



ASX Announcement

Mad Paws Holdings Limited (ASX:MPA)

13 April 2022

March 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 31 March 2022.

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

- **Group Gross Merchandising Value and Customers**
 - Q3 FY22 LTM Group GMV of **\$19.4 million** up from \$9.2 million in Q3 FY21
 - Q3 FY22 Group GMV of **\$6.3 million** up **76%** on Q3 FY21
 - March 22 Marketplace GMV was a **record high of \$2.3 million** exceeding the usual December seasonal peak while reducing CAC by 31% vs pcp
 - Over 148,000 paying pet customers and over 35,000 pet sitters on the platform
- **Total Revenue Growth – Service + Subscription + eCommerce**
 - YTD (July to March 22) Unaudited Operating Revenue **\$5.5 million +200%** vs pcp
 - Q3 FY22 Unaudited Operating Revenue of **\$2.1 million + 162%** vs pcp
 - Group pro-forma (for the inclusion of Pet Chemist) YTD March 22 Unaudited Revenue of **\$10.9 million, an increase of 91%** to pcp
- **Subscription Revenues**
 - YTD (July to March 22) Unaudited Operating Revenue **\$2.3 million +759%** vs pcp
 - Q3 FY22 Unaudited Operating Revenue of **\$0.8 million + 418%** vs pcp
- **E-Commerce Revenues**
 - YTD (July to March 22) Unaudited Operating Revenue **\$0.8 million** with no comparative
 - Q3 FY22 Unaudited Operating Revenue of **\$0.3 million** with no comparative
- Cash at the end of the quarter of **\$11.6 million**

June Quarter Outlook

- Positive outlook for 2H FY22 revenue growth with continued resurgence of the marketplace and the integration of the recent Pet Chemist acquisition
- Q4 started with 2 consecutive record weeks for the marketplace - GMV is up 92% compared to the prior corresponding period, with Easter, ANZAC day and summer European holiday season to boost bookings
- With the acquisition of Pet Chemist we are looking to onboard the business and execute on our integration plan, accelerating their growth by focusing on cross-sales between Mad Paws and Pet Chemist as well as using our internal marketing expertise
- With the tailwinds from the pet market as well travel returning to pre-COVID levels we believe we have significant growth ahead of us and with \$7.0 million in adjusted cash we are in a great position to execute on our growth strategy

Justus Hammer, Co-Founder & CEO commented, "The Q3 results demonstrate Mad Paws is delivering on its substantial opportunity in the Australian pet market. Revenue increased by 162% in Q3 FY22 vs the pcp.

"Our momentum is driven by the ongoing rebound in Marketplace, good growth in subscription fees and new complementary e-commerce revenues.



“The Group’s LTM GMV more than doubled to \$19.4 million in Q3 vs pcp, and has achieved a record all-time high in March 2022, exceeding the usual December seasonal peak.

“With new customer acquisition, consistent customer repeat rates, higher booking values and an improving take rate, our largest business is performing well. We saw growth in all verticals, highlighting the success of our strategy in acquiring pet customers and increasing our share of wallet.

“Subscription revenues stepped up, increasing by 418% in Q3 FY22. Waggly, acquired in June 2021, reported a 69% lift in subscription revenues vs the pcp. Our new e-commerce businesses Waggly Shop and Sash Beds, acquired in Q2, are building scale and now account for 14% of the group’s total income.

“Q4 has started strongly with two consecutive record weeks for the Marketplace. We expect this resurgence to continue with the peak Easter holiday season and ongoing recovery in travel volumes.

“We completed the Pet Chemist acquisition on 1st April 2022 and are delighted to welcome the team to Mad Paws. Highlighting the uplift in scale across the enlarged group, pro forma YTD March 22 unaudited revenues were \$10.9 million, up +91% on the pcp.

