

A woman with long blonde hair, wearing a white t-shirt with the 'madpaws' logo and blue jeans, is walking two dogs on a paved path. The dog on the left is a brown and white mix, and the dog on the right is a tan and white mix. They are walking towards the camera. The background shows a sunny outdoor setting with trees and a brick wall on the right.

madpaws

Q3 FY 2023 Update

Driving profitability through cross selling
and increasing the share of wallet

Mad Paws Holdings Ltd (ASX: MPA)
April 27, 2023

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01

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: A MARKET LEADING, AUSTRALIAN PET ECOSYSTEM

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, market leading community of pet owners and sitters, enabling their loved pets to live their lives to the fullest



madpaws
Australia's #1
Pet Services
Marketplace

 **PET CHEMIST**
Australia's #1
Online Pet
Chemist


Australia's #1
Toys & treats
subscription box

S A S H.
High Growth
Premium dog beds
and accessories




Qantas Partnership
and access to
Qantas FF



> **2 million**
pet care services
provided

Deloitte.
#29
2022 Deloitte
Tech Fast 50




1.1m
Subscribed &
active pet
owner e-mails



1.3m
Monthly
website
visits



40k
Brand
ambassadors:
Pet Sitters and
Dog Walkers



70%+
Customer
repeat rate

Pets and their impact on Australian's Lives



Pet ownership is a way of life
for most Australians
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 are Driving Spend



Prioritisation of Pet Needs



Increasing Spend Per Pet



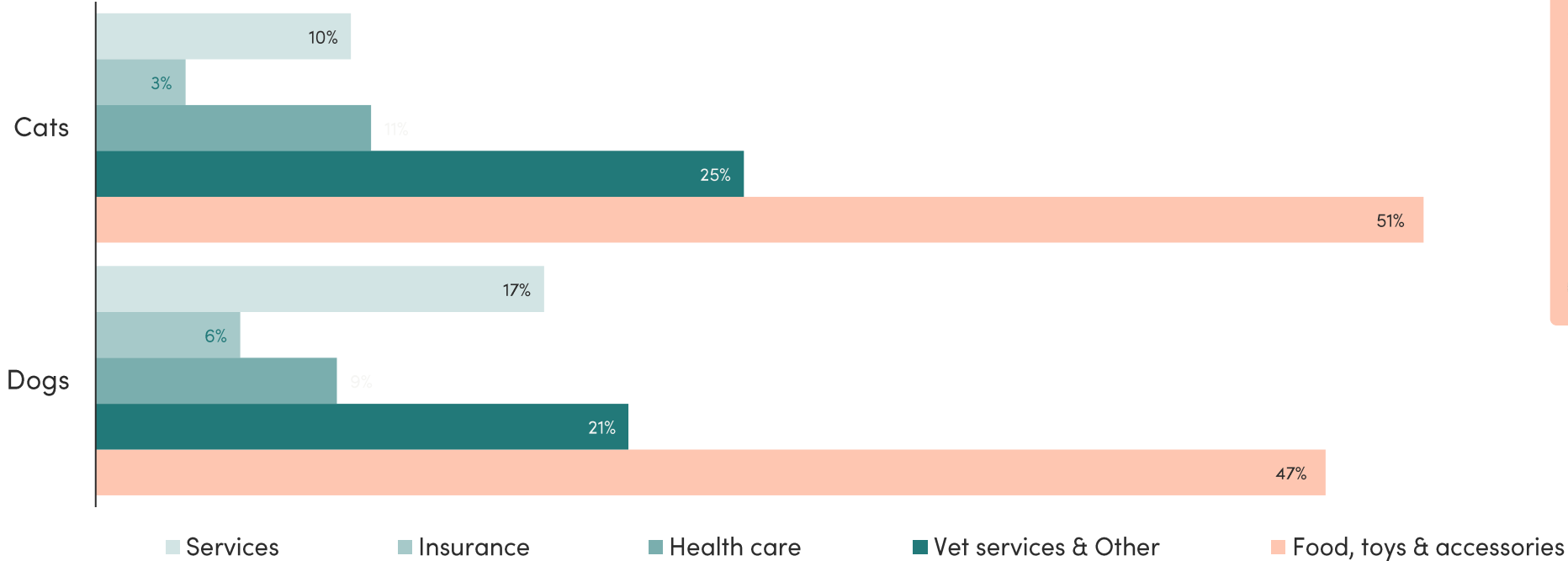
Increasing Spend on Pet Products and Services



Recession resilience

Mad Paws Strategy is focused on the largest components of the \$30.3 billion Australian pet market

