



## ASX Announcement

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

21 July 2022

### June 2022 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 June 2022.

#### Highlights (excluding pro-forma adjustments for Pet Chemist acquisition unless stated)

- **Group Gross Merchandising Value and Customers**
  - FY22 LTM Group GMV of **\$27.1 million** up from \$12.6 million in Q4 FY21
  - Q4 FY22 Group GMV of **\$11.9 million** up **189%** on Q4 FY21
  - June 22 Marketplace GMV was a **record high \$2.4 million** exceeding the usual December seasonal peak while reducing CAC by 53% vs pcp
  - Over 264,000 paying pet customers and over 36,000 pet sitters on the platform
- **Total Revenue Growth – Marketplace + Subscription + eCommerce**
  - FY 22 Unaudited Operating Revenue **\$10 million + 237%** vs pcp
  - Q4 FY22 Unaudited Operating Revenue of **\$4.6 million + 294%** vs pcp
  - Group pro-forma (includes Pet Chemist) FY 22 Unaudited Revenue of **\$15.4 million, an increase of 83%** to pcp
- **Marketplace Revenues**
  - FY22 Unaudited Operating Revenue **\$3.7 million +57%** vs pcp
  - Q4 FY22 Unaudited Operating Revenue of **\$1.4 million + 71%** vs pcp
- **Subscription Revenues**
  - FY22 Unaudited Operating Revenue **\$3.2 million +481%** vs pcp
  - Q4 FY22 Unaudited Operating Revenue of **\$1.0 million + 228%** vs pcp
- **E-Commerce Revenues**
  - FY22 Unaudited Operating Revenue **\$3.0 million** with no meaningful comparative
  - Q4 FY22 Unaudited Operating Revenue of **\$2.2 million** with no meaningful comparative
- Continued improvement in marketing efficiency with marketing as a % of operating revenue decreasing to 19%
- Marketplace achieved a 7% Operating EBITDA margin in Q4 FY22
- Cash at the end of the quarter of **\$5.6million**, group on path to profitability without the need for further capital in the medium term

Justus Hammer, Co-Founder & CEO commented, “The Q4 results demonstrate a step change in the size and scale of the Mad Paws Group following the integration of Pet Chemist and strong performance in existing businesses. Q4 FY22 Group GMV was \$11.9 million a 189% increase on the prior corresponding period. We continue to gain a greater share of the pet’s owners’ wallet through delivering excellent product and services throughout the Pet lifecycle, evidenced by our Group pro-forma GMV of \$37.1 million for the last twelve months.

“This quarter we have seen all businesses perform strongly with the marketplace reaching an all-time high in June, subscription businesses scaling nicely with over 228% pcp growth at record low CACs and our e-commerce business showing significant growth over the period.

“Focusing on marketing efficiency we were able to drive new customer acquisition at lower cost, not just for the marketplace but for all parts of the business. This is also the result of prioritising cross-selling between the different verticals.

“The teams hard work has particularly paid off for Sash Beds and Waggly in the last month with Sash Beds achieving more than 6x the monthly revenue compared to when it was acquired by Mad Paws in November



and Waggly achieving significant net subscriber gain while keeping acquisition cost at their lowest since the acquisition.

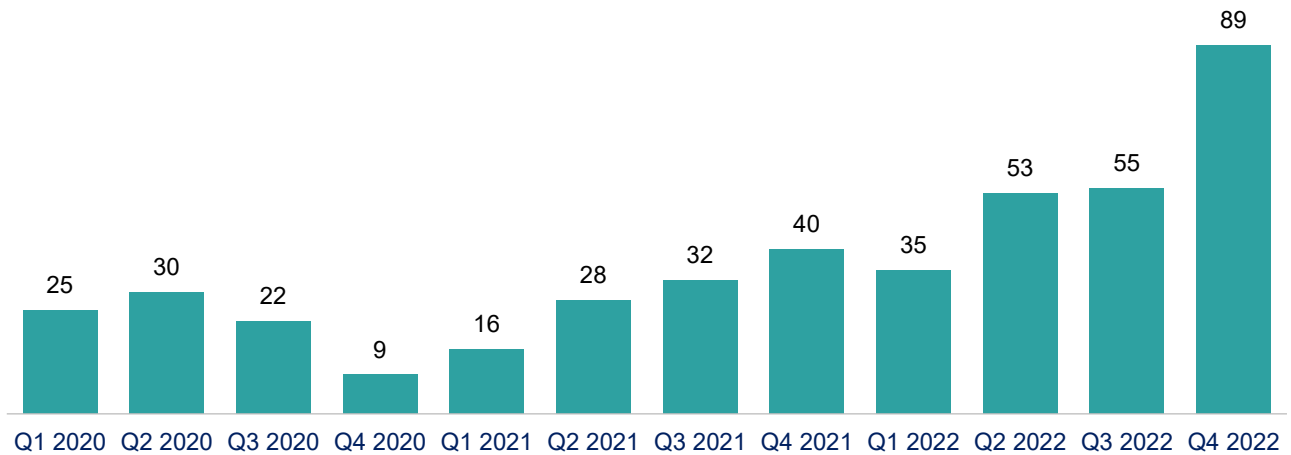
“We are very excited to see Pet Chemist perform well in its first quarter of being part of the Mad Paws Group. This quarter was focused on integrating Pet Chemist from a technology and data perspective and we are looking forward to accelerating the business’ growth in the coming quarters. With Pet Chemist being part of the group, we have achieved a significant increase in scale growing our June revenue run rate to nearly \$20m.

