

Mad Paws Holdings Limited
Appendix 4D
Half-year report



1. Company details

Name of entity:	Mad Paws Holdings Limited
ABN:	39 636 243 180
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	226.4% to	3,200
Loss from ordinary activities after tax attributable to the owners of Mad Paws Holdings Limited	down	24.2% to	(4,837)
Loss for the half-year attributable to the owners of Mad Paws Holdings Limited	down	24.2% to	(4,837)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$4,837,050 (31 December 2020: \$6,380,024).

Refer to the 'Review of operations' in the Directors' report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.76</u>	<u>(0.46)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.



7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Mad Paws Holdings Limited for the half-year ended 31 December 2021 is attached.

12. Signed

DocuSigned by:

Signed E8BA95C96EA0494...

Date: 24 February 2022

Jan Pacas
Chairman
Sydney



Mad Paws Holdings Limited

ABN 39 636 243 180

Interim Report - 31 December 2021

Mad Paws Holdings Limited
Directors' report
31 December 2021



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mad Paws Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Mad Paws Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Joshua May
 Jan Pacas
 Justus Hammer
 Michael Hill
 Vicki Aristidopoulos

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of the provision of an online pet platform, making the process of owning and caring for a pet more accessible, convenient and cheaper. The Group's platforms enable Pet Owners to find Pet Sitters who provide pet board and other services. The Group also provides pet food as well as toys and treats to its customers. In addition, the Group added pet beds to its product offerings, through the acquisition of Sash Beds during the financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$4,837,050 (31 December 2020: \$6,380,024).

The directors and management review the Group's performance using Operational EBITDA. Operational EBITDA for the financial half-year ended 31 December 2021 ('1H FY22') was a loss of \$4,219,102 (Half-year ended 31 December 2020 or 1H FY21: \$1,483,452). The Group has outlined its performance under this metric and provided a reconciliation to the reported loss after tax in the results summary below and in note 3.

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 Group.

	1H FY22 \$'000	1H FY21 \$'000	Change \$'000	Change %
<i>Operating revenue</i>				
Marketplace	1,336.4	898.7	437.7	49%
Subscription	1,466.8	108.1	1,358.7	1257%
E-commerce	526.0	-	526.0	-
Total operating revenue	3,329.2	1,006.8	2,322.4	231%
Cost of sales	1,534.3	89.0	(1,445.3)	(1624%)
Gross margin	1,794.9	917.8	877.1	96%
Gross Margin %	54%	91%		
Employee expenses	2,934.1	1,052.6	(1,881.5)	(179%)
Marketing expenses	1,657.3	776.5	(880.8)	(113%)
Other operating expenses	1,422.6	537.0	(885.6)	(165%)
Total operating expenses	6,014.0	2,366.1	(3,647.9)	(154%)
Operational EBITDA	(4,219.1)	(1,448.3)	(2,770.8)	(191%)
Non-operating, non-recurring income and costs	617.9	4,931.7	4,313.7	87%
Net loss after tax	(4,837.0)	(6,380.0)	1,542.9	24%

Mad Paws Holdings Limited
Directors' report
31 December 2021



<i>Key Performance Metrics</i>	1H FY22	1H FY21	Change #	Change %
GMV \$'000s	8,987.9	4,969.5	4,018.4	81%
Bookings/Transactions 000s	88.2	43.3	44.9	104%
New customer acquisition 000s	22.8	14.3	8.5	60%

Notes:
¹In the MPA Group operating P&L promotional \$ off offers are added back to revenue and treated as a marketing expense a reconciliation is detailed below to their statutory treatment.
²Gross Merchandising Value ('GMV') is a non- GAAP measure that represents the total value of transactions processed by all Mad Paws businesses, on a cash basis, before deducting pet service provider payments, cancellations refunds, chargebacks, discounts and GST.