Owner spend by category



¹Average household spend for dogs and cats represents a large wallet size



Dogs
\$3,237 pa



Cats
\$2,074 pa

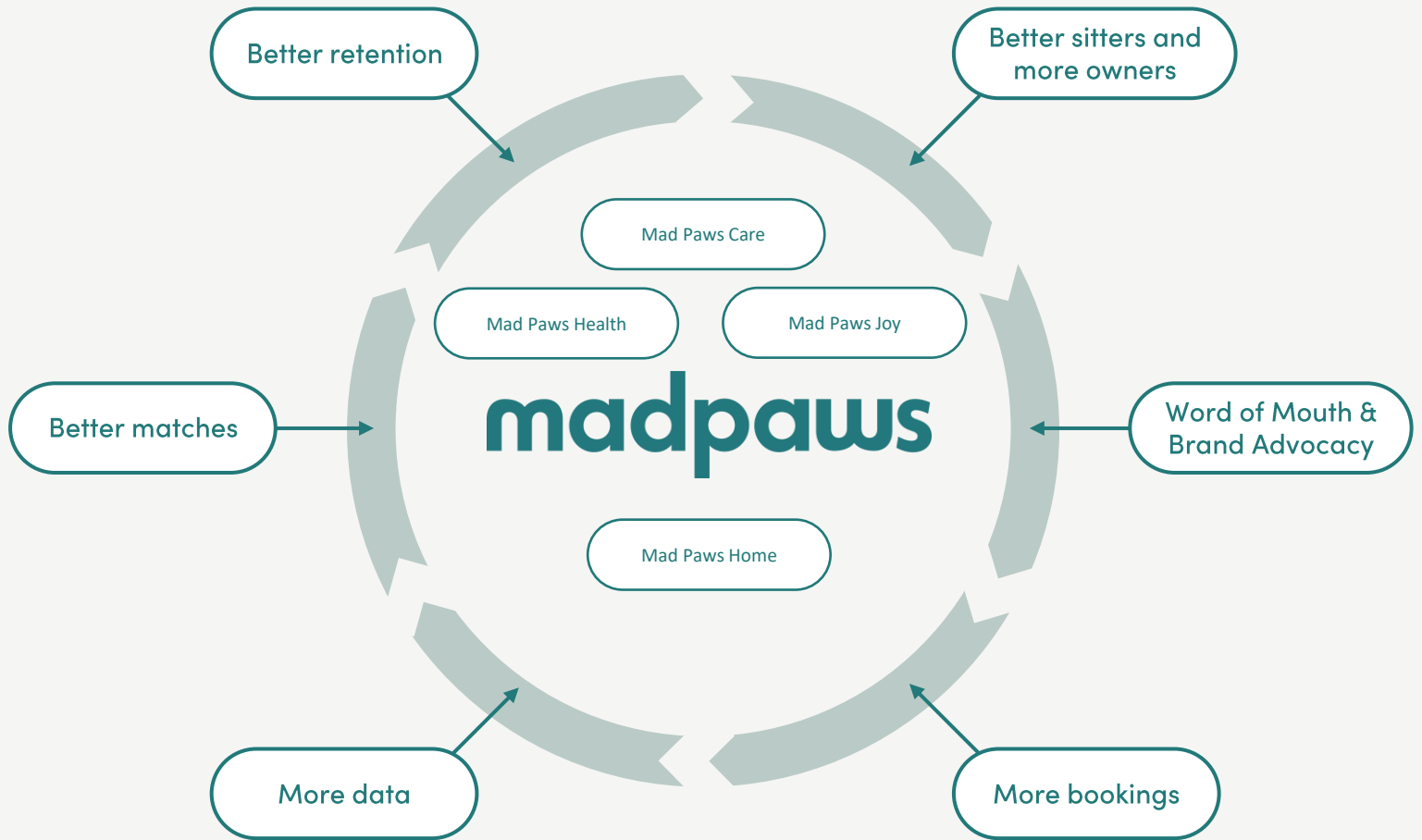
Implied TAM for Dogs and Cats of \$30.3 billion

Source: Animal Medicines Australia, Pets and the Pandemic: A social research snapshot of pets and people in Australia

Mad Paws is Building a Powerful Network Effect

The Mad Paws platform is driving powerful momentum as more owners and sitters enjoy benefits of the pet eco system which ultimately leads to greater loyalty, repeat rates and a larger share of wallet for Mad Paws

- Over 260,000 pet profiles created in the last 24 months
- 65,000 data rich pet profiles (up to 100 data points per pet – only launched in Q2 FY23)
- 63% higher engagement rate for personalised campaigns compared to generic campaigns for Mad Paws



Q3 FY23 Highlights

\$6.1m

Operating Revenue

+189% on pcp
+53% on a pro-forma basis

\$4.7m

Ecommerce Revenue

+316% on pcp

\$1.4m

Marketplace revenue

+44% on pcp

30,000

New customers acquired

+90% on pcp

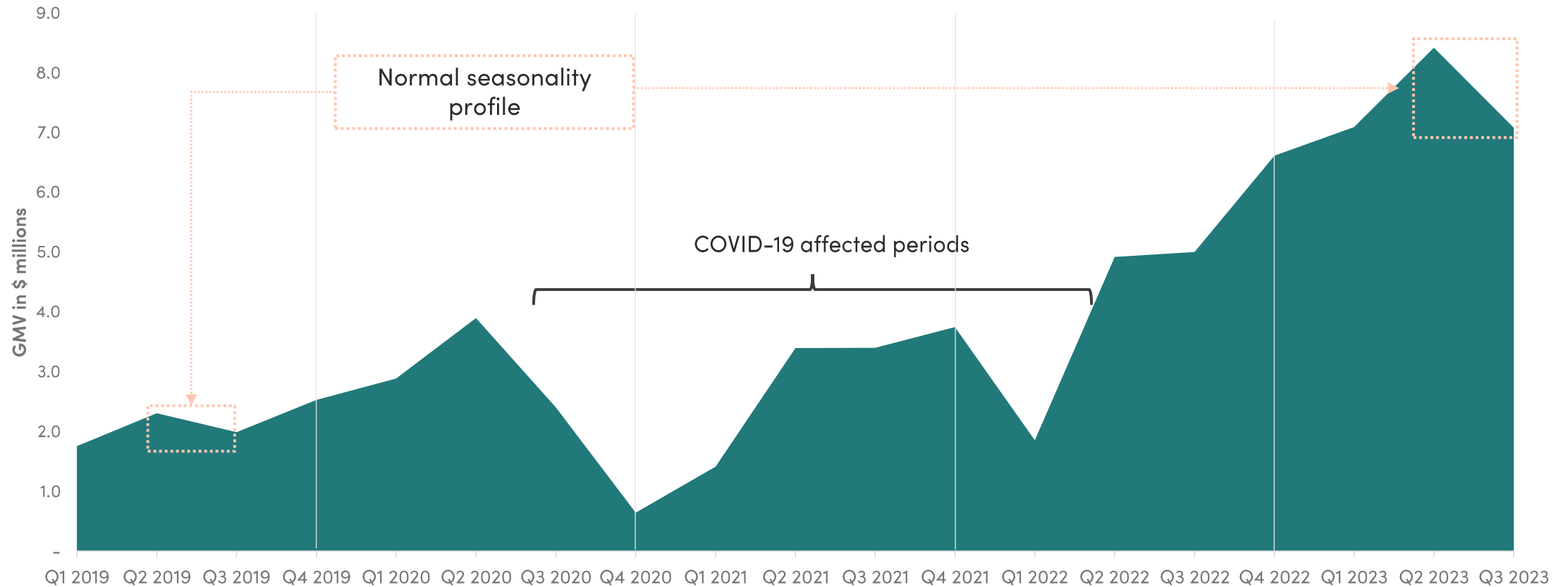
On track for Operating
EBITDA break even target
by mid 2023