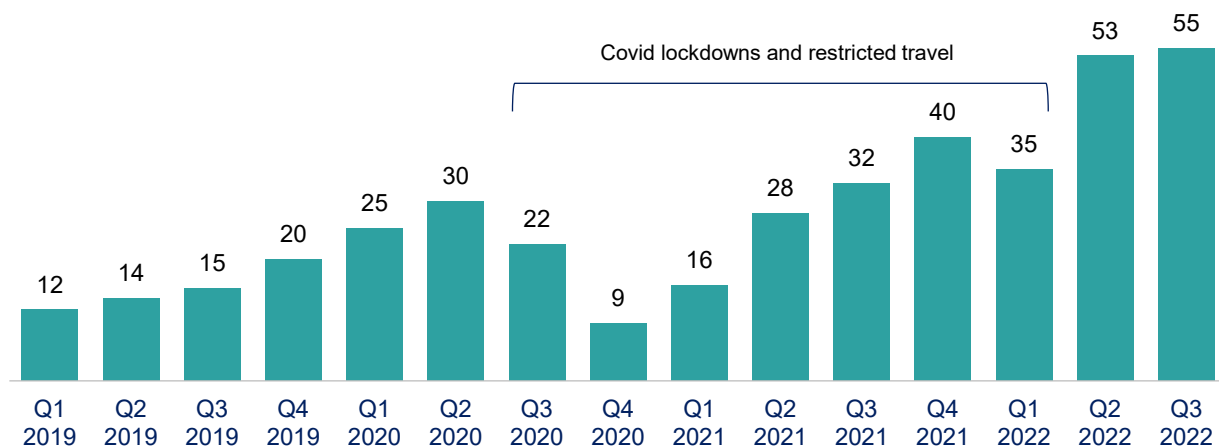
“We are executing on our integration plan, accelerating growth by focusing on cross-sales between Mad Paws and Pet Chemist as well as leveraging our internal marketing expertise.

“With the proceeds from our recent successful capital raise we are well placed to continue to deliver on our substantial potential in the large Australian pet market.”

Key performance metrics for Q3 FY22

Group metrics

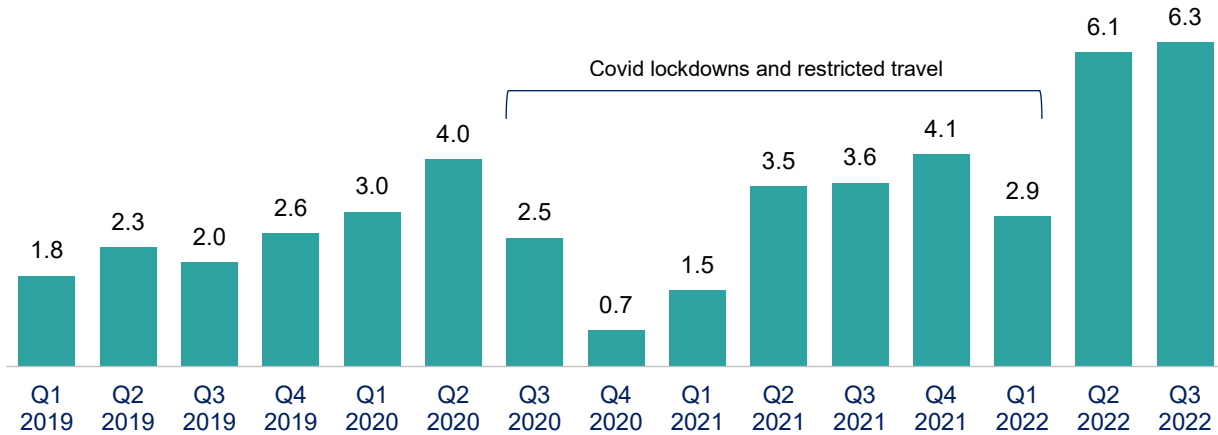
Group Bookings/transactions in 000s



Bookings/transactions increased 69% on the prior corresponding quarter, with growth from subscription, ecommerce and marketplace verticals.



