

madpaws

FY22 AGM & YTD FY23 Trading Update

Mad Paws Holdings Ltd (ASX: MPA)

November 16, 2022



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01

Mad Paws Overview



Our Purpose

We exist to enable pets to live their lives to the fullest.

Our Vision

Being the most trusted and convenient brand to rely on for all pet-related needs.



Mad Paws at a Glance

Mad Paws provides a safe and convenient digital platform that connects pet owners with high quality services and products. Mad Paws has built a loyal and growing community of pet owners and sitters, focused on enabling their loved pets to live their lives to the fullest.

Mad Paws proudly serves pet owners and pet sitters in the following verticals:

Mad Paws Care: Sitting, Walking, Day Care, Grooming

Launched 2015

Mad Paws Food

Dinner Bowl launched Q1 2021

Mad Paws Health

Insurance launched Q3 2021, acquired Pet Chemist April 2022

Mad Paws Joy

Toys and Treats – Waggly acquisition Q4 2021

Mad Paws Home

Curated Ecommerce – Launched in Q2 FY22 with Sash acquisition



Over 1 million pet care services provided

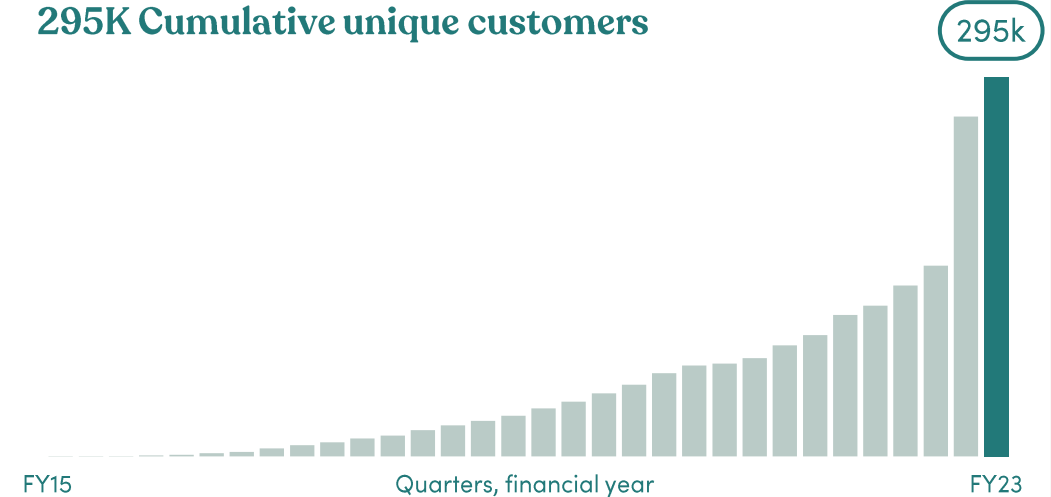


Product Review Best Raw Dog Food of 2021

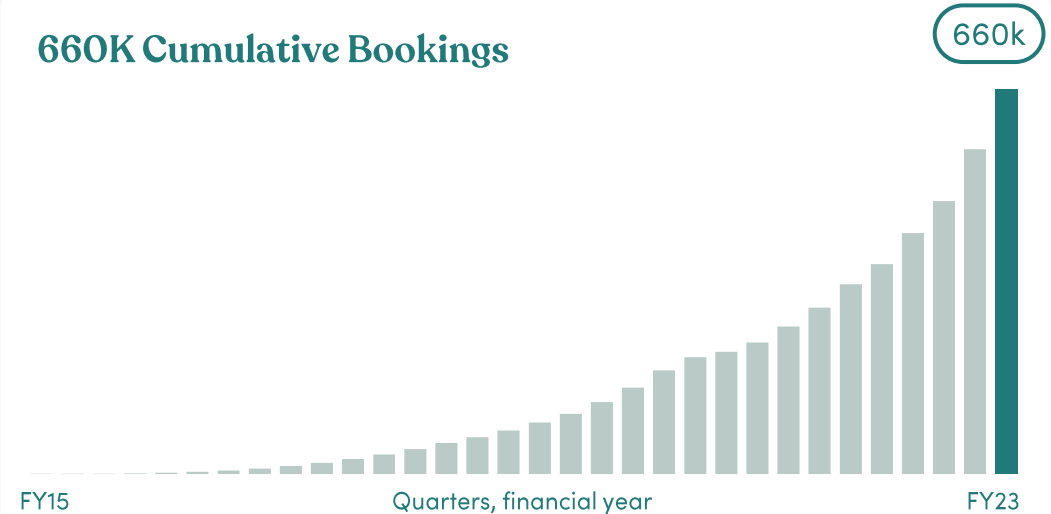


Qantas Partnership & Access to Qantas FF

295K Cumulative unique customers



660K Cumulative Bookings



Pets and their impact on Australian's lives



Pet ownership is a way of life

for the majority of Australians, an estimated 7.3 millions households (73% of all households) would like to add a pet to their family



70% of pet owners say their pets have improved their lives during the pandemic

Owners now have different, **more human like relationships with pets**, more inelastic spend



