

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

Q4 FY 2023 Update

Driving profitability through cross selling
and increasing the share of wallet

Mad Paws Holdings Ltd (ASX: MPA)
July 25, 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
GROUP


madpaws
Australia's #1
Pet Services
Marketplace

waggly
Australia's #1
Toys & treats
subscription box

PET CHEMIST
Australia's #1
Online Pet
Chemist

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


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

 **QANTAS**

Qantas Partnership
and access to
Qantas FF



> 2 million
pet care services
provided

Deloitte.

#29
2022 Deloitte
Tech Fast 50

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



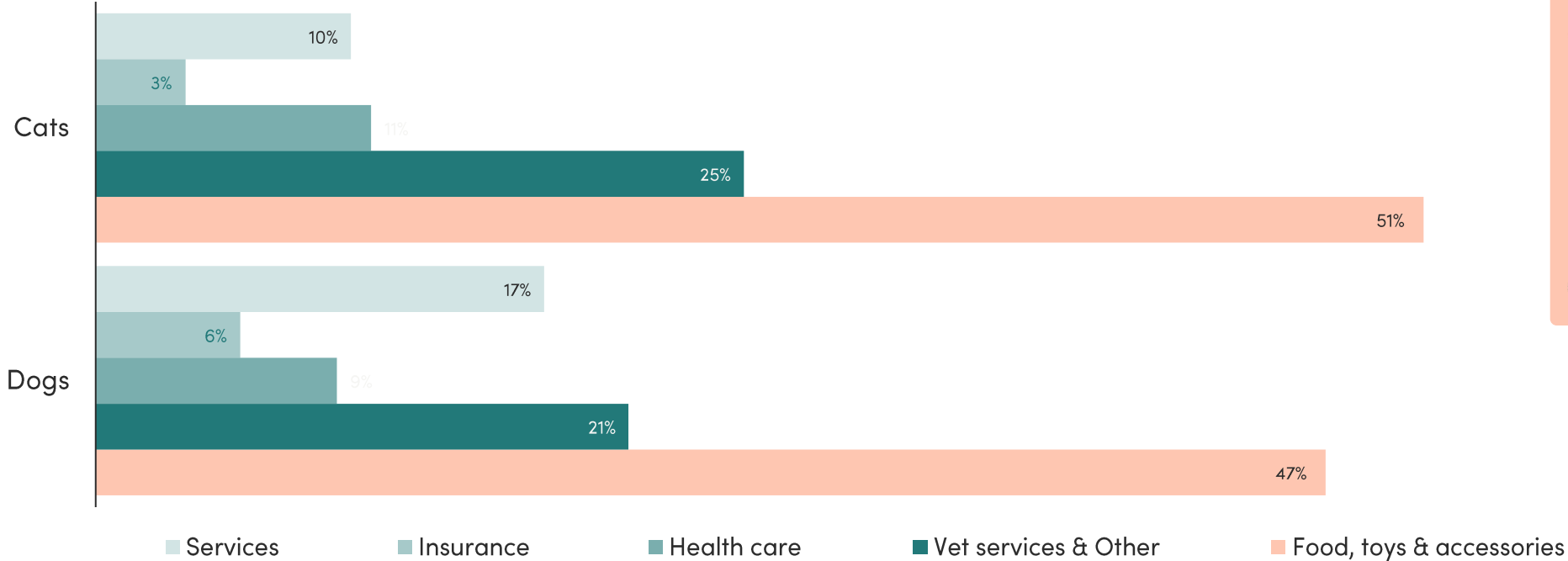
Increasing Spend on Pet Products and Services