\$4.4m

Cash balance

After COVID impacted periods, the Pet Services Marketplace is transitioning back to a pre-COVID growth profile with growth peaks aligning to peak travel and holiday periods

Quarterly Marketplace GMV FY19 – Q3 FY23



Q3 FY23 Execution Milestones

Pet Services Marketplace

- Maintained strong year on year growth at higher marketing efficiency
- Launched the new Mad Paws homepage – the first step in our brand consolidation strategy
- Continued to drive improvements for the sitter and user experience which resulted in higher retention and lifetime values
- New technology for our search ranking algorithm released
- Over 70,000 data rich pet profiles live on the platform

eCommerce & Subscriptions

FOOD

- Shut down low margin food lines
- Commercial partnership with a local partner now active
- Maintaining high margin kibble subscription to help EBITDA growth

JOY

- Focus on subscription box successful with 100% year on year growth
- New operational process to improve efficiencies
- Moving Waggly shop to Pet Chemist helped us to improve operational efficiency it represents another step for our brand consolidation

HEALTH

- New operational processes to improve efficiencies
- New warehouse identified and terms agreed to facilitate growth and product expansion
- Started developing products for private label strategy to improve margins

HOME

- Profitable growth for the vertical
- New products launched successfully
- Relunched FB campaigns with significant success – record low CAC's



02

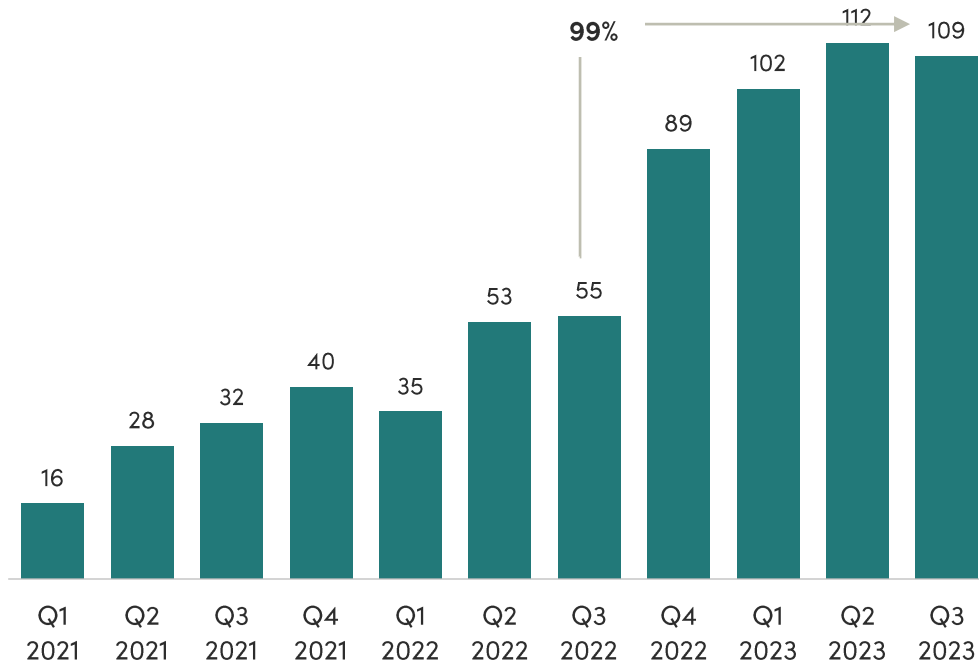
Financial Results



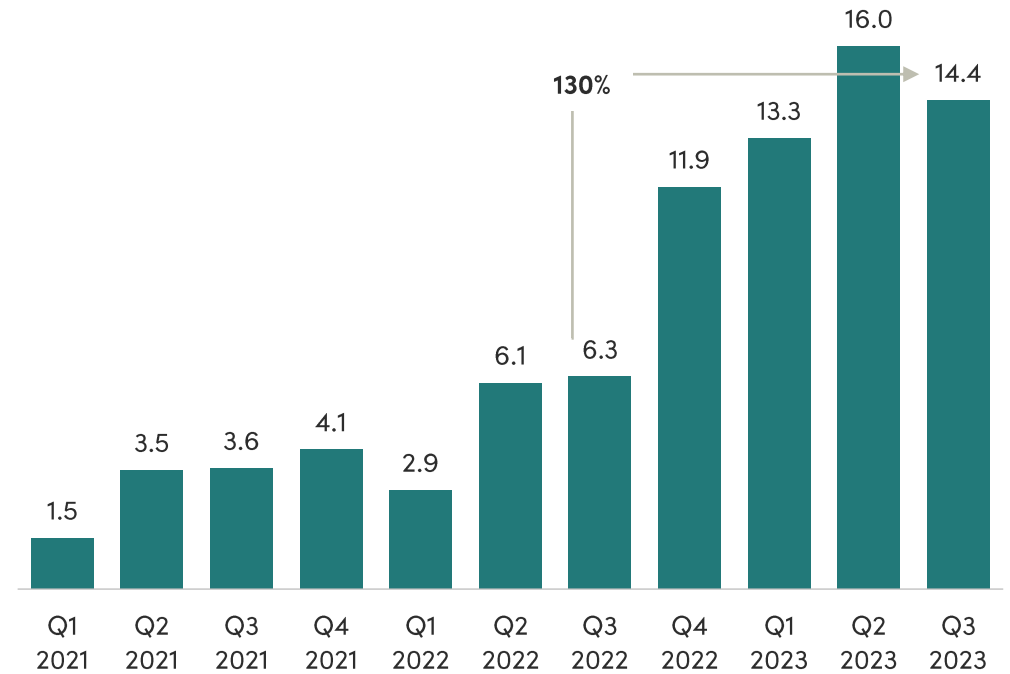
Execution of our Pet Life Cycle Strategy continues with strong growth