Pet Humanisation and Premiumisation Driving Spend



Prioritisation of Pet Needs



Increasing Spend Per Pet



Increasing Spend on Pet Products and Services



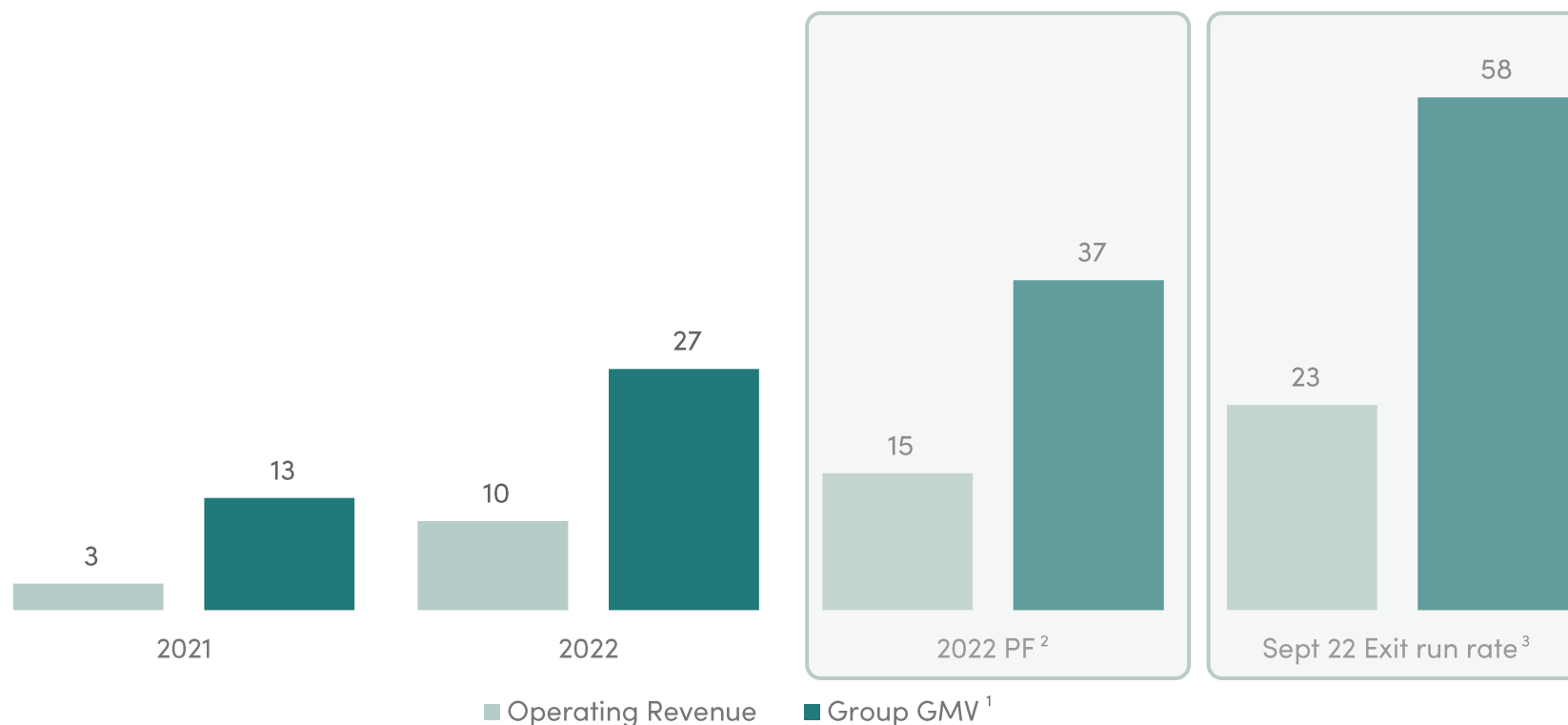
Recession resilience



Operating Revenue and Share of pet owner's wallet continue to accelerate



GMV and Operating Revenue in \$ million



¹GMV is 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.

²The pro forma group includes the audited results of the Mad Paws Group for the 12 months ended 30 June 22. Pet Chemist results are audited from the date of acquisition of 1 April 22 and are unaudited for the 9 month period prior to acquisition

³September 22 Exit run is based on the Group September 22 GMV and operating multiplied by 12

02

YTD FY23 Business &
Trading Update



Q1 FY23 Highlights

Revenue of \$5.4m
Q1 FY23
+301% to pcp

Group operating
revenue run rate of
\$23m
Sept 22
+85% to pcp

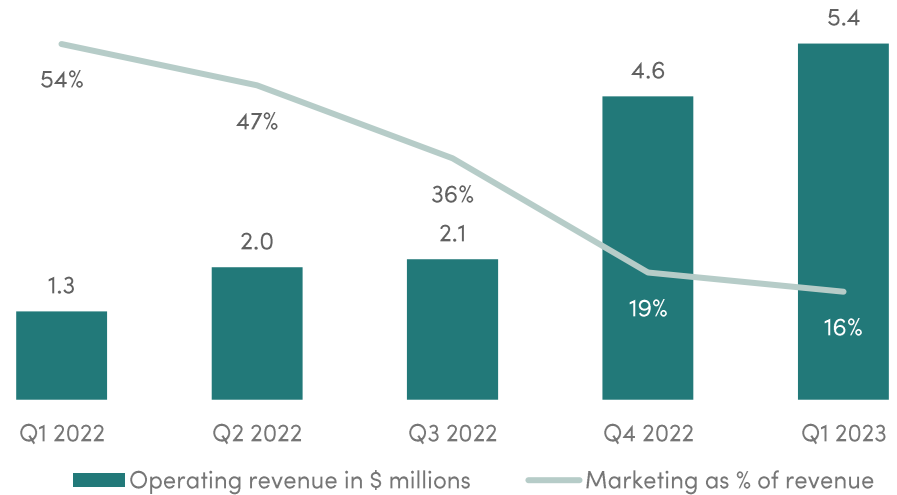
Operating EBITDA as
a % of revenue
improved
by 12ppt

30,000 new
customers acquired
+335% to pcp

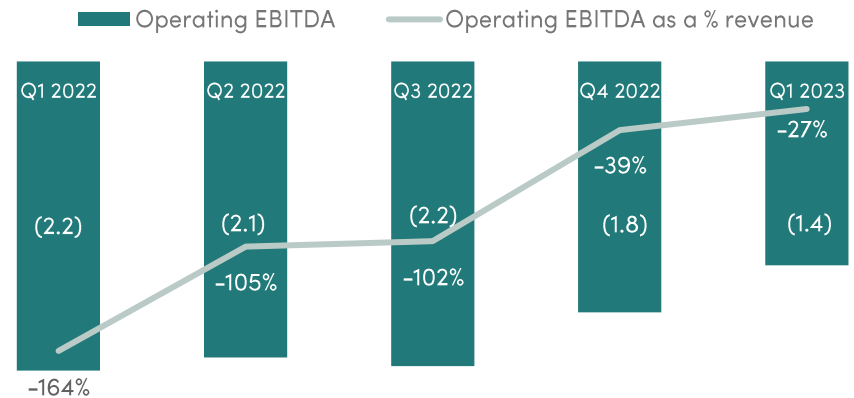
Marketing as a % of
revenue improved
3ppt to 16%