“The whole business is laser focused on driving profitability while maintaining the current momentum we have seen, mainly driven by the pent-up demand for travel and the significant amount of new pet ownership after the pandemic”.

### Key performance metrics for Q4 FY22

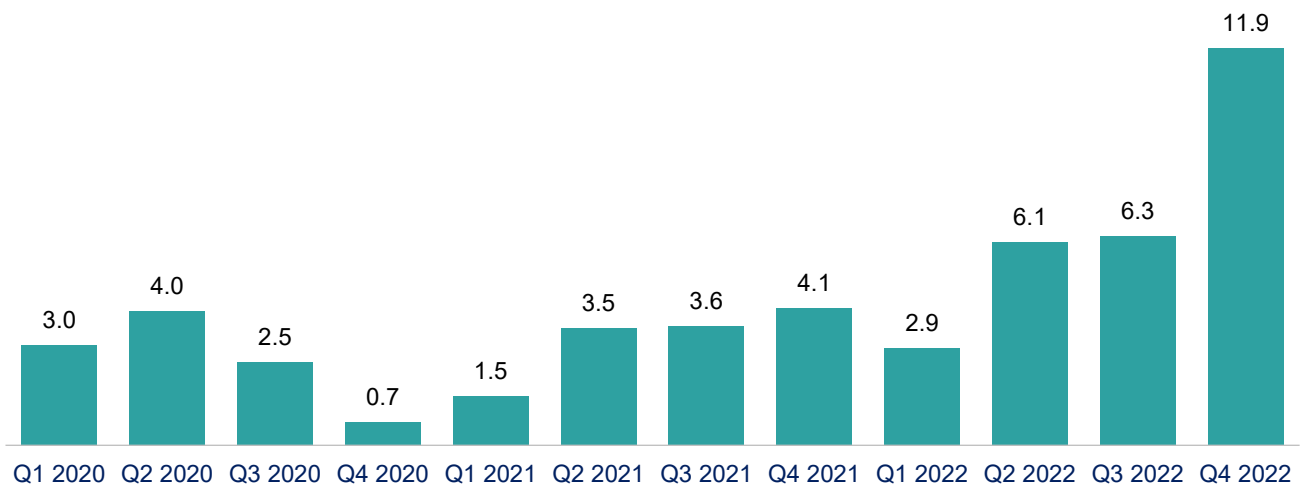
#### Group metrics

#### Group Bookings/transactions in 000s



Group Bookings/transactions increased 124% on the prior corresponding quarter, with growth due to the completion and integration of the Pet Chemist acquisition on 1 April 2022. Excluding the impact of the Pet Chemist acquisition the group achieved 51% growth on the prior corresponding quarter with strong growth in our E-commerce and subscription verticals combined with the continued momentum in Marketplace.