Quarterly Bookings/Transactions in 000s



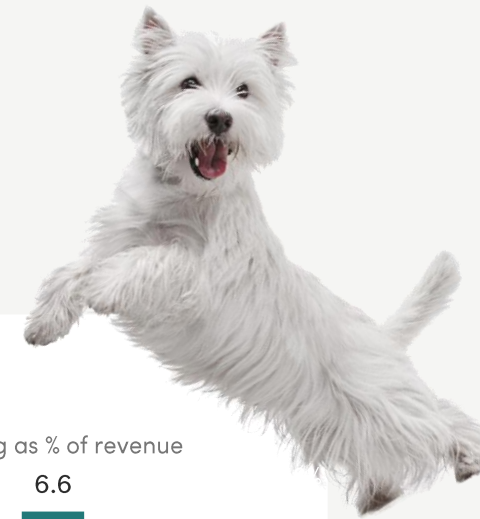
Quarterly GMV¹ in millions



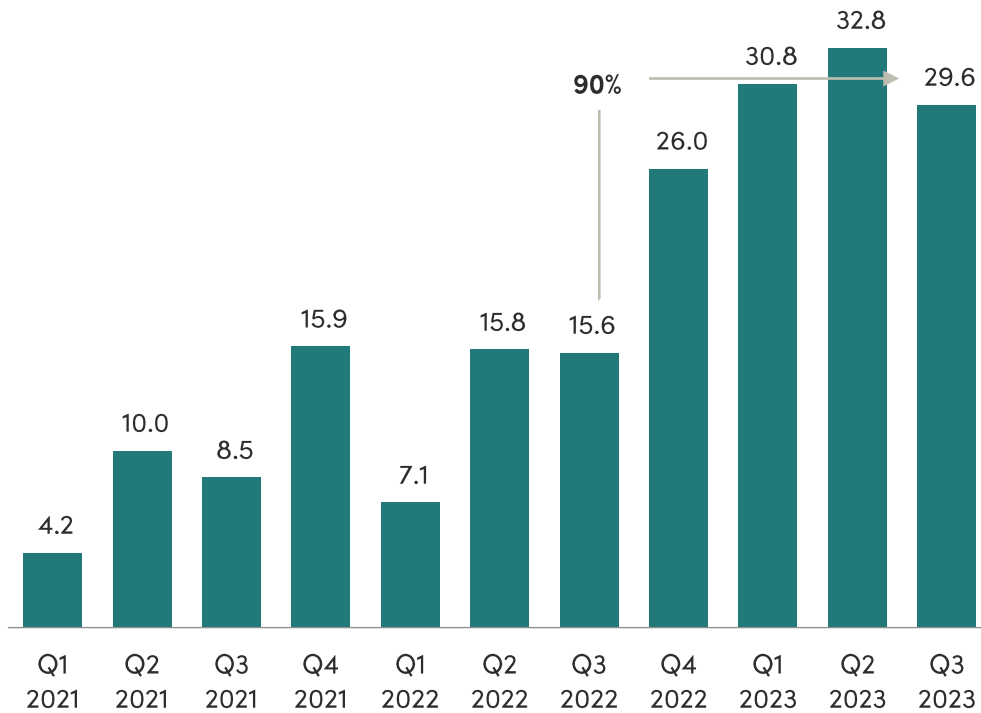
¹GMV is the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.

Strong new customer acquisition and efficiency trends

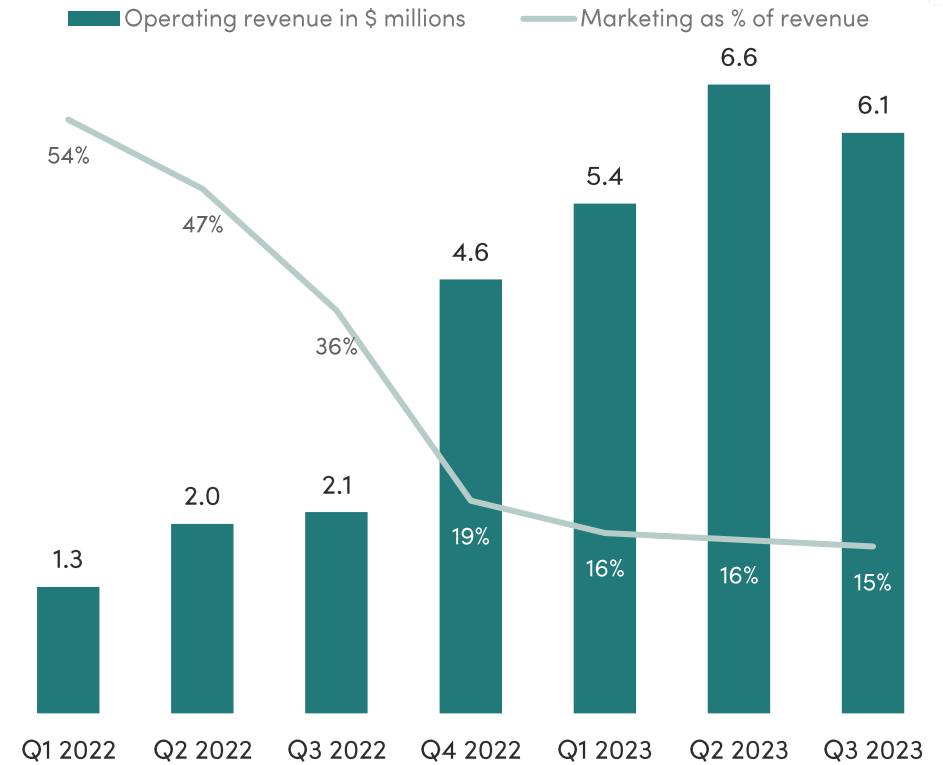
- New Mad Paws home page released as the first step to brand consolidation