Profitable
Marketplace
Operating EBITDA as
a % of revenue
improved to 20%
+11ppt

Quarterly Revenue and Marketing as a % of Revenue



Quarterly Operating EBITDA in \$ millions

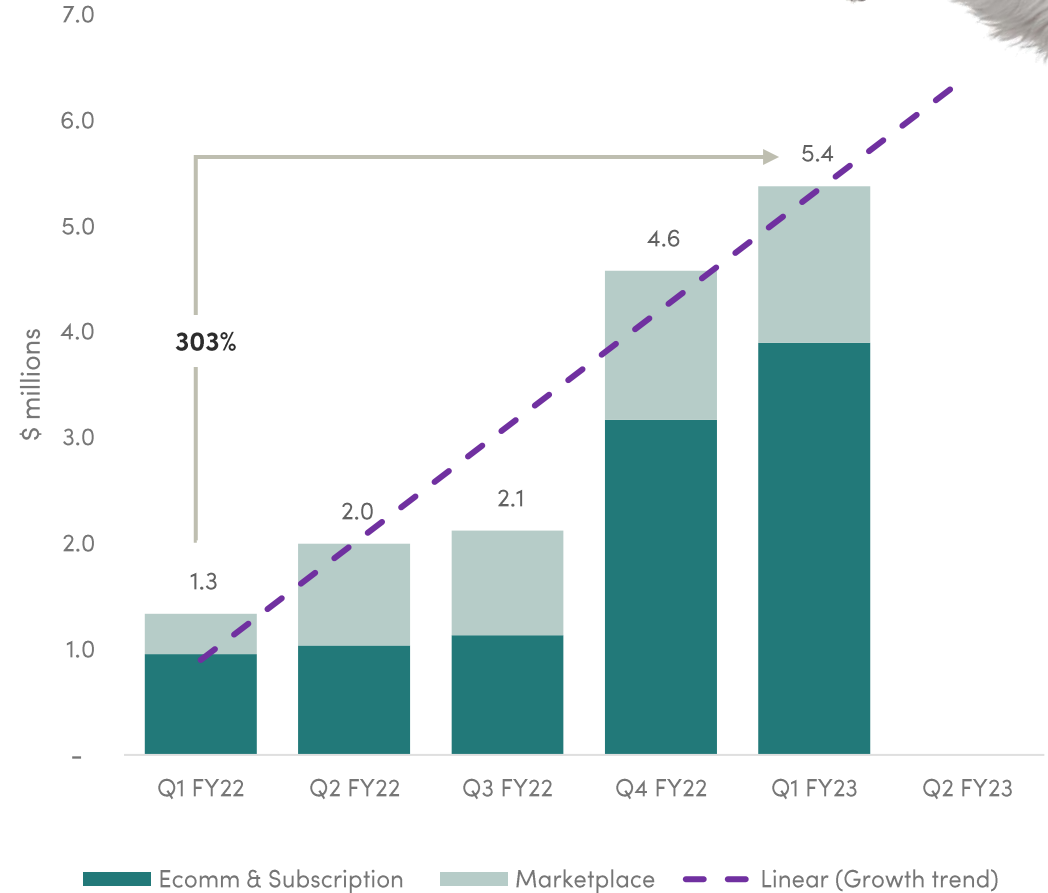


Q2 FY23 Trading Update

Group Summary - Re-Affirming Break Even Target Mid 2023

- Given significant revenue growth rates achieved and strong momentum into our biggest growth quarter we re-affirm break even target by mid calendar year 2023
- Corporate costs remain flat with Q1 FY23 and will remain at these levels for the foreseeable future
- Executing on further cost savings initiatives throughout Q2
- Q2 Seasonal holiday period plus current growth rates experienced predict Q2 cash flows to be at or around break-even driven by improvement in Operating EBITDA margins, favourable working capital dynamics and receipt of R&D incentive of \$0.4 million

Quarterly Group Revenue in \$ millions



Q2 FY23 Trading Update

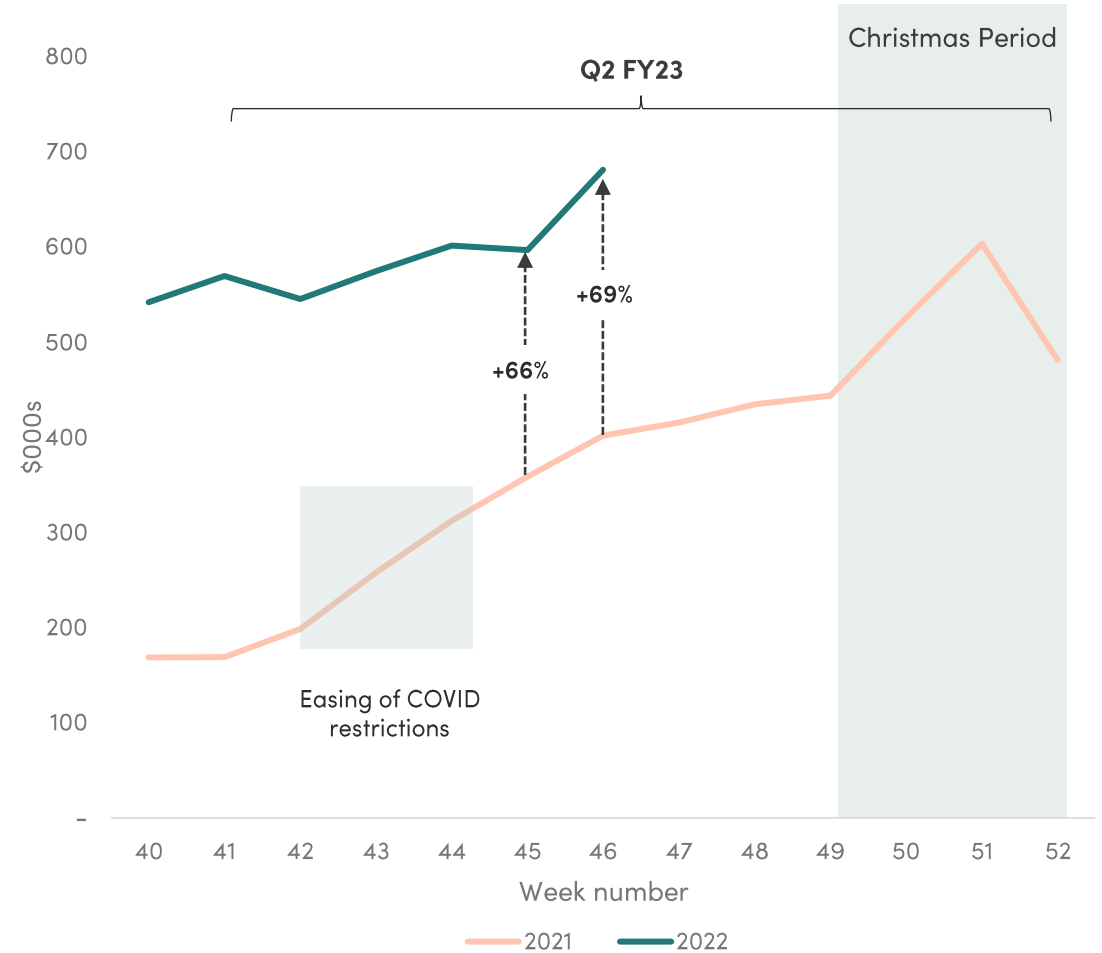
Marketplace – Accelerated Growth

Focus on the upcoming holiday period, with Q2 historically the strongest growth quarter of the year

- Accelerated growth trajectory versus 2021
- Forward booking \$ value +72% compared to the same time 2021
- Focused on increasing sitter supply to meet demand expectations through acquisition channel expansion, sitter reactivation and search ranking enhancements
- High operating leverage within the segment results in a significant benefit for operating EBITDA from revenue growth

*LTV to CAC ratio trending at 7x

Marketplace GMV (weekly)