Memo: Operating profit or loss categories to reported profit or loss categories

	1H FY22 \$'000
Operating revenue	3,329
Promotional discounts on subscription products	(130)
Reported revenue	<u>3,199</u>
Operating marketing expense	1,657
Promotional discounts on subscription products	(130)
Reported discounts on subscription products	<u>1,527</u>
Operating employment expense	2,934
Non-operating deferred consideration expense	168
Reported employment expense	<u>3,102</u>

Results commentary

1H FY22 Operating Revenue grew by 231% to \$3.3 million with marketplace revenue increasing 49% to \$1.3 million driven from the improvement in marketplace bookings (+25%) as domestic borders opened in Q2 FY22. We saw additional growth from higher average booking values driven from booking length increases as well as higher sitter rates.

Our subscription revenues grew to \$1.5 million in H1 FY22 from \$0.1 million in H1 FY21. This is as a result of our subscriber growth in our Pet food business Dinner Bowl as well as the effect of the Waggly acquisition completed at the end of FY21. Total subscribers at the end of December 21 were 4.9k compared to 0.2k in December 20.

E-commerce revenue delivered \$0.5 million in 1H FY22 and represents non subscription toys and treats sales from Waggly as well as Sash our Pet bed business acquired in November 21.

Gross margin increased by \$0.9 million in 1H FY22 to \$1.8 million representing a 96% increase from 1H FY21. The change in company gross margin % in 1H FY22 is due to the greater contribution of the new subscription and ecommerce verticals since 1H FY21. We see future margin improvements in these verticals from operational initiatives and increased scale in H2 FY22.

Operational EBITDA loss for the 1H FY22 was \$4.2 million, an increase of 2.8 million from 1H FY21. The increase relates to the following factors:

- Employee expenses were \$1.9 million higher with the integration of the Waggly team contribution \$0.4m, \$1.4 million due to the build out of the senior management, product, tech and marketing teams to execute on the significant opportunity in the pet market. \$0.1 million in director fees and \$0.1 million from rebasing staff costs post the initial COVID impact in 1H FY22.
- We continued to invest in marketing given the strong return on investment with marketing increasing \$0.9m to \$1.7m for 1H FY22, with \$0.3m relating to Marketing costs for Waggly since the acquisition in June 21. The balance represents marketing costs associated with the expansion of our Pet food subscription vertical.
- Other operating expenses growth largely relates to public company costs such as listing fees, company secretary and investor relations support that were not incurred in the prior period.



Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Significant changes in the state of affairs

On 10 November 2021, the Group acquired the business of Sash Beds for a total initial consideration of \$125,000. The business operates in the pet bed market and was acquired as part of the Group's entry into the Home market of pet accessories.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 23 February 2022 the Group announced it had signed a binding conditional agreement to purchase 100% of the shares of Aussie Pet Meds Pty ('Pet Chemist'), Australia's leading online supplier of healthcare products. The total consideration for the acquisition was \$25 million, with an initial consideration of \$20 million comprising \$5.5 million in cash and \$14.5 million shares issued at an issue price of \$0.23 per share a 16% premium to the 15 day VWAP of \$0.198 per share on 17 February 2022. The acquisition is subject to shareholder approval at an extraordinary general meeting scheduled for late March.

In conjunction with the Acquisition, the Group completed a private placement with new and existing institutional, sophisticated and professional investors raising \$5.6 million at \$0.18 which will result in approximately 31.06 million new shares being issued.

In addition to the Placement, the Group intends to offer existing eligible shareholders the opportunity to participate in a share purchase plan (SPP). The SPP is targeting a raise up to \$1.5 million.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

DocuSigned by:

A handwritten signature in black ink, appearing to read "Jan Pacas".

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Jan Pacas
Chairman

DocuSigned by:

A handwritten signature in black ink, appearing to read "Justus Hammer".

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Justus Hammer
Chief Executive Officer

24 February 2022
Sydney

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001* to Directors of Mad Paws Holdings Limited

As lead auditor for the review of the half year financial report of Mad Paws Holdings Limited and its controlled entities for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,

Crowe Audit Australia .

