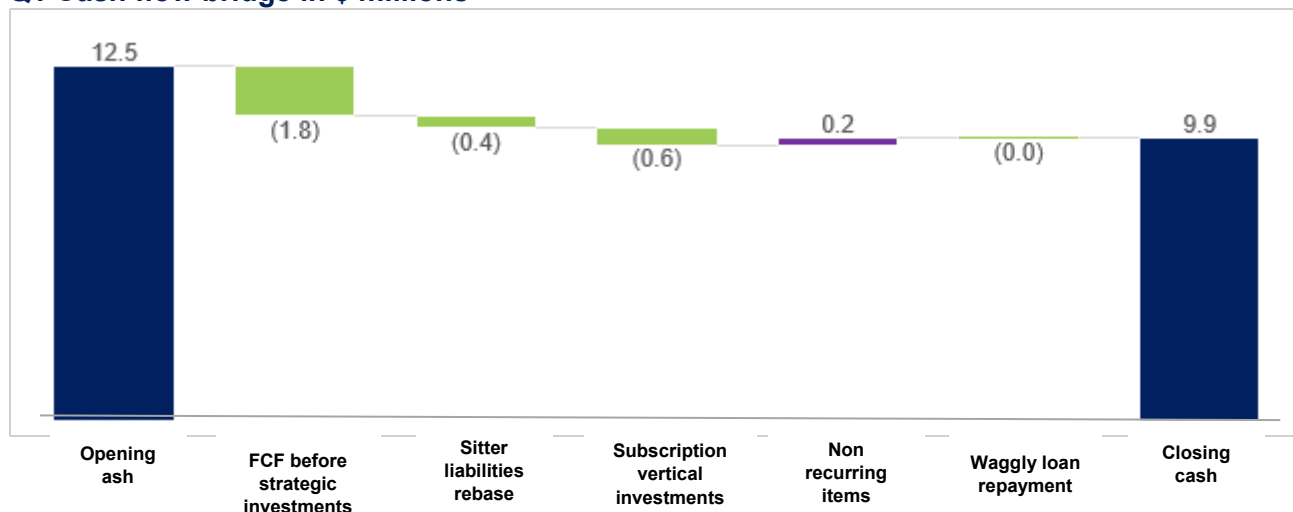


Total subscribers and subscription ARR grew by 42% and 32% respectively on a quarter-on-quarter basis. We saw new sales accelerate across both Dinner Bowl and Waggly, a result of redistribution of marketing from the marketplace to the subscription verticals due to the slowdown of the marketplace during the latest lockdowns. In addition to the sales acceleration we are seeing improvements to Waggly's customer cohorts post acquisition, further expanding on their already solid retention metrics of 15 months plus. We launched our Kibble dried pet food product in the quarter which has seen strong growth amongst new and existing customers. Kibble is a lower priced product than our raw dog food, however has higher gross margins and higher customer retention rates based on the initial data.



## Cash flow

### Q1 Cash flow bridge in \$ millions



During the quarter we focused on minimising the cash flow impacts of the lockdowns while continuing to invest in our subscription businesses.

Free cash outflow before strategic growth investments and non-recurring items was \$1.8 million for the quarter, with the reduction in marketplace GMV increasing the outflow.

As previously highlighted our marketplace business has a favourable working capital cycle with the customer paying for the service up front and payment to the provider after the service has taken place. There was an adverse cash flow in the quarter from the rebasing of the sitter liability due to bookings made in Q4 FY21 that were settled in Q1 FY22, that were not offset by receipts for new bookings in Q1 FY22 due to slowdown during the COVID lockdowns. This will reverse as lockdowns ease and booking volumes increase in the marketplace.

Subscription vertical investments include customer acquisition, inventory build up and user experience improvements to increase site conversion metrics. The benefit of these investments will benefit cash flows in the balance of the year along with accelerated growth in the marketplace.

Non-recurring items consist of \$0.1 million transaction costs related to the Waggly acquisition and government support income through the NSW Jobsaver scheme of \$0.3 million.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$102k in relation to CEO remuneration, Directors' fees since listing and capital raising costs.

At the end of the quarter Mad Paws is well capitalised to invest in strategic growth initiatives with a cash balance of \$9.9 million.

### Q1 FY22 Execution milestones

1. Pet Services Marketplace
  - a. Upgrade to our recurring booking functionality
  - b. Successfully relaunched our sitter search result pages
  - c. New sitter dashboards helping sitters to manage their performance
2. Pet Product Subscription Offerings



- a. New revenue streams - successfully launched Dinner Bowl Kibble and on track for the lightly cooked product launch early in Q2 FY22
  - b. Successfully launched a number conversion rate improvements
  - c. Ongoing improvements in customer retention
  - d. Focus on cross-selling between different offerings
3. Waggly integration
    - a. Team fully integrated into the broader Mad Paw pack
    - b. Leveraging Mad Paws performance marketing expertise resulting in sales improvement
    - c. Secured next generation warehouse to support business growth and Dinnerbowl logistics consolidation
  4. Pet Life Cycle management
    - a. Continued to identify and review new opportunities

### **FY22 Outlook**

As highlighted in our FY21 results announcement, we enter FY22 with a confident and positive outlook. The easing of restrictions in line with the national plan as well as the opening of international and domestic borders is providing a highly supportive environment to drive marketplace performance in Q2 FY22 and beyond. Mad Paws is following a similar path in the pet space in Australia to the successful growth curve seen in the US. We are early in this growth phase with a huge opportunity ahead of us. With the tailwinds of the accelerating shift online, large increase in pet ownership since COVID, and the scope for a sharp recovery once lockdowns lift, we expect further growth in marketplace and subscription revenues.