*Lifetime Value = Marketplace take rate \$ excluding GST multiplied by actual and projected customer retention profile. CAC represents owner paid media acquisition costs

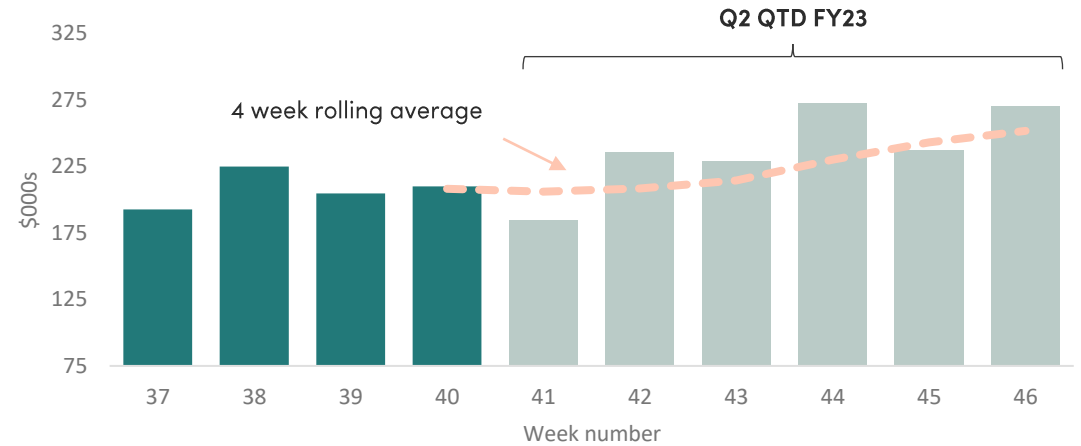
Q2 FY23 Trading Update

eCommerce & Subscriptions – Ready to Accelerate Growth with Profitability in Reach

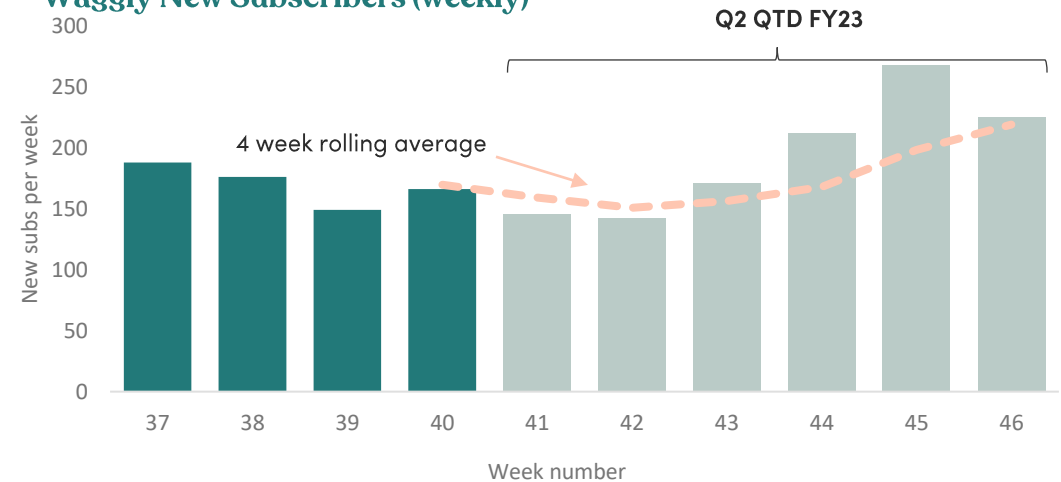
- Positive momentum in Q1 FY23 continuing into further accelerating in Q2 FY23 QTD, with order volumes and new subscribers increasing across Pet Chemist and Waggly
- Pet Chemist growth is accelerating
 - Weekly average revenue run rate +20% for the last 4 weeks ending week 46 (13 November 22) compared to the last 4 weeks of Q1 FY23
 - Pet Chemist revenue in October 22 reached \$1m
- New Waggly subscribers over the last 4 weeks accelerating despite seasonally lower period
 - Record new subscriber numbers
 - Record low customer acquisition cost
 - Strong cohorts with 16 months plus

Continued emphasis on improving EBITDA margins for the segment with a focus on gross margin and cost management

Pet Chemist Revenue (weekly)



Waggly New Subscribers (weekly)



Strategic Focus For FY23



Pet Services Marketplace

With our marketplace now contributing positive EBITDA to the group, we are doubling down on our data efforts, focusing on our flywheel of more owner requests, more matches, more data, better offerings, increased bookings/transactions.

Upselling and Margins

We have made significant headway putting our subscription business in a position to scale them even faster. With customer acquisition in a very good place, we are now laser focused on increasing our average order value through “add to box” as well as increasing margin through better sourcing taking advantage of our volume and internal capabilities.

