

Trading Update

Mad Paws Holdings Limited (ASX:MPA) (Mad Paws or Company) Australia's leading online pet ecosystem, seamlessly connecting pet owners with high quality services and products, is pleased to provide this Trading Update for FY2023 including the progress made against each of the four strategic pillars, driving the business to EBITDA breakeven in 2023 and beyond. All financial results are in Australian dollars and are unaudited.

Key Points

- **Strong FY2023 Group revenue growth of ~147% on a reported basis and ~60% on a pro forma basis - demonstrates resilience of the Pet market unlike other discretionary retail businesses**
- **Significant progress against the four strategic pillars delivering a solid platform for growth into FY2024**
- **Pet Chemist major expansion with new larger distribution facility and targeting over 1,000 new SKUs**
- **Continued improvement in EBITDA margins – on track for EBITDA positive in Q1**

Trading Update

Mad Paws is pleased to provide a trading update for the Group's FY2023 expected revenues which demonstrates the tailwinds of the large and growing Pet industry and the group's ability to execute against its four strategic growth pillars.

Expected FY23 Revenue Vs PCP	FY2023 Range	Year over Year Growth rates	
		Reported	Pro forma
Group Revenue	\$24.5m - \$24.7m	145% - 147%	58% - 60%
Marketplace	\$6.4m - \$6.5m	71 - 72%	71 - 72%
E-Commerce	\$18.1m - \$18.3m	188% - 191%	51% - 56%

Justus Hammer, Co-Founder & CEO commented, "FY2023 has been a transformational year for Mad Paws as we leverage the pet industry tailwinds, successfully implementing our pet life cycle strategy. Mad Paws is acquiring thousands of new customers every quarter, increasing our share of the pet owner's wallet, while significantly improving our marketing efficiency and profitability. We are achieving these goals despite a challenging macro environment for many other retailers and demonstrates the resilience of the pet market.

Moving forward in 2024, Mad Paws is seeking to deliver long term sustainable value by improving customer growth and retention, while at the same time building share of wallet. Mad Paws is focused on continuing to grow its share of the Australian pet market and achieving profitability in the medium term".

Progress against our four strategic pillars

In February 2023, Mad Paws outlined four strategic growth initiatives to capitalise on the huge opportunity in the Australian pet market. These aim to deliver outstanding customer experience to improve customer retention and cross selling opportunities, enabling Mad Paws to increase the share of wallet and overall revenues. The objective remains to achieve EBITDA breakeven in 2023 and continue our growth trajectory into 2024 and beyond.

- ✓ **Single platform to buy or book all of Mad Paws products & services**
- ✓ **Investment to support the growth of Pet Chemist**



- ✓ Investment in marketing and new channel development
- ✓ Building out our infrastructure to support growth

Marketplace

Our marketplace division launched a new home page experience for our customers in March 2023, showcasing the group’s additional products and services in one place. It also provides a significantly enhanced user experience for customers booking pet services through our marketplace. Further improvements to the marketplace user experience were released this quarter and are planned for early next quarter, providing further growth opportunities.

Additional investment in marketing and new channel development has seen several new initiatives including plans for sponsorship opportunities as a new revenue stream outside our core marketplace and ecommerce offerings. In June, Mad Paws were proud to be a corporate sponsor of the RSPCA’s Million Paws Walk initiative which raised funds to help rescue, rehabilitate and re-home pets in need.

These initiatives have helped to increase conversion rates by 5% to 7%, with average order values continuing to grow. The net effect of this has been an improvement in the conversion of Gross Merchant Value to EBITDA – driven by a higher take rate, conversion rate improvements reducing marketing as a % of revenue and high operating leverage.

E-commerce

There have been a number of key steps taken in recent months to support the future growth in our Pet Chemist business. Firstly, the team are in the process of moving to a much larger distribution facility in Tweed Heads which will be over 2,000 square meters, more than double the current capacity. Most importantly, we plan to significantly expand the Pet Chemist range by over 1,000 products, representing a 50% increase, with a near-term goal to be in a position to offer 3,000 products.

Pet Chemist is planning to launch a new website in September 2023. With enhanced upsell and add to box features, a significantly improved user interface to drive conversion, and a streamlining of Auto Ship functionality to improve uptake, this new website will help to continue to drive growth for Pet Chemist. The new distribution facility, updated website, and the work being carried out in preparing for the launch of Pet Chemist’s private label offering leave Pet Chemist well placed for significant organic growth in FY2024. This will build on the over 50% growth in pro forma E-commerce revenues expected for the full year FY2023.

Corporate

In recent months, management have been building on investor engagement with positive feedback on the business, its operating model, and the outlook for the pet sector. This has included interviews on retail investor platforms and an in-person investor roadshow in Sydney and Melbourne to meet new institutional investors and research analysts.

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

-ENDS-

CONTACTS

Mad Paws	Investor Enquiries
Justus Hammer , Chief Executive Officer Graham Mason , Chief Financial Officer Tel: +61 2 8046 6536 E: investors@madpaws.com.au	David Allen / John Granger Hawkesbury Partners Tel: +61 2 9103 9494 E: dallen@hawkesburypartners.com jgranger@hawkesburypartners.com



About Mad Paws

Mad Paws operates Australia's leading online pet ecosystem, connecting pet owners with an ecosystem of high-quality services and products.

The Mad Paws pet ecosystem supports over 300,000 active pet owners, facilitating over 400,000 transactions last year, driven by the rapid growth in pet ownership and increased spending on pets in this \$30 billion Australian pet market. The Mad Paws marketplace is the leading online platform for pet owners to book their pet sitting, walking, day care and grooming services, with one of over 40,000 registered pet carers Australia wide. With over 2 million pet care services since inception the Mad Paws pet services marketplace is the leading marketplace of its kind in Australia. Mad Paws also operates an online only e-Commerce division offering pet healthcare, prescription medicine, pet treats and specialty items to improve the every day life of Australian pets, with brands including Pet Chemist, Waggly, Dinner Bowl and Sash beds.

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

For more information: www.madpaws.com.au

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