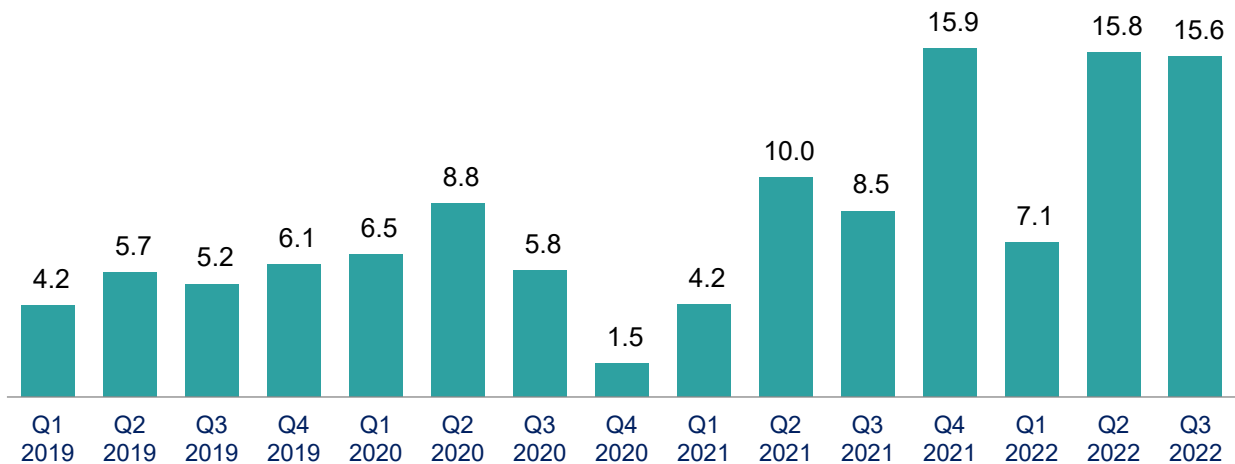
Group Gross Merchandise Value (GMV¹) in \$ millions



¹GMV 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 76%, or \$2.7 million, to \$6.3 million with growth coming across all verticals and demonstrates the success of our strategy in acquiring pet customers and increasing our share of wallet. Q3 LTM GMV was \$19.4 million up from \$9.2 million in Q3 FY21.

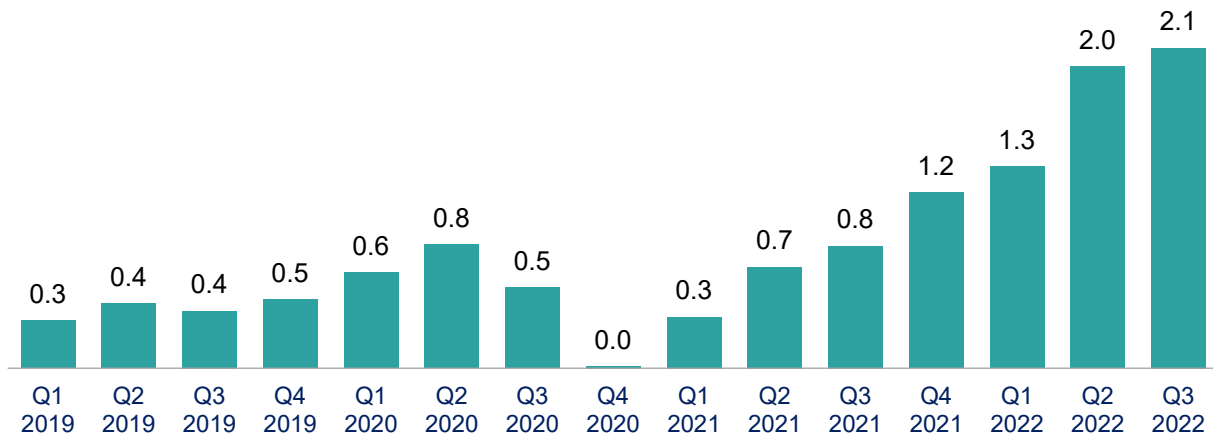
Group New customers in 000s



New customers increased 83% in Q3 FY22 vs Q3 FY21 with consistent customer acquisition quarter on quarter. We are encouraged by these results as Q3 is usually a seasonally lower customer acquisition period. In addition, the Group continues to see improvements in our performance marketing CAC which has decreased 31% compared to Q3 FY21.



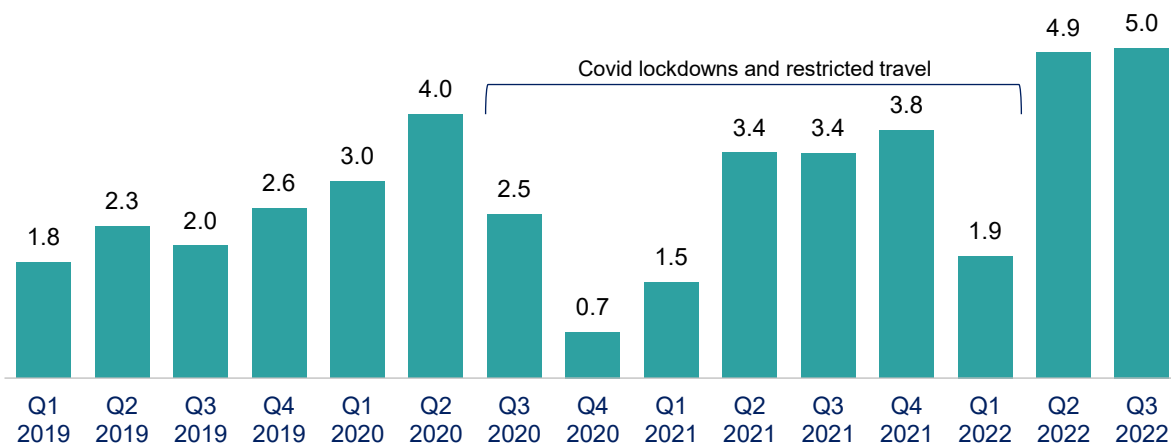
Group Operating Revenue (unaudited) in 000s