Crowe Audit Australia

B Rd

Barbara Richmond
Partner

24 February 2022
Sydney

Mad Paws Holdings Limited
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31 December 2021



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Mad Paws Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Note	Consolidated Half-year ended 31 Dec 2021 \$	Half-year ended 31 Dec 2020 \$
Revenue	4	3,199,914	980,399
Other income	5	546,557	450,770
Interest revenue calculated using the effective interest method		852	1,684
Expenses			
Raw materials and consumables used		(1,011,522)	(74,336)
Delivery expenses		(522,821)	(33,033)
Employee benefits expense		(3,102,473)	(1,052,617)
Depreciation and amortisation expense		(187,232)	(113,234)
Share-based payments expense		(641,048)	(4,651,851)
IT expenses		(576,265)	(279,686)
Marketing expenses		(1,527,427)	(776,492)
Occupancy costs		(89,306)	-
Professional and consultancy expenses		(333,276)	(311,559)
Travel expenses		(10,302)	(323)
Share registry and listing expenses		(157,602)	(381,243)
Other expenses		(411,457)	(124,399)
Finance costs		(13,642)	(14,104)
Loss before income tax expense		(4,837,050)	(6,380,024)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Mad Paws Holdings Limited		(4,837,050)	(6,380,024)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Mad Paws Holdings Limited		(4,837,050)	(6,380,024)
		Cents	Cents
Basic earnings per share	16	(2.20)	(5.57)
Diluted earnings per share	16	(2.20)	(5.57)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of financial position
As at 31 December 2021



		Consolidated	
	Note	31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		8,776,735	12,486,625
Trade and other receivables		134,592	141,183
Inventories	6	812,323	180,797
Research and development tax incentive		410,152	226,457
Prepayments		183,842	137,974
Total current assets		<u>10,317,644</u>	<u>13,173,036</u>
Non-current assets			
Property, plant and equipment		104,235	68,567
Right-of-use assets	7	1,005,893	-
Intangibles	8	3,801,714	3,606,680
Total non-current assets		<u>4,911,842</u>	<u>3,675,247</u>
Total assets		<u>15,229,486</u>	<u>16,848,283</u>
Liabilities			
Current liabilities			
Trade and other payables	9	1,678,253	1,316,346
Contract liabilities		142,118	67,709
Borrowings		412	28,497
Lease liabilities		99,590	-
Employee benefits		274,572	294,363
Other	10	2,176,558	1,113,708
Total current liabilities		<u>4,371,503</u>	<u>2,820,623</u>
Non-current liabilities			
Lease liabilities		939,487	-
Employee benefits		49,779	51,651
Total non-current liabilities		<u>989,266</u>	<u>51,651</u>
Total liabilities		<u>5,360,769</u>	<u>2,872,274</u>
Net assets		<u>9,868,717</u>	<u>13,976,009</u>
Equity			
Issued capital	11	37,274,102	36,903,944
Reserves		(897,837)	(1,257,437)
Accumulated losses		(26,507,548)	(21,670,498)
Total equity		<u>9,868,717</u>	<u>13,976,009</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2021



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	10,102,685	700,118	(9,735,517)	1,067,286
Loss after income tax expense for the half-year	-	-	(6,380,024)	(6,380,024)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(6,380,024)	(6,380,024)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	1,099,762	-	1,099,762
Contributions of equity, net of transaction costs	4,441,110	-	-	4,441,110
Other capital reserve - acquisition of Mad Paws Pty. Ltd.	5,123,203	(5,123,203)	-	-
Balance at 31 December 2020	<u>19,666,998</u>	<u>(3,323,323)</u>	<u>(16,115,541)</u>	<u>228,134</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	36,903,944	(1,257,437)	(21,670,498)	13,976,009
Loss after income tax expense for the half-year	-	-	(4,837,050)	(4,837,050)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,837,050)	(4,837,050)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	370,158	-	-	370,158
Share-based payments	-	359,600	-	359,600
Balance at 31 December 2021	<u>37,274,102</u>	<u>(897,837)</u>	<u>(26,507,548)</u>	<u>9,868,717</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2021