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

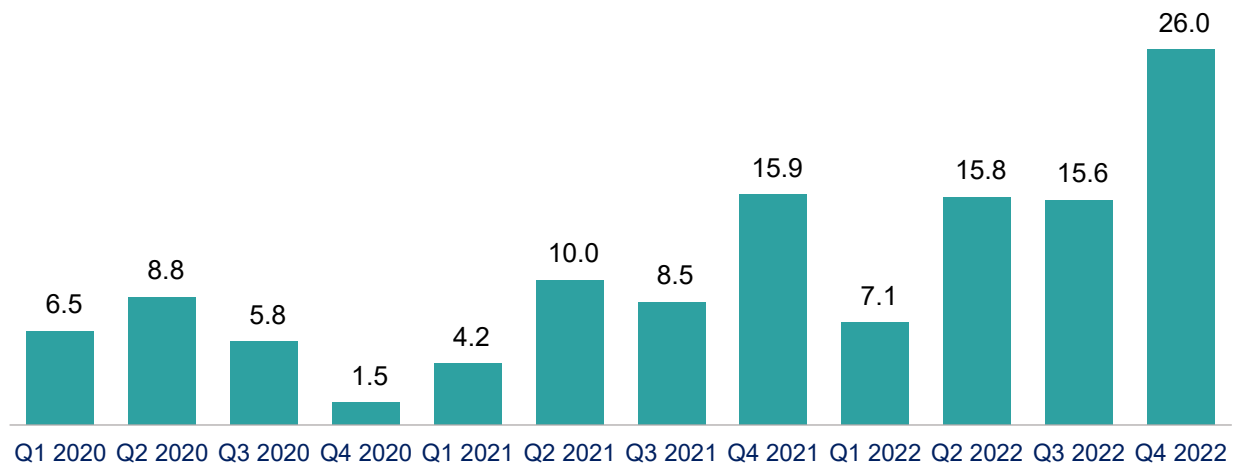


<sup>1</sup>GMV is a non-IFRS measure, it represents the total value of transactions processed by All Mad Paws businesses, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discount's and GST.



Group GMV increased by 189%, or \$7.8 million, to \$11.9 million with strong performance across a number of key drivers including new customer acquisition, customer repeat rates, subscription retention and average booking values in Marketplace. Excluding the Pet Chemist acquisition in the quarter, Group GMV increased 94% demonstrating the strong organic growth across our business.

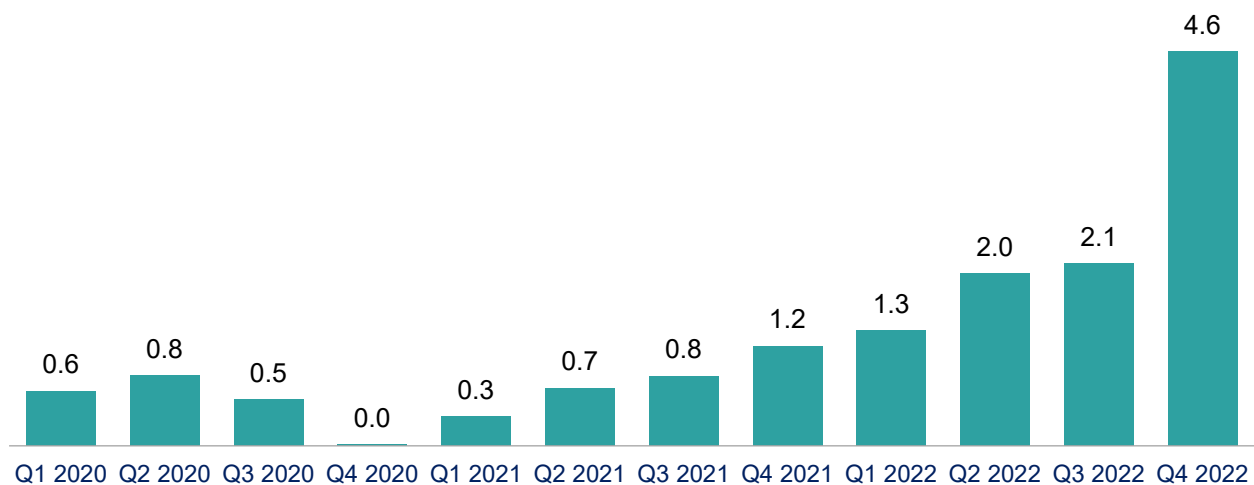
### Group New customers in 000s



New customers increased 63% in Q4 FY22 vs Q4 FY21 and 67% higher quarter on quarter from a combination of customers acquired in Pet Chemist as well growth in our Waggly, Sash and Marketplace verticals. As previously highlighted, we paused customer acquisition in our Pet Food vertical to stabilise operations and facilitate the move to new product facilities.

We are excited by the new customer acquisition metrics as consistently these are being delivered at a lower cost of acquisition due to product initiatives improving site conversion across all verticals and sourcing initiatives decreasing the cost of our offers. Further improvements are expected in FY23.