Revenue increased 162% from \$0.8 million to \$2.1 million in Q3 FY22, reflecting our entry into complementary revenue streams as well as the continued strong rebound in Marketplace revenues. Marketplace revenues were \$1.0 million in Q3 FY22 an increase of 52% vs Q3 FY21 reflecting the strong new customer acquisition, consistent customer repeat rates, higher booking values and improving take rate. With the timing of the Easter holiday being later in April in FY22, Q3 FY22 marketplace revenues have been affected by this shift with this benefit rolling through into Q4 FY22. Subscription revenues grew by 418% to \$0.8 million for Q3 FY22 reflecting the contribution from the Waggly acquisition in June 2021 as well subscriber growth in Dinner Bowl over the last 12 months. The Waggly subscription business has performed well since acquisition with Q2 FY22 subscription revenue increasing by 69% compared to Q3 FY21 (period prior to Mad Paws ownership).

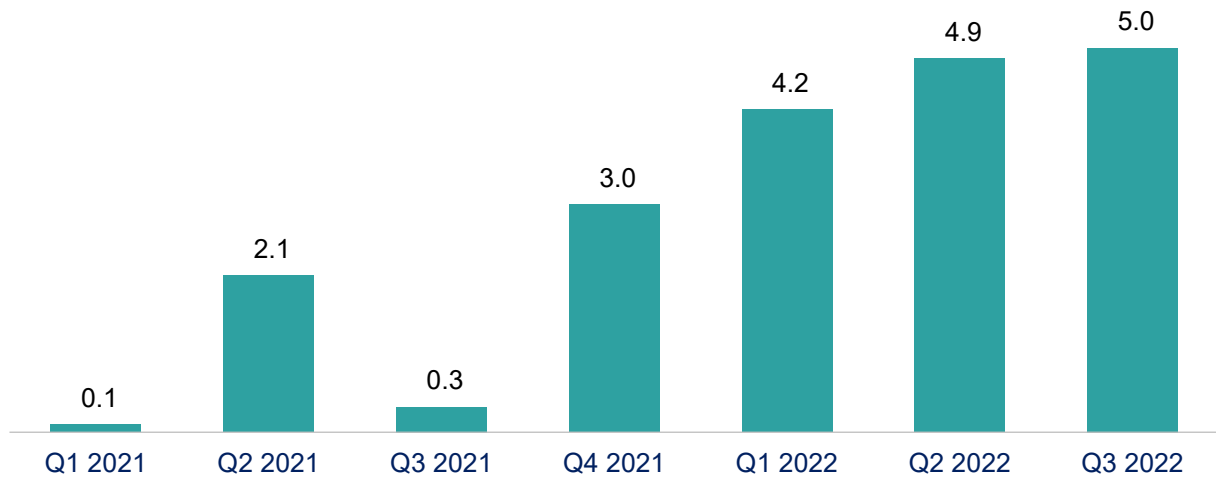
Ecommerce revenues from the Waggly shop and the Sash Beds acquisition total \$0.3 million in Q3 FY22 and now represent 14% of overall operating revenue.

