



ASX Announcement

Mad Paws Holdings Limited (ASX:MPA)

23 February 2022

FY22 Preliminary unaudited Half Year Results – Accelerated growth as we build Australia’s leading tech enabled pet marketplace

Mad Paws Holdings Limited is pleased to report its preliminary unaudited half year results for the six months to 31 December 2021.

Highlights

- Bookings **+104%** from 1H FY21
- GMV **+81%** from 1H FY21
 - Record December 2021 GMV for the marketplace (seasonal peak for the marketplace) of **\$2.2 million**, despite Omicron slowdown and some states still in lockdowns;
- Operating Revenue of **\$3.3 million +231%** from 1H FY21
 - Marketplace services revenues up **+49%** compared to 1H FY21 despite covid lockdowns in the first quarter;
 - Subscription revenues of **\$1.5 million up from \$0.1 million** in H1 FY21
 - New ecommerce revenues delivered **\$0.5 million** in H1 FY21
- \$8.8 million cash on hand at 31 December 2021, with sufficient capacity to fund strategy
- **Positive outlook for 2H FY22 with enhancements to the product offering and ongoing growth in GMV and subscribers**

1H FY22 Preliminary Results Summary (unaudited)

in A\$000s	1H 22	1H 21	\$000s	%
GMV	8,987.9	4,969.5	4,018.4	81%
<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	0%
Total Operating Revenue	3,329.2	1,006.8	2,322.5	231%
Cost of sales	1,534	89.0	(1,445.3)	-1624%
Gross Margin	1,794.9	917.8	877.1	96%
<i>Gross Margin %</i>	<i>54%</i>	<i>91%</i>		
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)	(1,543.0)	24%

¹GMV 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.



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.

Ecommerce 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.

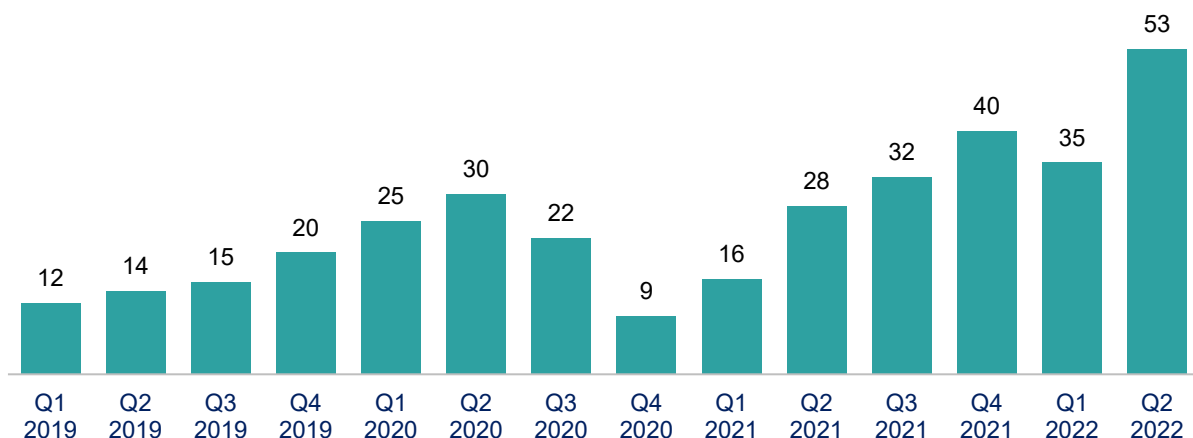
Gross margin increased by \$0.9 million in 1H FY22 to \$1.8 million representing a 96% increase from 1H FY21. The change in company gross margin % in 1H FY22 is due to the greater contribution of the new subscription and ecommerce verticals since 1H FY21. We see future margin improvements in these verticals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

Operational EBITDA loss for the 1H FY22 was \$4.2 million, an increase of 2.7 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 1H22.
- 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