	Note	Consolidated	
		Half-year ended 31 Dec 2021 \$	Half-year ended 31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,109,164	4,348,904
Payments to suppliers and employees (inclusive of GST)		(8,288,992)	(2,032,736)
Payments to suppliers - sitters payment		(3,452,000)	(2,294,215)
		(3,631,828)	21,953
Interest received		852	1,684
Government grants received		362,862	305,400
Interest and other finance costs paid		(13,642)	-
Net cash from/(used in) operating activities		(3,281,756)	329,037
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	15	(125,000)	-
Cash acquired as part of the acquisition of Mad Paws Pty. Ltd.		-	975,241
Payments for property, plant and equipment		(52,053)	(19,839)
Payments for intangibles		(223,865)	(106,040)
Net cash from/(used in) investing activities		(400,918)	849,362
Cash flows from financing activities			
Proceeds from issue of shares		2,774	-
Repayment of borrowings		(28,085)	-
Repayment of lease liabilities		(1,905)	(39,650)
Net cash used in financing activities		(27,216)	(39,650)
Net increase/(decrease) in cash and cash equivalents		(3,709,890)	1,138,749
Cash and cash equivalents at the beginning of the financial half-year		12,486,625	984,822
Cash and cash equivalents at the end of the financial half-year		8,776,735	2,123,571

The above statement of cash flows should be read in conjunction with the accompanying notes



Note 1. General information

The financial statements cover Mad Paws Holdings Limited as a Group consisting of Mad Paws Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Mad Paws Holdings Limited's functional and presentation currency.

Mad Paws Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 5, 126-130 Phillip Street
 Sydney NSW 2000

Principal place of business

3/33 Pyrmont Bridge Road
 Pyrmont NSW 2009

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segments, being pet goods and services. The operating segment is identified based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews operational EBITDA (earnings before interest, tax, depreciation, amortisation and non-operating, non-recurring income and costs). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

A reconciliation of the loss after income tax expense to operational EBITDA is as follows:

	Consolidated	
	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
	\$	\$
Operational EBITDA	(4,219,102)	(1,448,345)
R&D grant and COVID government support	546,557	450,770
Depreciation and amortisation expense	(187,232)	(113,234)
Share-based payments expense	(641,048)	(4,651,851)
Other non-recurring items	(323,435)	(604,944)
Net interest (expense)/income	(12,790)	(12,420)
Net loss after tax	<u>(4,837,050)</u>	<u>(6,380,024)</u>

Note 4. Revenue

	Consolidated	
	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
	\$	\$
Rendering of services - booking fee	402,741	726,222
Rendering of services - service fee	933,932	254,177
Subscription revenue	1,336,953	-
Ecommerce revenue	526,288	-
Revenue	<u>3,199,914</u>	<u>980,399</u>

Disaggregation of revenue

Revenue from contracts with customers is derived from:

- booking fees;
- service fees; and
- sale of goods.

Booking fee

Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee

Service fee revenue is recognised at the point in time of commencement of the sitting service.

Subscription and ecommerce revenue

Subscription and ecommerce revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

All revenue from contracts with customers is generated in Australia.

Mad Paws Holdings Limited
Notes to the financial statements
31 December 2021



Note 5. Other income

	Consolidated Half-year ended 31 Dec 2021 \$	Consolidated Half-year ended 31 Dec 2020 \$
Government grants (COVID-19)	362,862	305,400
Research and development rebate	183,695	145,370
Other income	<u>546,557</u>	<u>450,770</u>

Government grants (COVID-19) represents grants received from the Government in response to the COVID-19 pandemic. During the half-year ended 31 December 2021, government grants comprised of JobSaver and JobMaker support payments. During the half-year ended 31 December 2020, government grants comprised of JobKeeper support payments and Cash Boost support payments.