Marketplace GMV in \$ millions

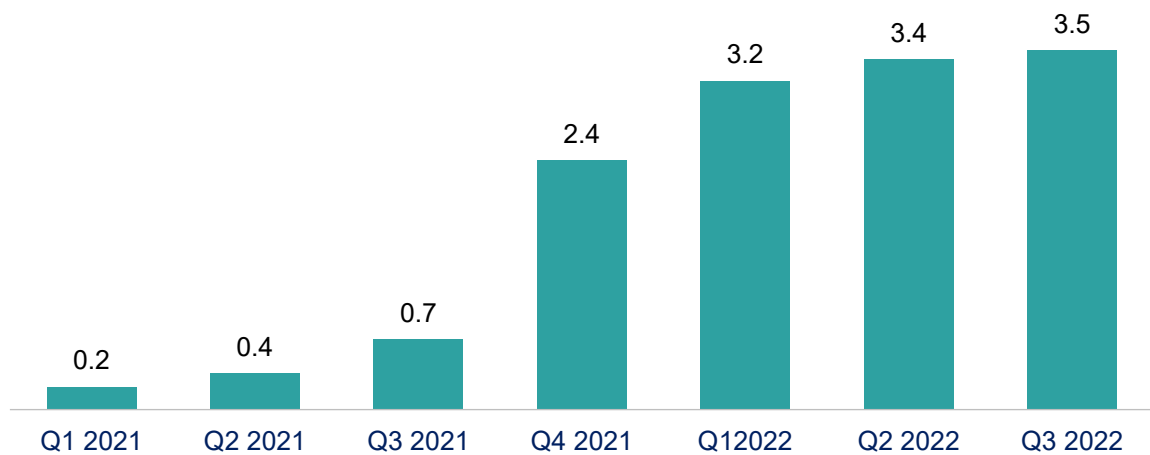




Total Subscribers in 000s



Subscription ARR in \$ millions



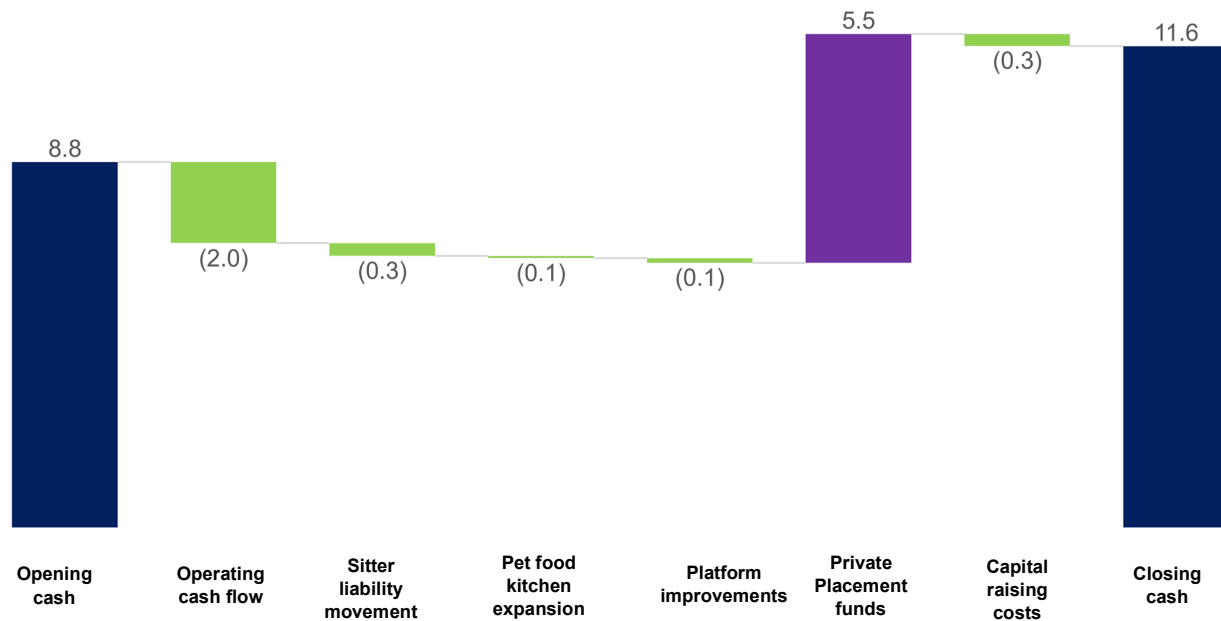
Total subscribers increased 3% on a quarter-on-quarter basis with 133 net subscriber additions in the period. Q3 is traditionally a lower customer acquisition period for Waggly, our toys and treats subscription business, furthermore we slowed customer acquisition in Dinner bowl as we transition from our Sydney operations to a larger scale cooking facilities in Melbourne, situated near to our distribution centre. We expect our kitchen facility to be fully operational mid-way through Q4 FY22.