Quarterly New Customer in 000s



Quarterly Marketing as a % of Revenue

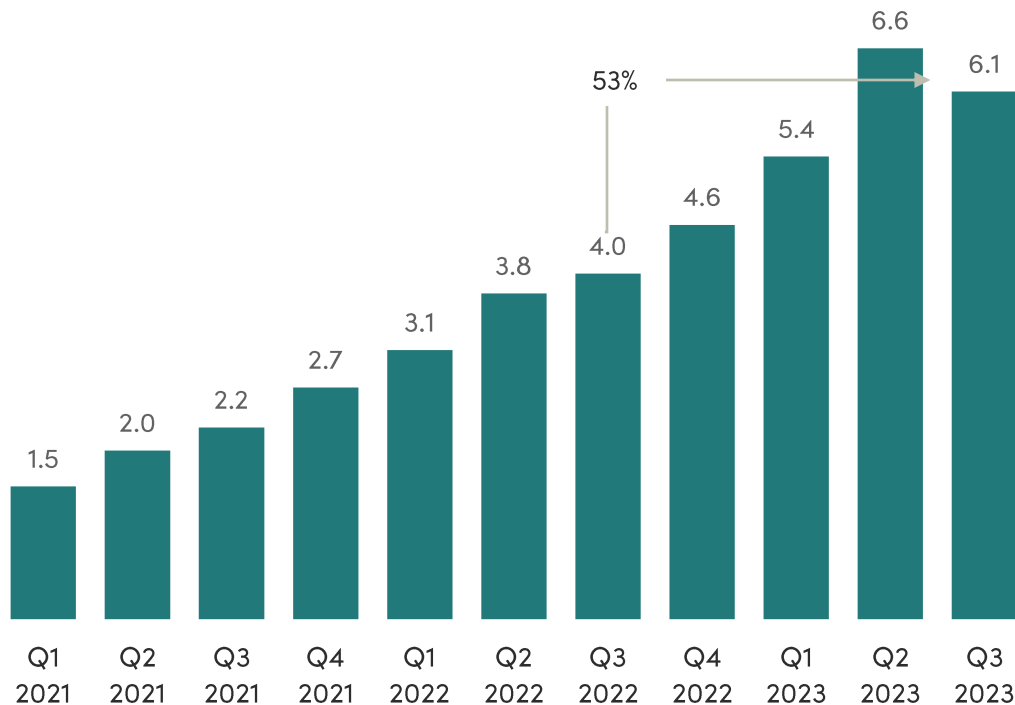


¹FY21 and FY22 Operating Revenues are audited. December 22 Operating Revenues are unaudited

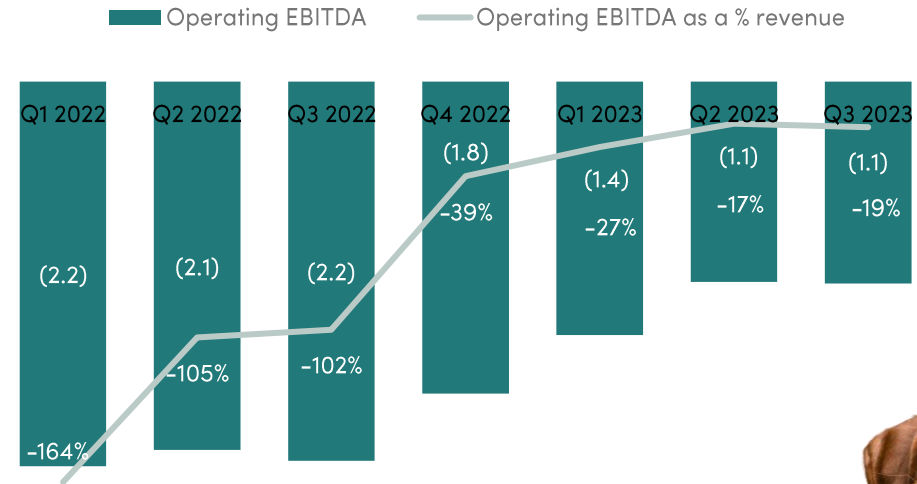
Operating EBITDA breakeven in mid calendar Year 2023

- Significant improvement in Ecomm Operating EBITDA loss offsetting expected seasonality in the marketplace

Quarterly Pro-forma Operating Revenue in millions



Quarterly Operating¹ EBITDA in millions



¹Operating EBITDA excludes the impact of the run down of the Dinner bowl raw and lightly cooked operations
²FY21 and FY22 Operating Revenues are audited. December 22 Operating Revenues are unaudited