-ENDS-

Mad Paws is hosting a Q1 FY22 investor webinar at 11.00am AEST on Tuesday 26 October 2021, register on the link below

<https://zoom.us/meeting/register/tJcrf-6hqTloHdStZlp714E4Kt3ihZQ2HF17>

For further information, please contact:

**Investor queries:**

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**This announcement was approved for release by the Board of Directors of Mad Paws Holdings Limited**



## Glossary

| Term               | Definition                                  | Calculation/Comment  |
|--------------------|---|--|
| GMV                | Gross Merchandise Value                     | GMV is a non-IFRS measure, it represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.  |
| LTM                | Last Twelve Months                          | Refers to the trailing 12 month period ending on the reporting date, or as otherwise indicated   |
| Operating Revenue  | Non GAAP measure of revenue                 | Operating revenue is revenue recognised in accordance with IFRS before the deduction of promotional voucher cost for subscription customers  |
| ARR                | Annual Recurring Revenue                    | Annual recurring revenue (ARR) = Closing subscribers at the end of period X Subscription price X 12 months   |
| Operational EBITDA | Management's core earnings metric           | Operational EBITDA (earnings before interest, tax, depreciation, amortisation and non-operating, non-recurring income and costs) is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items. The directors consider operational EBITDA to reflect the core earnings of the consolidated entity |
| FCF                | Free cash flow before strategic investments | FCF = Free cash flow less maintenance capex excludes strategic marketing and technology investments and sitter liability working capital movements   |

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Mad Paws Holdings Limited

**ABN**

39 636 243 180

**Quarter ended ("current quarter")**

30 September 2021

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 2,259                              | 2,259  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | -                                  | -  |
| (b) product manufacturing and operating costs             | (2,553)                            | (2,553)  |
| (c) advertising and marketing                             | (516)                              | (516)  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (1,512)                            | (1,512)  |
| (f) administration and corporate costs                    | (397)                              | (397)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | -                                  | -  |
| 1.5 Interest and other costs of finance paid              | -                                  | -  |
| 1.6 Income taxes paid                                     | -                                  | -  |
| 1.7 Government grants and tax incentives                  | 299                                | 299  |
| 1.8 Other (provide details if material)                   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(2,420)</b>                     | <b>(2,420)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (a) entities  |                                    |  |
| (b) businesses  | -                                  | -  |
| (c) property, plant and equipment                         | (4)                                | (4)  |
| (d) investments   | -                                  | -  |
| (e) intellectual property                                 | (117)                              | (117)  |
| (f) other non-current assets                              | -                                  | -  |



| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment                     | -                          | -                                     |
|                                      | (d) investments                                       | -                          | -                                     |
|                                      | (e) intellectual property                             | -                          | -                                     |
|                                      | (f) other non-current assets                          | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(121)</b>               | <b>(121)</b>                          |

|             |   |             |             |
|-------------|---|-------------|-------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |             |             |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -           | -           |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -           | -           |
| 3.3         | Proceeds from exercise of options   | -           | -           |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -           | -           |
| 3.5         | Proceeds from borrowings  | -           | -           |
| 3.6         | Repayment of borrowings   | (28)        | (28)        |
| 3.7         | Transaction costs related to loans and borrowings                                       | -           | -           |
| 3.8         | Dividends paid  | -           | -           |
| 3.9         | Other (provide details if material)   | -           | -           |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>(28)</b> | <b>(28)</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 12,486  | 12,486  |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (2,420) | (2,420) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (121)   | (121)   |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (28)                               | (28)   |
| 4.5   | Effect of movement in exchange rates on cash held                | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>9,917</b>                       | <b>9,917</b>                                   |

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 9,917                              | 12,486                              |
| 5.2 Call deposits  | -                                  | -                                   |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>9,917</b>                       | <b>12,486</b>                       |

| <b>6. Payments to related parties of the entity and their associates</b>                    | <b>Current quarter<br/>\$A'000</b> |
|---|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | (102)                              |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 |                                    |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Payments in 6.1 relate to CEO remuneration, Director's fees since listing and capital raising costs

| 7. <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|---|---|--|
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | -   | -  |
| 7.4 <b>Total financing facilities</b>   | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |   | -  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | N/A   |  |

| 8. <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (2,420)        |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 9,917          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 9,917          |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 4.1            |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
| Answer: N/A  |                |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
| Answer: N/A  |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer: N/A  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2021

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.