Cross Selling

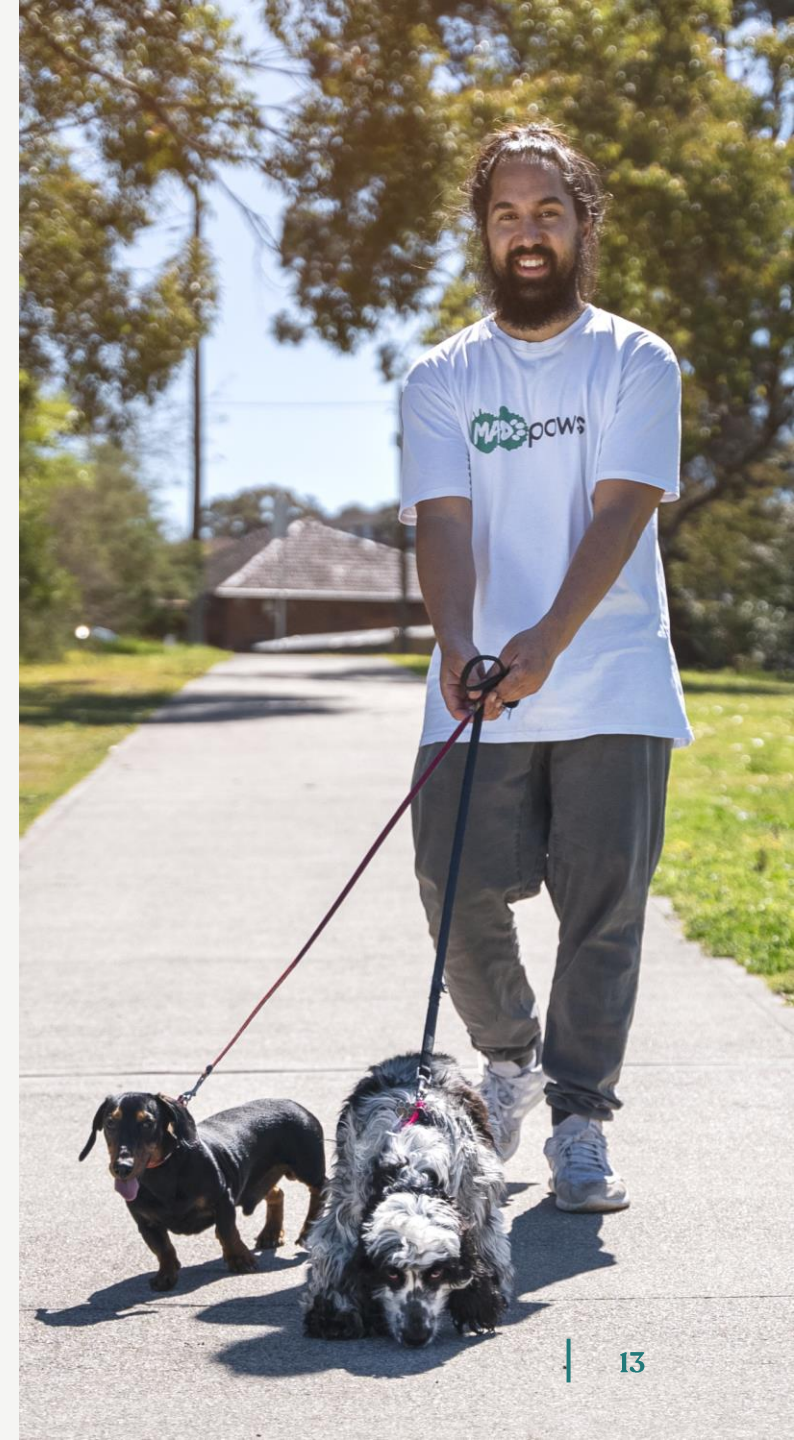
We have already seen our cross-selling strategy working. The next step for us is to make our customer experience even more cohesive and enjoyable. We are doing this by focusing on three things:

- Identity layer: Single sign-on for all our verticals
- Loyalty: Mad Paws loyalty offering
- Payments: single payments layer for all verticals



Ecommerce Efficiencies

Optimising the current set up we have to better service our customers and at the same time reduce operating cost and increase margins.



Mad Paws is Building a Powerful Network Effect

The Mad Paws platform is driving powerful momentum as more owners and sitters enjoy benefits and advocate acceptance and usage.

Advocacy and customer demand for existing and new products and services continue to gain business traction reducing the amount of effort and marketing spend required over time.

Ultimately leading to greater loyalty, repeat rates and a larger share of wallet for Mad Paws.



Mad Paws is consolidating its brands

Unified Mad Paws brand, with a variety of categories, housed in the same product ecosystem is the next stage of our cross-sell evolution

madpaws Best Pet Carers Best Pet Care

I'm looking for **Pet Hosting at Sitter's Home** Near **Sydney** From **05/12/22** To **05/12/22** For my **Small Dog**

Your pets' best lives. Sorted.

Find trusted local pet sitters.

- Save on your pet medications
- Shop calming dog beds
- Discover nutritious dog food, delivered.

madpaws Best Pet Carers Best Pet Care

DINNER BOWLS Raw Kibble Cooked Treats Supplements FAQs

Australia's favourite dog food, delivered.

BUILD YOUR BOWL

madpaws Best Pet Carers Best Pet Care

WAGGLY Find Your Box Puppy Power Chewer Active Original FAQs

Customised boxes of toys and treats, delivered every month.

FIND YOUR BOX

madpaws Best Pet Carers Best Pet Care

HOME Beds Bundles Covers FAQs

Calming Beds for Anxious Pups

SHOP NOW

madpaws Best Pet Carers Best Pet Care

PET CHEMIST Medication Vet Diets Dog Cat Horse Birds Brands

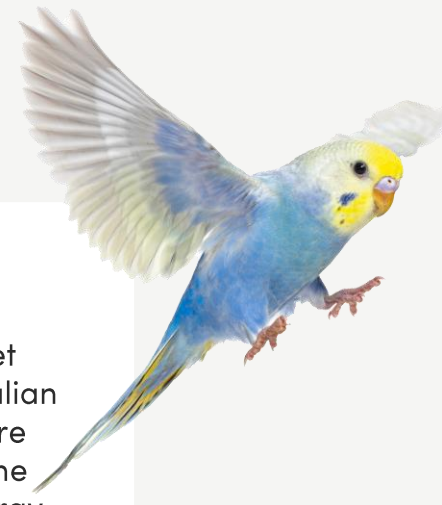
Medicine for your pets made easy and affordable

EXPLORE THE RANGE

- Shop for your dog
- Shop for your cat
- Shop for your horse

- Shop calming bed with Boucle cover
- Shop original calming bed
- Shop supportive orthopedic bed

Our Commitment to a Sustainable Future



Towards a greener future

Climate change is an urgent issue that affects us all. At Mad Paws we are committed to helping create a green and sustainable future.

Sustainability has become one of our core business pillars. We are committed to playing our role in reducing our carbon footprint, as well as finding innovative ways to further improve the sustainability of our products and offerings.

What have we done so far?

To begin tackling these problems we have appointed a Sustainability Officer, along with a 'Green Team' of sustainability champions. These individuals represent various areas of the company and will work to improve our footprint.

We've engaged consultancy [Our Trace](#) to help us to understand where our emissions are coming from. From there we can identify opportunities to neutralise (if not eliminate) carbon emissions.

We have begun auditing the company understanding what raw electricity we consume, the waste we produce and what plastics and other unsustainable products we use in our day-to-day business.

We have begun working with our partners to find new tools, products & processes that will reduce our emissions.

Carbon Neutral (Scope 1&2 emissions)

By 2025, we aim to neutralise our carbon emissions and offset what we cannot eliminate. We'll continue to work with Australian companies to source local, rather than imported, goods. We're also looking at waste reduction exercises and investigating the process of converting our facilities over to run-off green energy.

Phasing out Single Use Plastics

Since its inception, Dinner Bowl has been focused on making its food packaging as environmentally friendly as possible. Over FY23, we'll be ramping up this commitment and expanding it across all our brands.

75% Recycled Materials

As our product line grows, we're looking to increase our usage of recycled material. By 2025, we hope to have 75% of the products we sell manufactured from recycled materials.

Mad Paws Has Never Been Better Placed for Accelerated Growth and Recovery

Pet ownership has dramatically increased with 62% of all Australians now owning at least one pet, 48% of which are dog owners and 37% cat owners¹.

Pet humanization and premiumisation is driving an increase in spend on pet services and pet needs.

Pet Industry is now worth \$30B in Australia

Covid has accelerated the shift from offline to online validating the future demand and growth in pet care services and subscription services.