### Group Operating Revenue (unaudited) in 000s



Revenue increased 294% from \$1.2 million to \$4.6 million in Q4 FY22, reflecting our entry into complementary revenue streams, the Pet Chemist contribution as well as the continued strong rebound in Marketplace



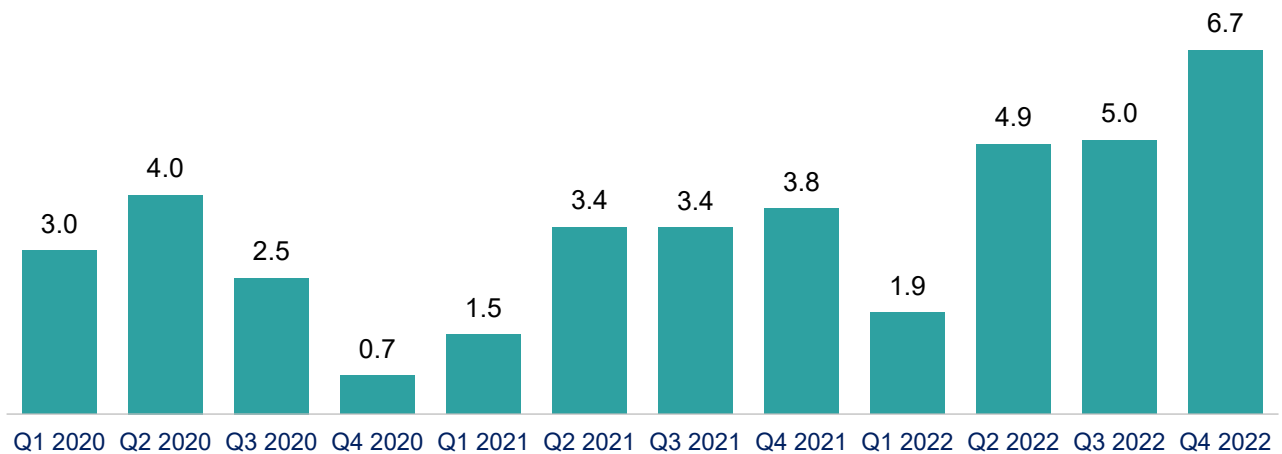
revenues. Marketplace revenues were \$1.4 million in Q4 FY22 an increase of 71% vs Q4 FY21 reflecting the strong new customer acquisition, consistent customer repeat rates and higher booking values.

Ecommerce revenues were \$2.2 million in Q4 FY22 and now represent 48% of overall operating revenue. Most of the e-commerce revenue growth is from the Pet Chemist acquisition, which increased 36% in Q4 FY22 compared to Q4 FY21 (period prior to Mad Paws ownership). In addition, new product launches and tactical marketing initiatives saw strong growth from our Sash business in the quarter.

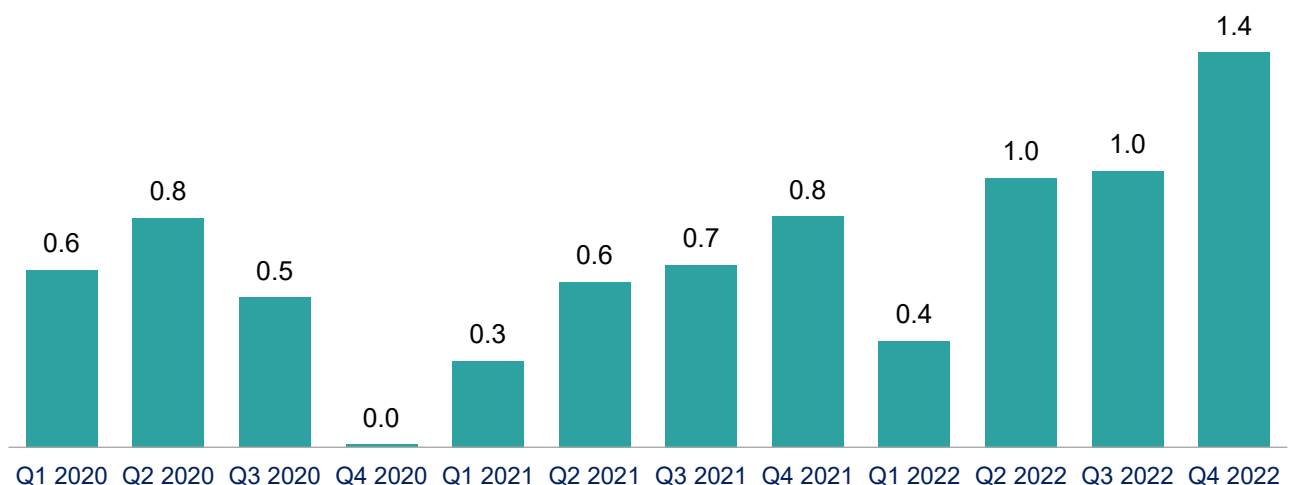
Subscription revenues grew by 228% to \$1.0 million for Q4 FY22 reflecting the contribution from the Waggly acquisition in June 2021 as well subscriber growth in Dinner Bowl over the last 12 months. As previously highlighted we saw strong growth in Waggly as a result of accelerating our customer acquisition and offer strategies. In addition, we saw encouraging growth in Auto Ship subscribers in Pet Chemist that was launched in the quarter.