03

Segment
Performance

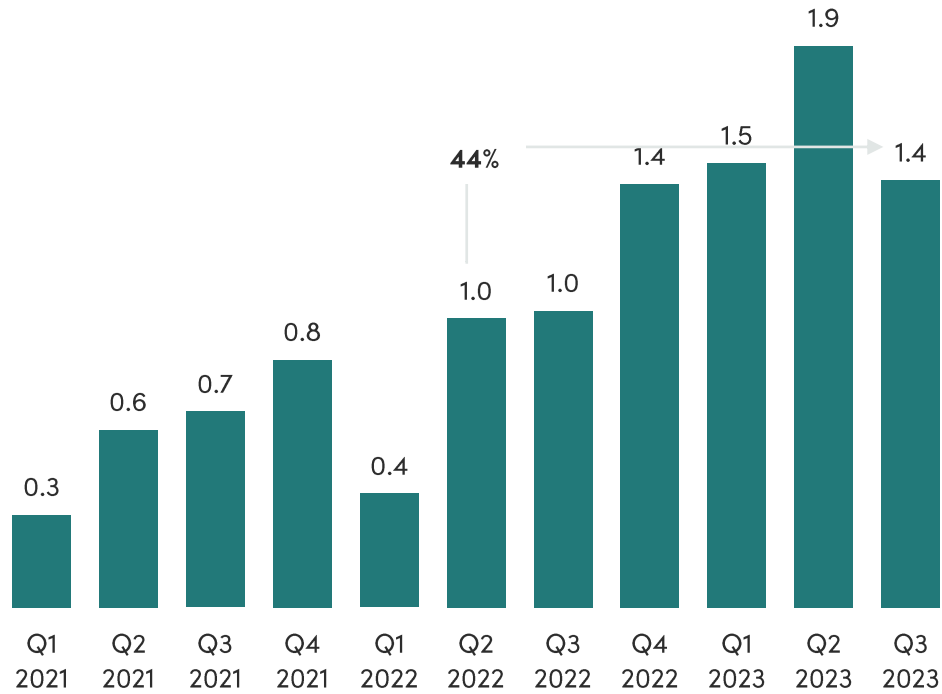


Marketplace Performance

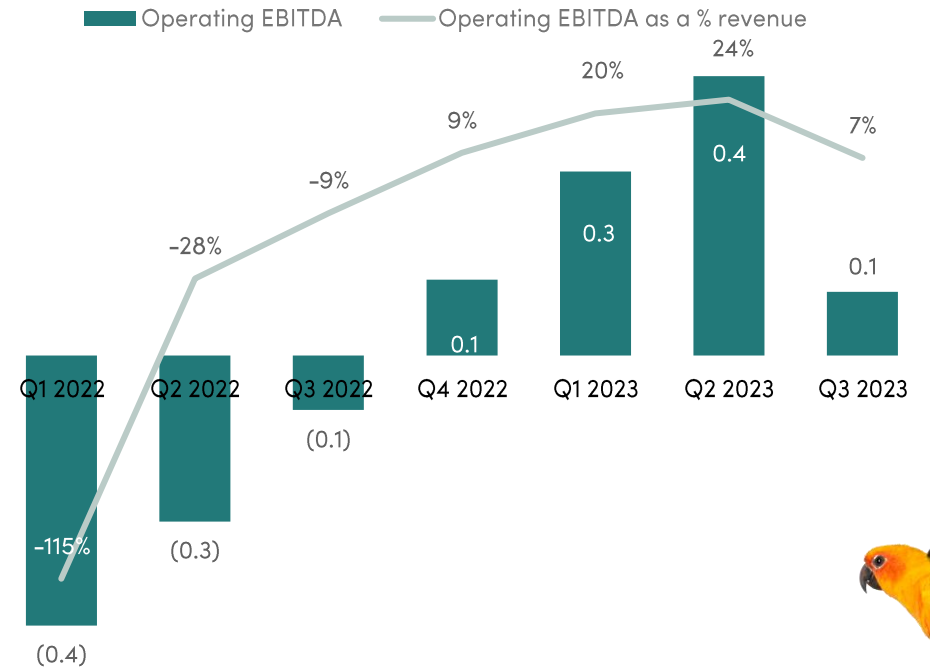
Marketplace performance continues to perform strongly, benefiting from pent up travel demand, new customer and repeat customer growth. Quarterly EBITDA margins reduced due to seasonally lower booking period