Pent up demand for travel continues.

Growing Recurring Revenue from Pet Chemist, Dinner Bowl and Waggly subscription services supplementing core business and diversifying revenue streams.

Strong balance sheet with \$3.5m of cash at 30 September 22, with revenue growth and prudent cost management expected to deliver cash flow breakeven and profitability



¹ Animal Medicines Australia, Pets in Australia (2019): A national survey of pets and people.

Thank You

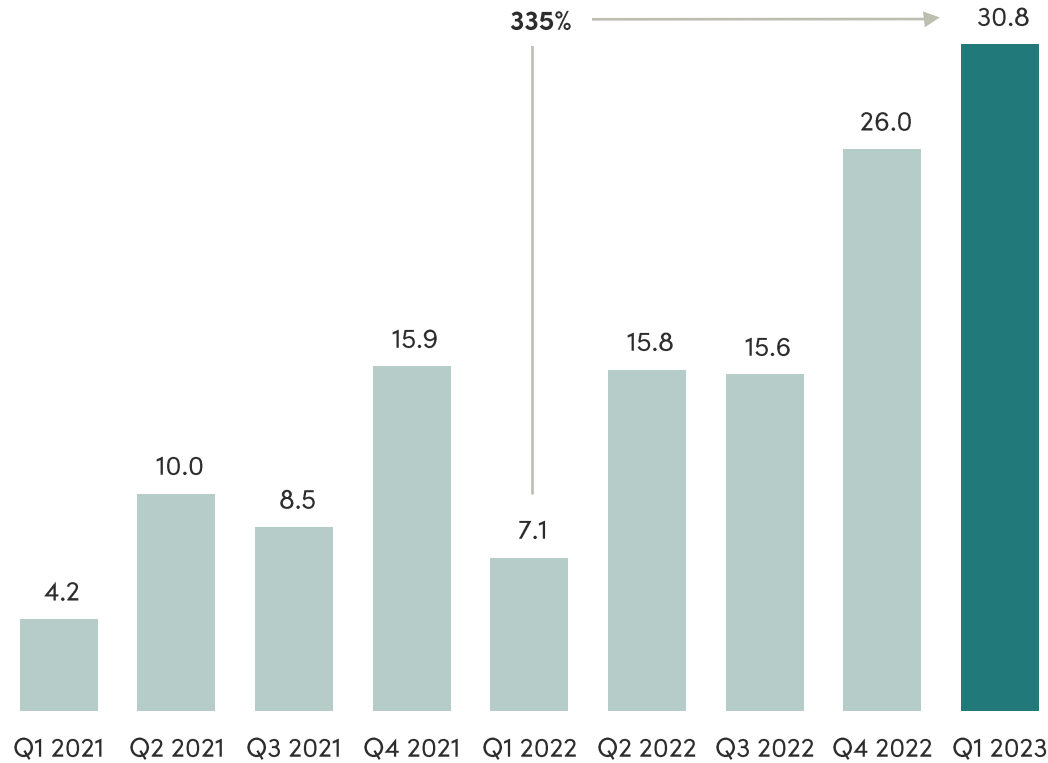


Appendix

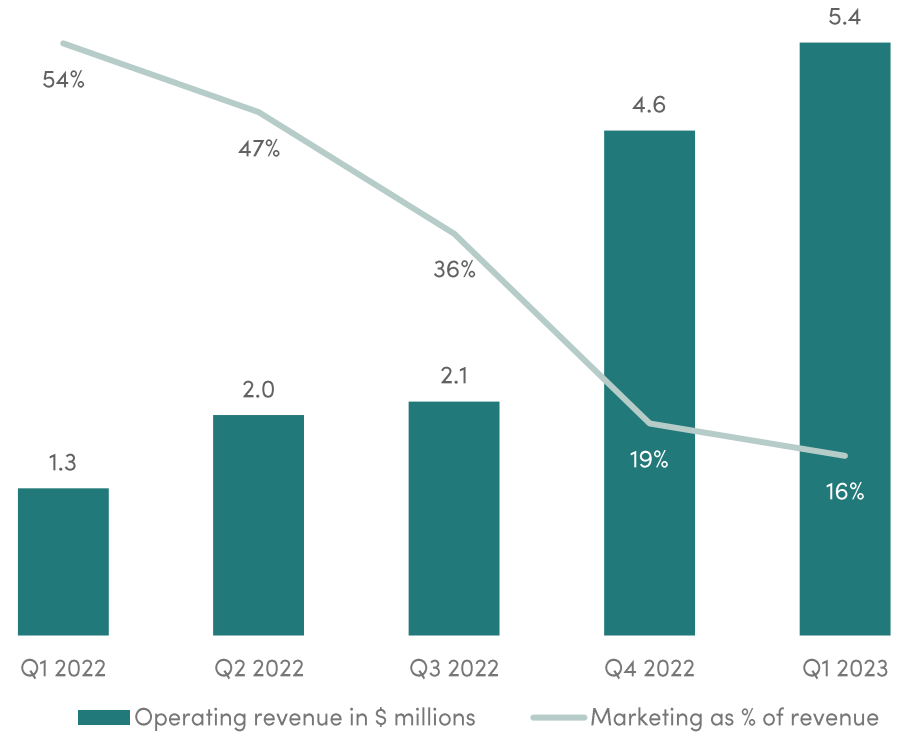
Focus on cross-sale and product improvements drive marketing efficiencies at record high customer acquisition levels