As a result of these effects ARR was flat quarter on quarter increase 5% to \$3.5 million.



Cash flow

Q3 FY22 Cash flow bridge in \$ millions



Operating cash outflow before the sitter liability movement was \$2.0 million for the quarter an improvement quarter on quarter.

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 an unfavourable cash flow of \$0.3m in the quarter from the rebasing of the sitter liability due to bookings made in Q2 FY22 that were settled in Q3 FY22 due to the high seasonal booking period in December.

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 which will deliver meaningful margin improvements in the medium term. In addition, we continue to invest in our technology platforms to enhance the user experience across subscription and marketplace platforms totalling \$0.1 million.

The Company successfully completed a private placement in the quarter raising \$5.2 million net of costs. The funds will be used to settle the initial cash consideration of the Pet Chemist acquisition early in Q4 FY22.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$137k in relation to CEO remuneration and Directors' fees since listing.

At the end of the quarter Mad Paws has a cash balance of \$11.6 million. Excluding the Pet Chemist initial consideration liability, available cash to invest in strategic initiatives is \$6.1 million. In addition, the group expects to receive \$0.5 million from the Share Purchase Plan as well as \$0.4 million from the R&D tax incentive. With \$7.0 million of adjusted cash available, as well as improving operating performance the group is 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 31 March 22	Total expenditure post admission to the ASX as at 31 March 22 (\$m)
Marketing/Sales	4.5	0.4	1.5
Operational team	2.8	0.8	2.1
Product Development	2.7	0.8	2.0
Other Working Capital	0.9	0.2	0.7
IPO expenses	1.1	-	1.1
Total	12.0	2.1	7.4

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 31 March 2022, there were no deferred consideration shares issued and there are up to 15,000,000 ordinary shares remaining to be issued.

Q2 FY22 Execution milestones

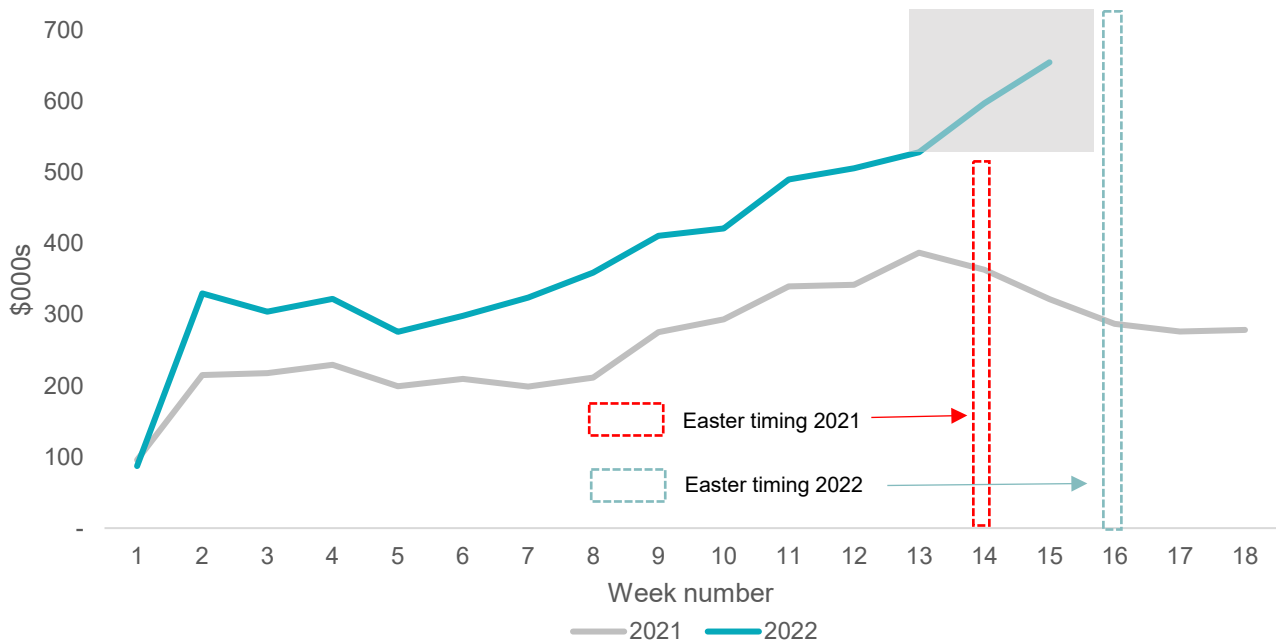
1. Pet Services Marketplace
 - a. Delivered improved search experience
 - b. Improvements to the search algorithm in order to improve LTV
 - c. Laid the foundations for single customer view for the whole group
 - d. Multiple changes that resulted in a positive change to current customer LTV while also achieving record low CACs
2. Pet Product Subscription Offerings
 - a. Identified and secured new production facility for Dinner Bowl
 - b. Finalised set up of the new production facility – ready to be operational in May
3. Waggly
 - a. Scaled marketing channels successfully towards the end of Q3
 - b. Hired new warehouse operations manager – focus on warehouse efficiencies
 - c. Identified and started to action additional margin opportunities
4. Pet Life Cycle management
 - a. Acquisition of Pet Chemist