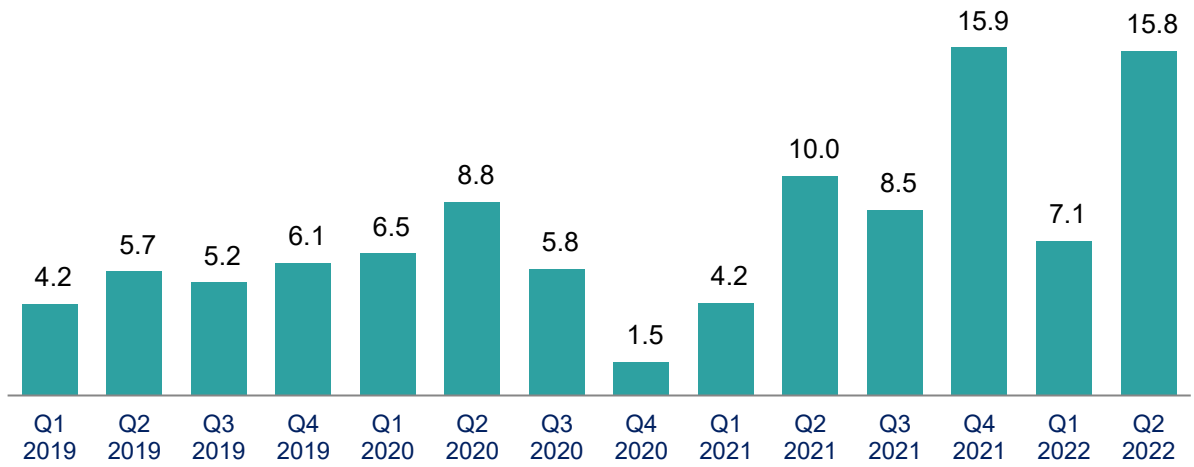
Key metrics trends 1H FY22

Bookings/Transactions 000s

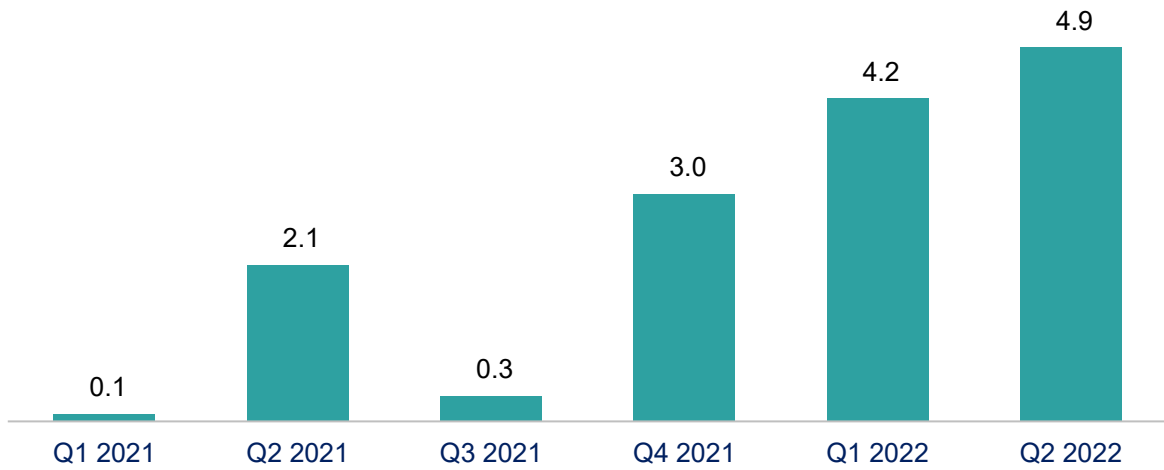




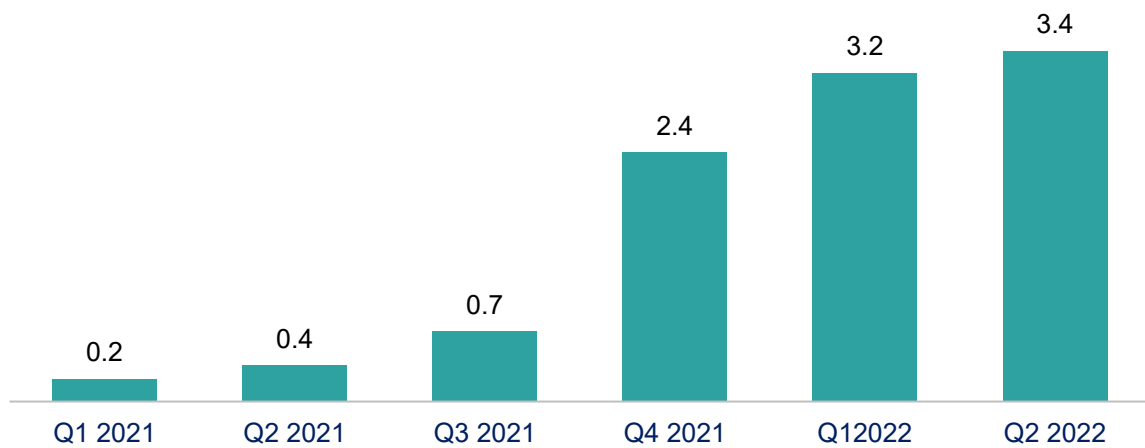
New customers 000s



Subscribers 000s



Subscription ARR in millions





FY22 Outlook

Q3 FY22 has started positively for the Mad Paws marketplace. The Omicron variant is creating some operational challenges around staffing and logistics. With a more open and unrestricted cross border and state travel environment the outlook for the marketplace is buoyant. We see further upside from the increase in international travel coming later in the year.

For our subscription businesses, the third quarter usually has a slower start due to the January holiday period, however we will continue to see subscriber and revenue growth over the next quarter. With the initial launch of our lightly cooked dog food in Q2 FY22 we will be investing in enhancing our manufacturing and packing capabilities in Q3 and Q4 to set the business up for scale and to achieve the required gross margins.

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 further expansion of domestic and international travel we are excited by the growth opportunities ahead of us.

With \$8.8 million of cash available at the end of the quarter we have significant resources to execute on the opportunities ahead.

For further information, please contact:

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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 All Mad Paws businesses, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discount's and GST. For Pet Chemist, GMV includes the order values of medication orders despatched as agent for the pharmacist
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
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