Quarterly New Customer in 000s



Quarterly Revenue and Marketing as a % of Revenue

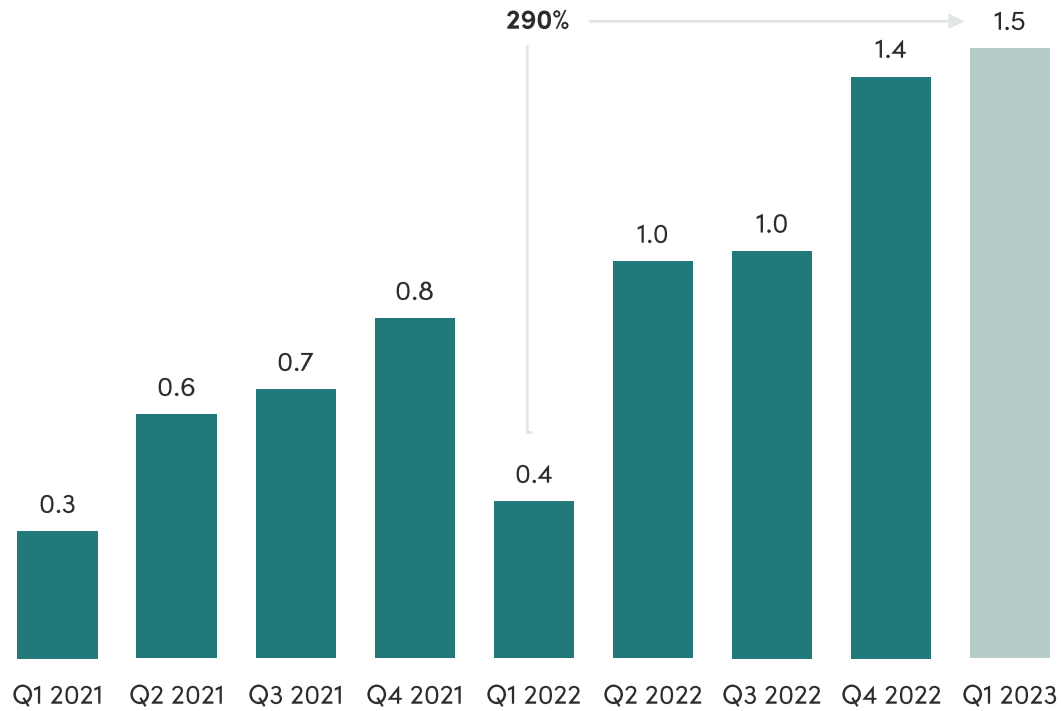


Marketplace performance

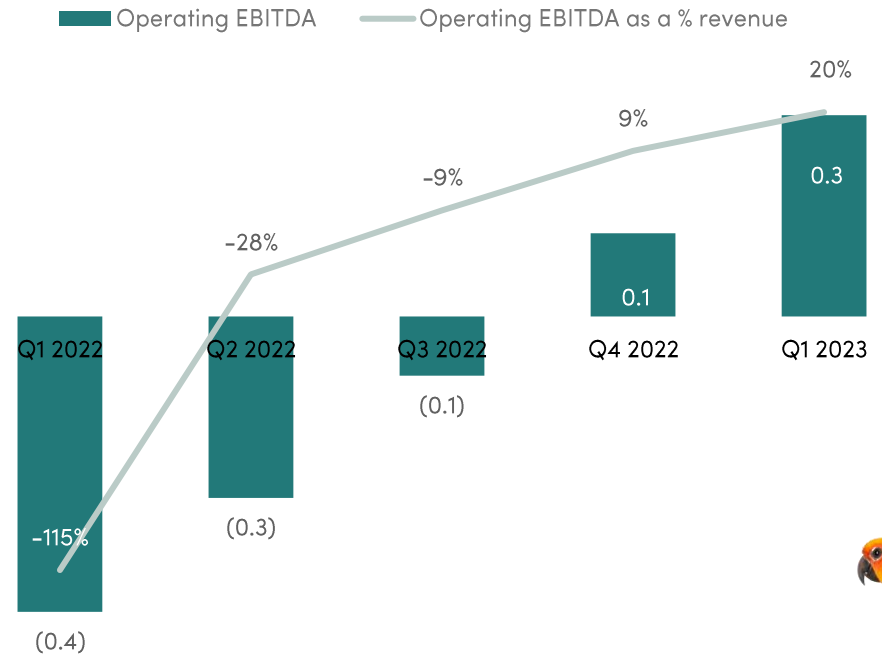
Marketplace performance continues to perform strongly, benefiting from pent up travel demand. Strong operating leverage and improving marketing efficiency are driving Operating EBITDA as % of revenue



Quarterly Marketplace Operating Revenue in \$ millions



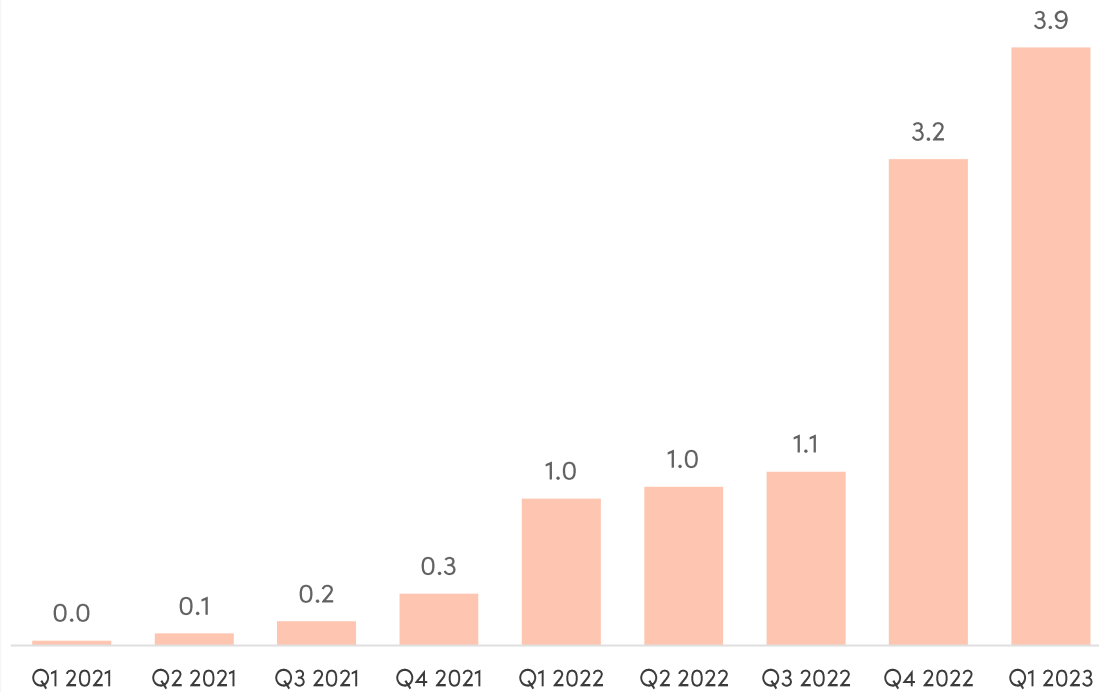
Quarterly Operating EBITDA in \$ millions