FY22 Outlook

Q4 started with 2 consecutive record weeks for the marketplace. GMV is up 92% compared to the prior corresponding period and continuous to grow towards the peak Easter holiday season. This growth has been driven not just by an increase of the number of marketplace customers but also by an improvement to our average GMV per booking value. GMV average booking value has further growth potential still being below pre-COVID levels.

Weekly Marketplace GMV in \$000s week 1 to 14 2022 vs PCP



We are even more confident about the growth outlook for the marketplace looking at travel forecasts for Australia. Qantas quoted only 68% group domestic capacity and only 22% group international capacity of pre-COVID levels in Q3 22 compared against 2019. For Q4 22 Qantas is expecting those levels to increase to 90-100% and 44% respectively.

For our subscription and e-commerce businesses, we are looking to accelerate growth while improving operations and drive efficiencies throughout the group. This includes the industrial kitchen facility we are about to open in Melbourne only 15 minutes from our main warehouse. We are also looking to drive better margins not only through operational improvements but consolidating logistics for all of our business units.

With the acquisition of Pet Chemist we are looking to onboard the business and execute on our integration plan, accelerating their growth by focusing on cross-sales between Mad Paws and Pet Chemist as well as using our internal marketing expertise.

For the Group, Mad Paws is laser focused on improving the customer experience and making it easier for our customers to recognise all the options they now have within the Mad Paws portfolio. This includes a brand revamp which will bring the Mad Paws brands closer together. This is a group wide exercise which will focus on Mad Paws brand refresh, single sign-on capability for all our brands but it will also expand to new rewards and referral programs for customers of the group.

With the tailwinds from the pet market as well travel returning to pre-COVID levels we believe we have significant growth ahead of us and with \$7.0 million in adjusted cash we are in a great position to execute on our growth strategy.

-ENDS-



Mad Paws is hosting a Q3 FY22 investor webinar at 11.00am AEST on Wednesday 13 April 2022, register on the link below

https://us06web.zoom.us/webinar/register/WN_rzbXjO66SWuxg2BcuAalJQ

For further information, please contact:

Investor queries:

Michael Brown, Pegasus

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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 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 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

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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,491	13,714
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,039)	(11,558)
(c) advertising and marketing	(733)	(2,211)
(d) leased assets	-	-
(e) staff costs	(1,712)	(4,830)
(f) administration and corporate costs	(259)	(1,038)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	359
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,251)	(5,563)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(125)
(c) property, plant and equipment	(42)	(115)
(d) investments	-	-
(e) intellectual property	(113)	(284)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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)	-	-
2.6 Net cash from / (used in) investing activities	(155)	(524)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,500	5,500
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)	(276)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(28)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other Lease liabilities	(19)	(19)
3.10 Net cash from / (used in) financing activities	5,205	5,177

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	8,777	12,486
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,251)	(5,563)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(155)	(524)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,205	5,177
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,576	11,576

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	11,576	8,777
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,576	8,777

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	137
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 since listing

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

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,251)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,576
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,576
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.1
<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: The group is required to settle the initial cash consideration for the Pet Chemist acquisition of \$5.5 million at the start of Q4 FY22. The Groups cash balance excluding this liability is \$6.1 million, in addition to these funds the Group is due \$0.4 million from the ATO for R&D activities as well as \$0.5 million from our Share Purchase Plan (SPP). Furthermore, we expect improvement in operating cash flow in the future quarters.	
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: 13 April 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.