### Segment metrics

#### Marketplace GMV in \$ millions



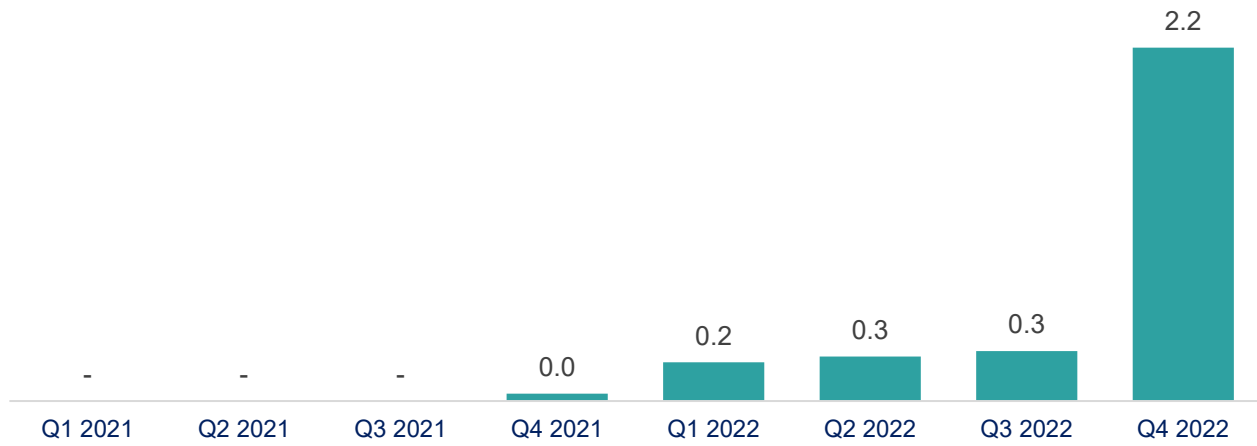
#### Marketplace Revenue in \$ millions



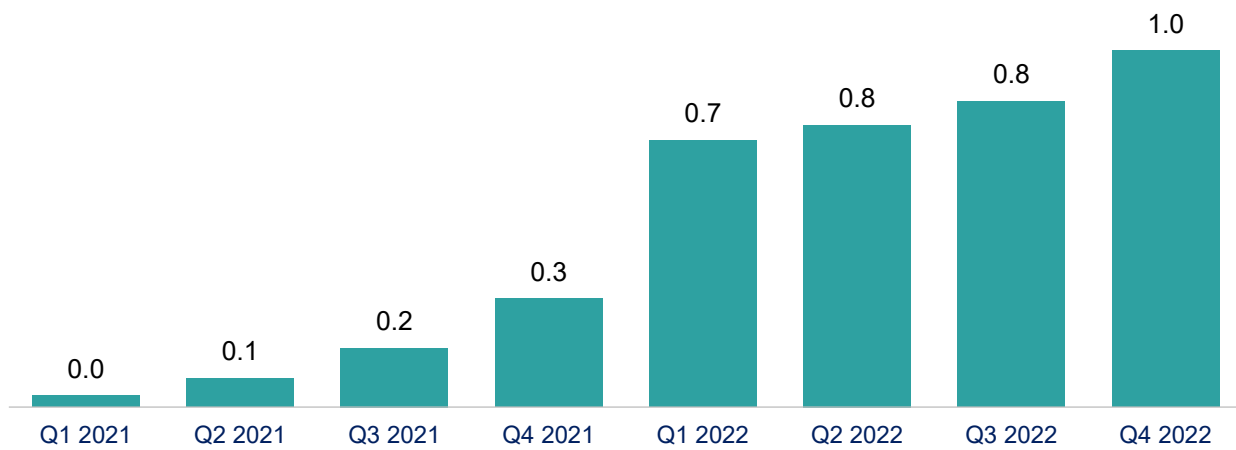


## E-commerce & Subscription

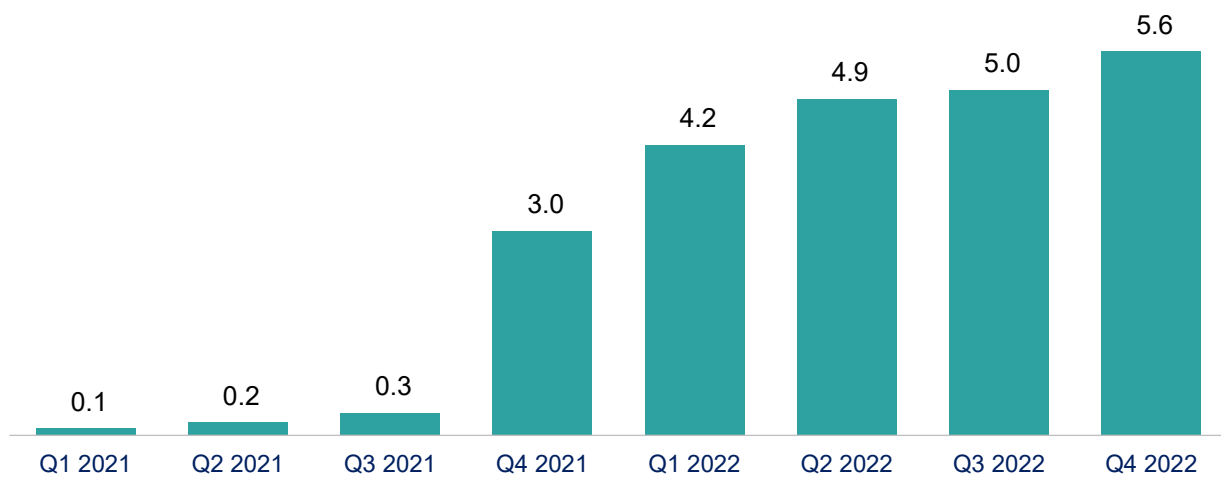
### E-commerce revenue in \$ millions



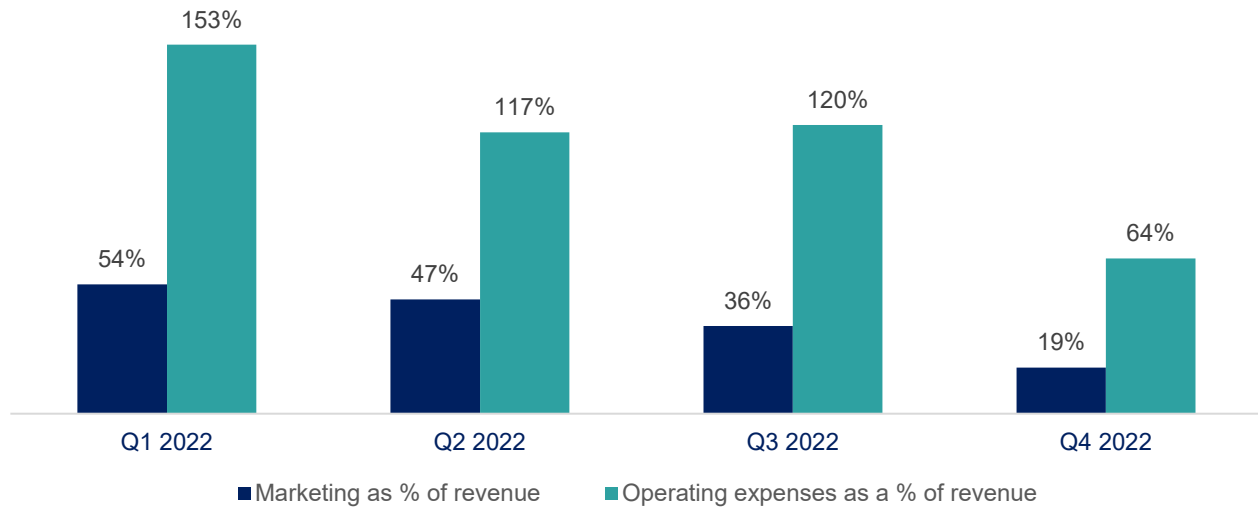
### Subscription revenue in \$ millions



### Subscribers in 000s



## Cost Management Trends

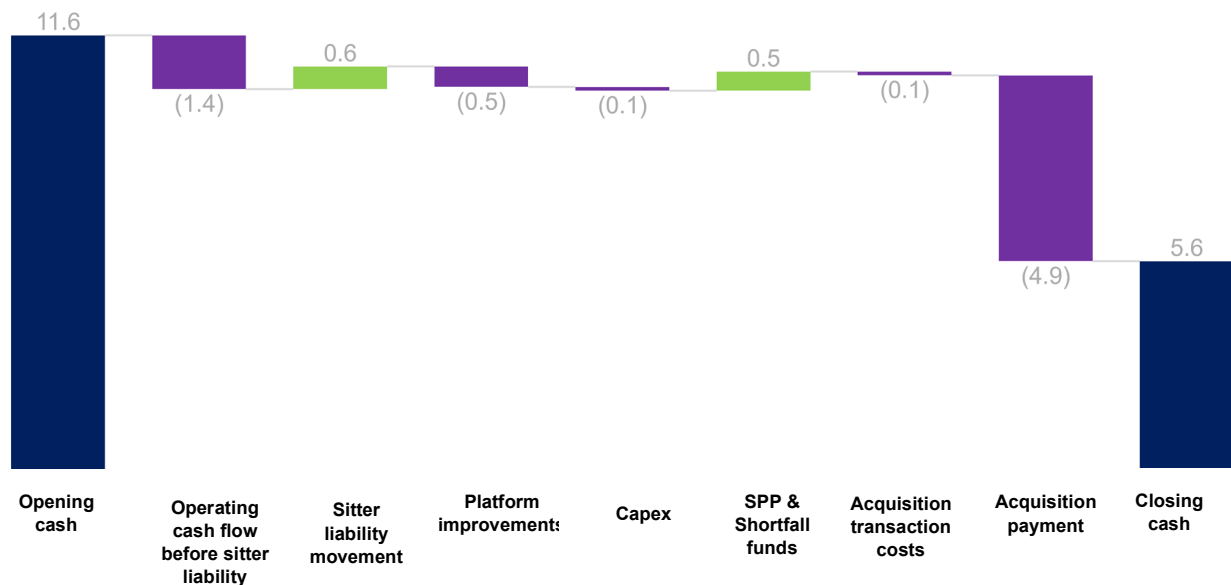


The group has been focussed on efficient revenue growth as well as margin improvements over H2 FY22. These efforts are seeing positive changes in marketing efficiency with marketing costs as a % of revenue decreasing across all quarters in FY22, with Q4 decreasing to 19%. These improvements have been achieved through the increasing use of data to understand and optimise our marketing campaigns, conversion rate optimisation across all verticals and sourcing initiatives lowering our promotional offer costs in our subscription verticals. We expect our marketing as a % of revenue to normalise in the range of 19% to 24% range going forward.

Operating expenses have continued to reduce as a % of revenue and are 64% for Q4 FY22. Prudent cost management and greater operating leverage as Mad Paws Group scales are the main drivers of the improvement.