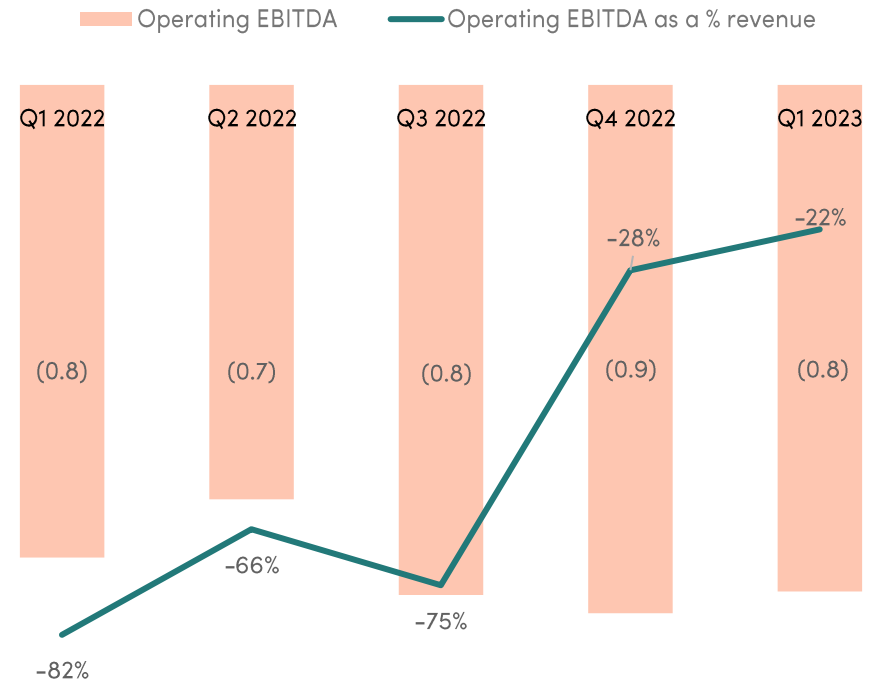
eComm & Subscription performance

Focus on gross margin improvements and lower customer acquisition costs are driving significant improvements in Operating EBITDA margins with strong momentum for FY23

Quarterly Operating Revenue in \$ millions



Quarterly Operating EBITDA in \$ millions



FY22 Results



FY22 MPA Group P&L in \$000s

	FY21	FY22	Change	
			\$000s	%
Marketplace	2,378	3,740	1,361	57%
Ecommerce & Subscription	476	6,291	5,815	1222%
Operating revenue	2,854	10,031	7,177	251%
Cost of goods sold	(668)	(5,036)	(4,368)	-654%
Gross Margin	2,186	4,995	2,808	128%
<i>% of revenue</i>	<i>77%</i>	<i>50%</i>		
Marketing	(2,123)	(3,316)	(1,193)	-56%
Employment costs	(1,740)	(4,215)	(2,474)	-142%
Other opex	(459)	(1,331)	(871)	-190%
Segment Operating EBITDA	(2,136)	(3,867)	(1,731)	-81%
<i>% of revenue</i>	<i>-75%</i>	<i>-39%</i>		
Central/Corporate costs	(2,568)	(4,341)	(1,774)	-69%
Group Operating EBITDA	(4,704)	(8,208)	(3,504)	-74%
<i>% of revenue</i>	<i>-165%</i>	<i>-82%</i>		
Non operating, non-cash and non-recurring items	(7,231)	(2,169)	5,061	233%
Loss before income tax benefit	(11,935)	(10,378)	1,557	13%
Income tax benefit	-	33	33	nm
Loss after income tax benefit	(11,935)	(10,345)	1,590	13%
Group Key Performance Metrics				
GMV \$000s	12,628.0	27,119.9	14,491.9	115%
Bookings/Transactions 000s	115.7	232.4	116.7	101%
New Customer acquisition 000s	38.7	64.4	25.7	66%

Commentary

FY22 Operating revenue grew 251% to \$10.0 million, with marketplace revenue increasing 57% to \$3.7 million due to the relaxation of COVID19 travel restrictions. Our e-Commerce and subscription revenues grew by 1222% to \$6.3 million, an increase of \$5.8 million versus FY21. This is as a result of the full year contribution from the Waggly acquisition, the acquisition of Sash Beds and the contribution of the Pet Chemist acquisition from 1 April 2022. In addition, we saw organic growth from these acquisitions well above their performance pre-acquisition which is a reflection of our cross-selling efforts and marketing excellence.

Gross margin increased by \$2.8 million to \$5.0 million in FY22 a 128% improvement versus FY21. The change in the Group's gross margin in FY22 is due to a greater contribution of the e-commerce and subscription segment versus the prior year. At a segment level we have seen improving margins across FY22 and expect to see further margin improvements in FY23 from operational initiatives, direct sourcing, and increased scale.

Group Operating EBITDA loss for FY22 was \$8.2 million, an increase of \$3.5 million from FY21. The increase relates to the following factors:

- Segment Operating EBITDA loss was \$3.9 million an increase of \$1.7 million from FY21. This is due to higher marketing costs across both segments as we continued to invest in customer acquisition due to the strong return on investments and customer acquisition costs trending lower. Employee costs were \$2.5 million higher with the integration of the Waggly, Sash and Pet Chemist acquisitions as well as the build out of the segment product, technology and marketing teams. Other segment opex costs increased \$0.9 million due to higher technology platform running costs such as messaging and hosting as well as additional property costs from the expansion of our warehousing facilities to support growth.
- Central and corporate costs increased \$1.8 million largely due to higher employment costs from the build out of the central management team post the company's IPO in March 2022, as well as public company costs.

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 in the appendix 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 deduction pet service provider payments, cancellations, refunds, chargebacks, discounts and GST

FY 22 Summary Balance Sheet in \$000s

	FY21	FY22
Cash	12,487	5,562
Inventory	181	921
Prepayments & Other receivables	506	935
Current assets	13,173	7,419
PP&E	69	231
ROA	-	1,252
Intangibles & Other	3,698	22,018
Non Current assets	3,766	23,500
Trade & Other payables	1,316	4,126
Deferred revenue	68	451
Borrowings & Lease liabilities	28	352
Other	1,408	3,097
Current Liabilities	2,821	8,027
Borrowings & Lease liabilities	-	1,151
Other	143	142
Non Current liabilities	143	1,294
Net Assets	13,976	21,598

Commentary

- \$5.6m in cash at 30 June 22, remaining well capitalized with positive quarterly trends in operating EBITDA and cash flow
- Inventory increased \$0.7m from Dinnerbowl product expansion, subscriber growth in Waggly and the Pet Chemist and Sash acquisitions.
- Intangibles relate to goodwill and customer contracts on the Waggly acquisition and capitalised web development costs across both segments
- Accounts payable increased by \$2.8m with \$1.2m due to the payable to Sunny Chemist as part of the pharmacy supplier agreement. \$0.6m for contingent acquisition payments linked to ongoing employment services which are largely equity settled
- Other payables include the marketplace sitter liability of \$2.4m and \$0.3m of contingent consideration payments for the Pet Chemist acquisition that are not linked to employment services
- Lease liabilities of \$1.5m relate too the application of AASB16 Leases in relation to the Melbourne warehouse and kitchen leases.

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.
ARR	Annual Recurring Revenue	Annual recurring revenue (ARR) = Closing subscribers at the end of period X Subscription price X 12 months
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
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
LTM	Last Twelve Months	Refers to the trailing 12 month period ending on the reporting date, or as otherwise indicated
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