Note 6. Current assets - inventories

	Consolidated 31 Dec 2021 \$	Consolidated 30 Jun 2021 \$
Stock on hand - at cost	747,915	180,797
Stock in transit - at cost	64,408	-
	<u>812,323</u>	<u>180,797</u>

Note 7. Non-current assets - right-of-use assets

	Consolidated 31 Dec 2021 \$	Consolidated 30 Jun 2021 \$
Buildings - right-of-use	1,040,982	-
Less: Accumulated depreciation	(35,089)	-
	<u>1,005,893</u>	<u>-</u>

The Group leases a warehouse space under an agreement for 4 years and 4 months, which includes a 3 year option to extend. This option has been assumed as likely to be taken up and has therefore been incorporated into the value of the right of use asset.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Buildings - right-of-use \$
Balance at 1 July 2021	-
Additions	1,040,982
Depreciation expense	(35,089)
Balance at 31 December 2021	<u>1,005,893</u>

Mad Paws Holdings Limited
Notes to the financial statements
31 December 2021



Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Goodwill - at cost	2,938,522	2,831,595
Patents and trademarks - at cost	1,803	1,803
Website and software development - at cost	1,579,056	1,355,191
Less: Accumulated amortisation	(717,667)	(581,909)
	<u>861,389</u>	<u>773,282</u>
	<u><u>3,801,714</u></u>	<u><u>3,606,680</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill	Patents and	Website and	Total
	\$	trademarks	software	\$
	\$	\$	development	\$
	\$	\$	\$	\$
Balance at 1 July 2021	2,831,595	1,803	773,282	3,606,680
Additions	-	-	223,865	223,865
Additions through business combinations (note 15)	106,927	-	-	106,927
Amortisation expense	-	-	(135,758)	(135,758)
Balance at 31 December 2021	<u>2,938,522</u>	<u>1,803</u>	<u>861,389</u>	<u>3,801,714</u>

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Trade payables	800,313	765,030
Accrued expenses and other payables	877,940	551,316
	<u>1,678,253</u>	<u>1,316,346</u>

Note 10. Current liabilities - other

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Sitter deposit accounts	<u>2,176,558</u>	<u>1,113,708</u>

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>220,764,410</u>	<u>218,523,989</u>	<u>37,274,102</u>	<u>36,903,944</u>

Mad Paws Holdings Limited
Notes to the financial statements
31 December 2021



Note 11. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	218,523,989		36,903,944
Issue of shares	6 August 2021	500,000	\$0.178	85,000
Issue of shares	27 September 2021	419,884	\$0.168	70,541
Issue of shares	15 November 2021	122,897	\$0.168	20,606
Issue of shares	26 November 2021	407,633	\$0.152	61,960
Issue of shares	26 November 2021	330,876	\$0.198	65,513
Issue of shares	26 November 2021	310,887	\$0.204	63,810
Issue of shares	23 December 2021	148,244	\$0.018	2,728
Balance	31 December 2021	<u>220,764,410</u>		<u>37,274,102</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 14. Contingent liabilities

There are no contingent liabilities as at 31 December 2021 and 30 June 2021.

Note 15. Business combinations

Acquisition of Sash Beds

On 10 November 2021, the Group acquired the business of Sash Beds for a total initial consideration of \$125,000. The business operates in the pet bed market and was acquired as part of the Group's entry into the home market of pet accessories. The goodwill of \$106,927 represents revenue synergies arising from cross selling opportunities and expanding the Group's existing client base. The acquired business contributed revenues of \$29,558 and a loss after tax \$20,063 to the Group for the period from 10 November 2021 to 31 December 2021. If the acquisition occurred on 1 July 2021, the half-year contributions from 1 July 2021 to 31 December 2021 would have been revenues of \$117,067 and profit after tax of \$2,284.