## Cash flow

### Q4 FY22 Cash flow bridge in \$ millions





Operating cash outflow before the sitter liability movement was \$1.4 million for the quarter an improvement from the \$2.0 million outflow in Q3 FY22. The improvement was driven by efficient revenue growth and cost management initiatives across the group.

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 pet sitter happening after the service has taken place. There was a favourable cash flow of \$0.6m due to the continued growth in marketplace bookings and GMV.

We continued to invest in key areas of the pet life cycle in the quarter, with \$0.1 million invested in expanding our kitchen capabilities for our cooked human grade pet food product. In addition, we continue to invest in our technology platforms to enhance the user experience across subscription and marketplace platforms totalling \$0.5 million. These costs will reduce in the next quarter as we focus our technology investments on those with shorter term payback.

During the quarter, the Company settled the initial cash consideration for the Pet Chemist acquisition of \$5.0 million, net of the cash acquired of \$0.5 million. In addition, the Company received the final funds from the completion of the Share Purchase Plan and shortfall placement in the quarter totalling \$0.5 million.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$152k in relation to CEO remuneration and Directors' fees this quarter.

At the end of the quarter Mad Paws has a cash balance of \$5.6 million. With the Group's efficient revenue growth, prudent cost management and disciplined capital allocation we are well placed to execute on the substantial opportunity in the Australian pet market.

### Use of funds

In accordance with ASX Listing Rule 4.7C.2, Mad Paws provides the following update on its use of funds (unaudited) below.

Use of funds	IPO Prospectus \$m	Quarter ended 30 June 22	Total expenditure post admission to the ASX as at 30 June 22 (\$m)
Marketing/Sales	4.5	0.5	2.0
Operational team	2.8	0.4	2.5
Product Development	2.7	0.5	2.5
Other Working Capital	0.9	0.1	0.8
IPO expenses	1.1	-	1.1
<b>Total</b>	<b>12.0</b>	<b>1.5</b>	<b>8.9</b>

### ASX Waiver

The Company received an ASX waiver in February 2022 with regards to Listing Rule 7.3.4 to issue deferred considerations shares to a maximum 15,000,000 ordinary shares no later than 31 December 2024.

As at 30 June 2022, there were no deferred consideration shares issued and there are up to 15,000,000 ordinary shares remaining to be issued.