Quarterly Marketplace Operating Revenue in millions



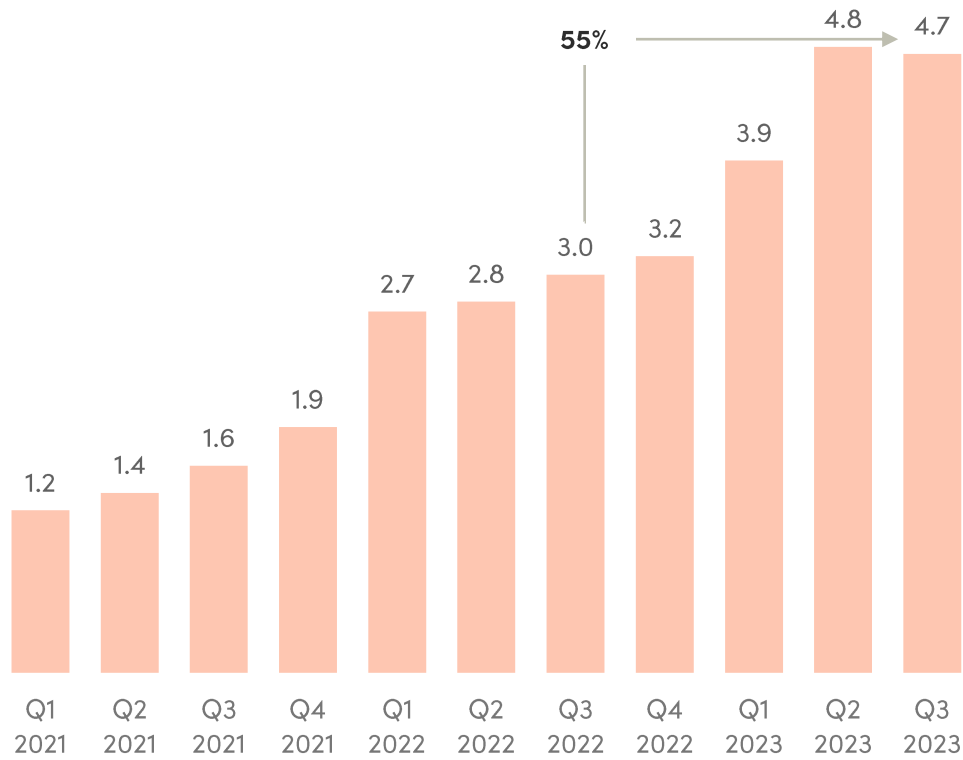
Quarterly Operating EBITDA in millions



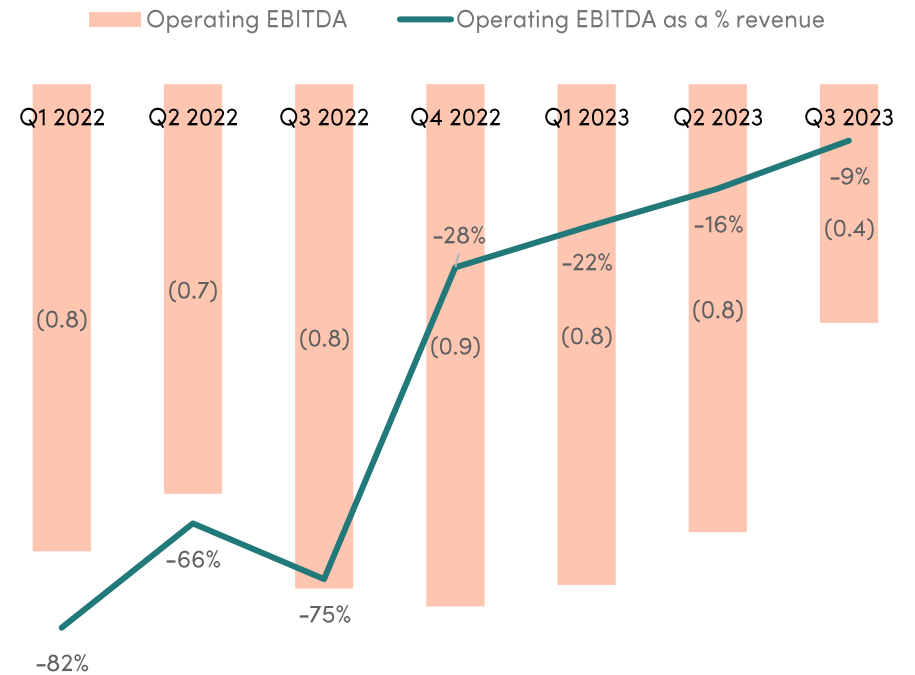
eComm & Subscription Performance

Focus on gross margin improvements, customer acquisition costs and disciplined capital management drive a step change in Operating EBITDA loss

Quarterly Pro-forma Operating Revenue in millions

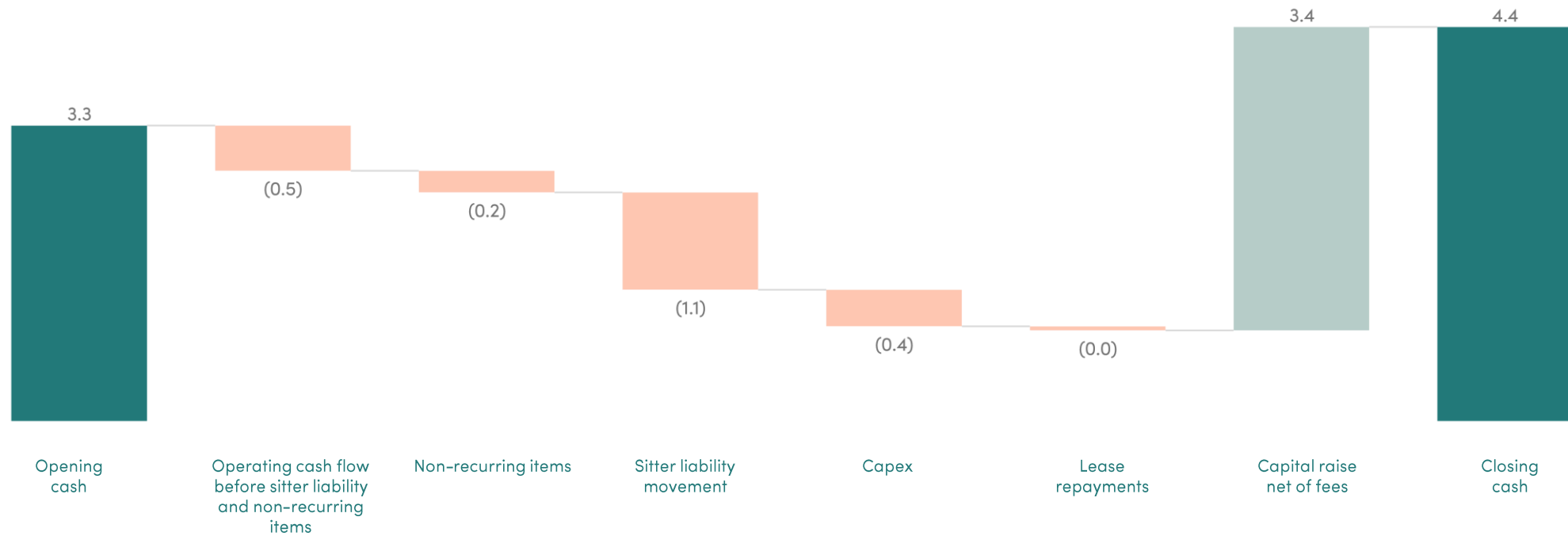


Quarterly Operating¹ EBITDA in millions



¹Operating EBITDA excludes the impact of the run down of the Dinner bowl raw and lightly cooked operations

Q3 FY23 Cash Flow Waterfall



04

Conclusion



Strategic Focus For FY23



Pet Services Marketplace

With our marketplace now contributing positive EBITDA to the group, we are laser focused on improving our marketplace efficiency using data and experimentation to improve retention, lifetime value and using our data rich user profiles to increase cross sale to our other verticals.