Details of the acquisition are as follows:

	Fair value \$
Inventories	18,073
Net assets acquired	18,073
Goodwill	106,927
Acquisition-date fair value of the total consideration transferred	<u>125,000</u>
Representing:	
Cash paid or payable to vendor	<u>125,000</u>
Acquisition costs expensed to profit or loss	<u>-</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	<u>125,000</u>

Additional consideration comprises of the following:

- (1) Deferred Consideration - The acquisition includes deferred consideration of \$150,000 payable in MPA shares issued at \$0.25. The shares are to be issued on a quarterly basis for 2 years post acquisition. Given the link to employment services, this will be recorded as remuneration over the period.
- (2) Contingent Profit Share Consideration – The vendor is entitled to a 50% profit share based on the quarterly EBITDA performance of the Sash business for a period of 12 months from completion. The profit share will be paid 50% in cash and 50% in shares. Given the link to employment services, this will be recorded as remuneration over the period.
- (3) Contingent Revenue Consideration – The vendor will be entitled to receive up two additional payments if the revenue run rate exceeds agreed hurdles as follows:
 - (a) First revenue payment – Achieves a revenue run rate of \$2.0 million, receive \$250,000 in Mad Paws shares; and
 - (b) Second revenue payment – Achieves a revenue run rate of \$4.0 million receives \$150,000 with 50% paid in shares and 50% in cash. Given the link to employment services, this will be recorded as remuneration over the period.

Mad Paws Holdings Limited
Notes to the financial statements
31 December 2021



Note 16. Earnings per share

	Consolidated Half-year ended 31 Dec 2021 \$	Consolidated Half-year ended 31 Dec 2020 \$
Loss after income tax attributable to the owners of Mad Paws Holdings Limited	<u>(4,837,050)</u>	<u>(6,380,024)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>219,389,192</u>	<u>114,623,825</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>219,389,192</u>	<u>114,623,825</u>
	Cents	Cents
Basic earnings per share	(2.20)	(5.57)
Diluted earnings per share	(2.20)	(5.57)

Share options have been excluded from the above calculations as they were anti-dilutive.

Note 17. Events after the reporting period

On 23 February 2022 the Group announced it had signed a binding conditional agreement to purchase 100% of the shares of Aussie Pet Meds Pty ('Pet Chemist'), Australia's leading online supplier of healthcare products. The total consideration for the acquisition was \$25 million, with an initial consideration of \$20 million comprising \$5.5 million in cash and \$14.5 million shares issued at an issue price of \$0.23 per share a 16% premium to the 15 day VWAP of \$0.198 per share on 17 February 2022. The acquisition is subject to shareholder approval at an extraordinary general meeting scheduled for late March.

In conjunction with the Acquisition, the Group completed a private placement with new and existing institutional, sophisticated and professional investors raising \$5.6 million at \$0.18 which will result in approximately 31.06 million new shares being issued.

In addition to the Placement, the Group intends to offer existing eligible shareholders the opportunity to participate in a share purchase plan (SPP). The SPP is targeting a raise up to \$1.5 million.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Mad Paws Holdings Limited
Directors' declaration
31 December 2021



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

DocuSigned by:

A handwritten signature in black ink, appearing to read "Jan Pacas".

E8BA95C96EA0494...

Jan Pacas
Chairman

DocuSigned by:

A handwritten signature in black ink, appearing to read "justus hammer".

75E2B48F10F7457...

Justus Hammer
Chief Executive Officer

24 February 2022
Sydney

Independent Auditor's Review Report to the Members of Mad Paws Holdings Limited

Conclusion

We have reviewed the half-year financial report of Mad Paws Holdings Limited (the Company) and its subsidiaries (the Consolidated entity), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Consolidated entity does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Responsibility of the Directors for the Financial Report

The directors of the Consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crowe Audit Australia

Crowe Audit Australia

B Rd

Barbara Richmond
Partner

24 February 2022
Sydney