### Q4 FY22 Execution milestones

1. Pet Services Marketplace
  - a. Focus on profitability
  - b. Optimised acquisition cost while still delivering record months



- c. Continuous improvements to our search algorithm resulted in improved conversion and retention rates
  - d. Data integration – single data layer from all businesses
  - e. Foundational work for our central pet database – to be used by all verticals
2. Pet Product Subscription Offerings
  - a. New and improved production facility for Dinner Bowl now operational
  - b. Laser focus on improving operational efficiencies
3. Waggly
  - a. Found a new level of growth for the subscription business at significantly reduced acquisition cost
  - b. Improved buying to improve margins
  - c. Website improvements
4. Pet Chemist
  - a. Data integration
  - b. Operations integration
  - c. Customer support improvements
  - d. In-housing marketing functions and setting channels up for rapid growth
5. Sash Beds
  - a. New product range resulted in record growth
  - b. Website improvements resulted in reduced acquisition cost while achieving significant growth

## Q1 FY23 Outlook

Q1 FY23 is continuing the strong momentum seen in Q4 FY22 with our marketplace continuing to see growth across bookings and average booking values driven by a combination of underlying market thematic such as increasing pet ownership as well as continued product enhancements improving the sitter and user experience.

For our subscription and e-commerce businesses, we are looking to accelerate growth while continuing to improve efficiencies in gross margins and new customer acquisition, as well as further leveraging the cross sell opportunities across our 264,000 customers.

For the Group, Mad Paws is laser focused on continuing to grow its share of the Australian pet market while achieving profitability in the medium term. The group is focussing on efficient revenue growth, prudent cost management and disciplined management of capital to drive the best outcome for shareholders. Our Q1 FY23 priorities include:

## Q1 FY23 Priorities

1. Pet Services Marketplace
  - a. Drive profitability further
  - b. Prepare for the seasonally biggest growth quarter – Summer holidays
  - c. Continuous improvements on the search algorithm to drive a better customer experience and increase conversions
  - d. Finalise single data layer for all businesses with a view to drive further cross sell opportunities
  - e. Release the first version of our central pet database
2. Pet Product Subscription Offerings
  - a. Efficiently grow customer base
  - b. Continuous improvements on margins with a view to improve cash profile of the vertical
  - c. Brand alignment with the group
3. Waggly
  - a. Continuous improvements on customer acquisition cost focusing on additional sign up offerings
  - b. Implement margin improvements through improved buying of products for our boxes as well as acquisition offers
  - c. Upgrading our current CRM set up and automated communications
  - d. Brand alignment with the group





4. Pet Chemist
  - a. Ongoing data integration
  - b. Laser focus on new search campaigns
  - c. New customer support solution
5. Sash Beds
  - a. New sales channel tests
  - b. Accelerate influencer campaigns
  - c. New product releases

-ENDS-

Mad Paws is hosting a Q4 FY22 investor webinar at 11.00am AEST on Thursday 21 July 2022, register on the link below:

[https://us06web.zoom.us/webinar/register/WN\\_oJWoTxxmXRuef8uD-nnWTBA](https://us06web.zoom.us/webinar/register/WN_oJWoTxxmXRuef8uD-nnWTBA)

[investors@madpaws.com.au](mailto:investors@madpaws.com.au)

**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 sifter liability working capital movements
Performance marketing CAC	Performance marketing customer per customer acquired	Includes all performance marketing costs including paid search, social, programmatic (excluded brand, PR and agency cost) and the cost of any promotions e.g. %/\$ discount, giveaways etc / number of new customers acquired

## 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 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,946	22,659
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,949)	(18,506)
(c) advertising and marketing	(880)	(3,091)
(d) leased assets	-	-
(e) staff costs	(1,934)	(6,764)
(f) administration and corporate costs	(458)	(1,497)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	356	715
1.8 Other (provide details if material)	-	
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(928)</b>	<b>(6,492)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(4,923)	(4,923)
(b) businesses	-	(125)
(c) property, plant and equipment	(62)	(178)
(d) investments	-	-
(e) intellectual property	(542)	(825)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$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>(5,527)</b>	<b>(6,051)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	508	6,008
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	-	(276)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other Lease liabilities	(53)	(99)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>455</b>	<b>5,633</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	11,576	12,486
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(928)	(6,492)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,527)	(6,051)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	455	5,633
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>5,576</b>	<b>5,576</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,576	11,576
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,576</b>	<b>11,576</b>

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	152
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 and Director's fees in the quarter

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(928)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,576
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,576
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6.1
<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:	
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: 21 July 2022

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.