Upselling and Margins

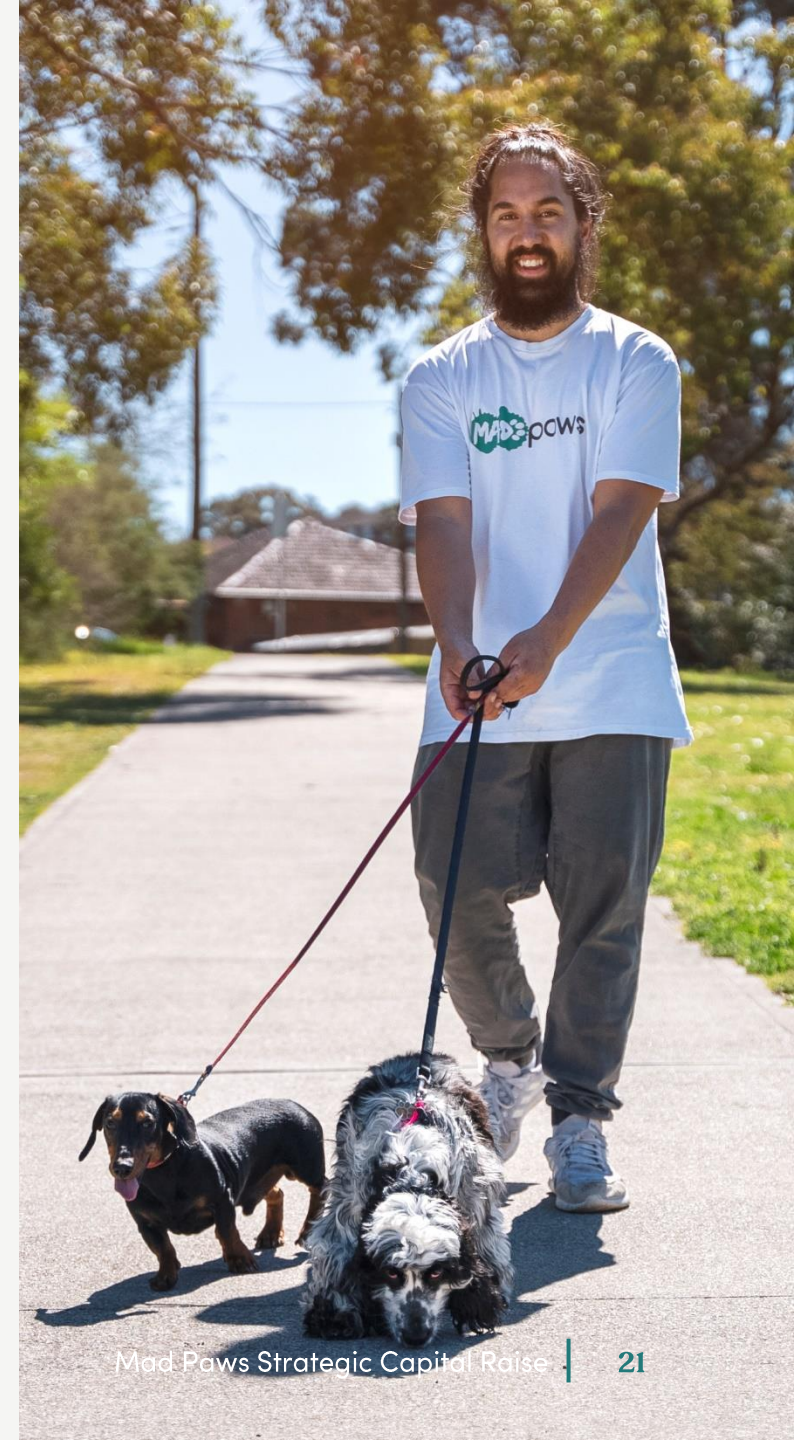
We have made significant headway putting our subscription business in a position to scale them even faster. With customer acquisition in a very good place, we are now laser focused on increasing our average order value through “add to box” as well as increasing margin through better sourcing taking advantage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

Cross Selling

We have now launched the first step of our brand consolidation project with the new Mad Paws homepage. The next step for us is to make our customer experience even more cohesive and enjoyable. We are doing this by focusing on our loyalty offering which presents a huge opportunity for the Mad Paws group

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 has Never Been Better Placed for Accelerated Growth

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 and the popularity of gourmet meals continues to rise¹.

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

Travel is normalizing to pre-covid levels, particularly international travel is still at depressed levels which presents an opportunity for the marketplace

Strong track record of revenue growth diversified across the pet life cycle

Strong balance sheet with cash of \$4.4m at 31 March 23, 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.

06

Appendix – Glossary

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
CAC	Customer Acquisition Cost	Refers to the cost to acquire a customer across the Group's brand and consists of performance marketing costs such as social, search, affiliates and general performance marketing costs
TAM	Total Addressable Market	Represent the current overall revenue opportunity of the Australian Pet market sourced from "Animal Medicines Australia, Pets and the Pandemic: A social research snapshot of pets and people in Australia" report