

ASX Announcement

ASX:MPA

13 October 2022

Waggly Club Acquisition Update

Mad Paws Holdings Limited (ASX:MPA) (Mad Paws or Company) advises that it has entered into a Deed of Amendment with respect to the 100% acquisition of the shares in Gasset Group Pty Ltd (trading as Waggly Club) that was announced and completed on 8 June 2021.

Mad Paws announced on 8 June 2021 that it had entered into an agreement to acquire Waggly Club, one of Australia's largest dog treats and toys subscription business. Key terms of the acquisition were noted in the ASX announcement of 8 June 2021 including purchase consideration as follows:

- A\$2 million upfront cash consideration payable at completion (Upfront Consideration);
- A\$1 million in Mad Paws shares payable as deferred purchase consideration and issued on 28 June 2021 at an issue price of \$0.25 per share (Deferred Consideration); and
- an additional amount of up to A\$500,000 to be payable in cash after completion as an earn out payment, subject to the Waggly Club business achieving agreed revenue-based performance hurdles during any 12 month window commencing on completion and ending on 31 December 2022 (Earn-Out Payment).

Mad Paws and the vendors of Waggly Club have agreed to amend the sale agreement to amend the terms of the Earn-Out Payment as follows:

- the Earn-Out Payment is now fixed at \$450,000, and will be paid 100% in Mad Paws ordinary shares (Earn-Out Consideration Shares); and
- payment of the Earn-Out Payment is not subject to any conditions and the Earn-Out Consideration Shares will be issued on 8 December 2022 (being 18 months after the completion date) at a per share issue price which is the higher of (i) a 10% discount to the 10-day volume weighted average price ending 7 December 2022; and (ii) \$0.05.

The amendments to the Earn-Out Payment reduce the overall value of the Waggly Club transaction to \$3.45 million (down from a potential maximum of \$3.5 million). The change from cash to scrip consideration will reduce Mad Paws' total cash outlay for the acquisition down to \$2m (from a potential maximum of \$2.5m) and result in \$450,000 in additional securities being issued in comparison to the original deal structure.¹The Earn-Out Consideration Shares will be issued under the company's existing ASX Listing Rule 7.1 placement capacity and will not be subject to any voluntary escrow restrictions. An Appendix 3B will be lodged today with regards to the Earn-Out Consideration Shares.

This announcement was authorised for release by the Board.

¹ The exact number of Earn-Out Consideration Shares to be issued is not yet known but will not exceed 9 million Earn-Out Consideration Shares (based on the 5c floor price). Based on the MPA last closing price of \$0.13 at 12 October 2022, 3.846 million shares would be issued at an issue price of \$0.117.



-ENDS-

For further information, please contact:

Investor/Media queries:

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About Mad Paws (ASX:MPA)

Mad Paws is an Australia-based pet services and products business operating in an exciting and growing industry with strong macro tailwinds. The Mad Paws marketplace matches and connects pet owners seeking pet care services, such as pet sitting, walking, day care and grooming, with pet sitters, walkers and other pet service providers, vetted and registered by Mad Paws. Mad Paws has enabled over 1 million pet care services since inception.

Mad Paws is further leveraging its community to build a powerful network that delivers other products and services to this community including healthy human grade pet food through Dinner Bowl and toys and treats, through our Waggly brand.

Mad Paws is a purpose driven organisation and we exist to enable pets to live their lives to the fullest, supporting owners through all stages of the pet lifecycle.