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



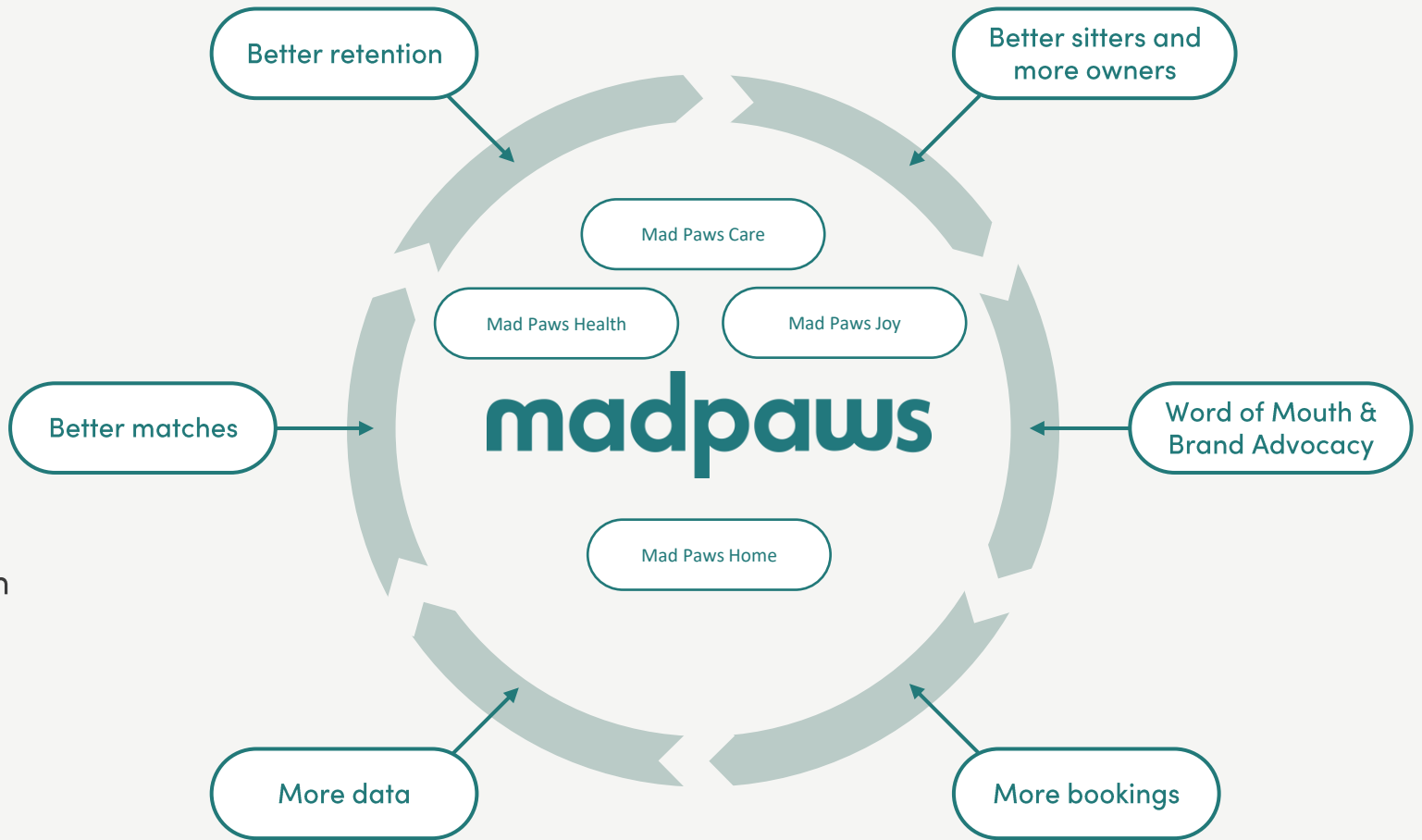
Cats
\$2,074 pa

Implied TAM for Dogs and Cats of \$30.3 billion

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

- 110,000+ data rich pet profiles, with over 70,000 of those profiles with more than 50 data points per pet
- 63% higher engagement rate for personalised campaigns compared to generic campaigns for Mad Paws
- Cross sell accelerating with over 57% uplift on cross sold customers in Q4 yoy



Q4 FY23 Highlights

\$6.5m

Operating Revenue

+41% on pcp
+53% vs pcp, ex Dinner bowl ops

\$4.7m

Ecommerce Revenue

+48% on pcp
+68% ex Dinner bowl ops

\$1.7m

Marketplace revenue

+24% on pcp

29,000

New customers acquired

+12% on pcp

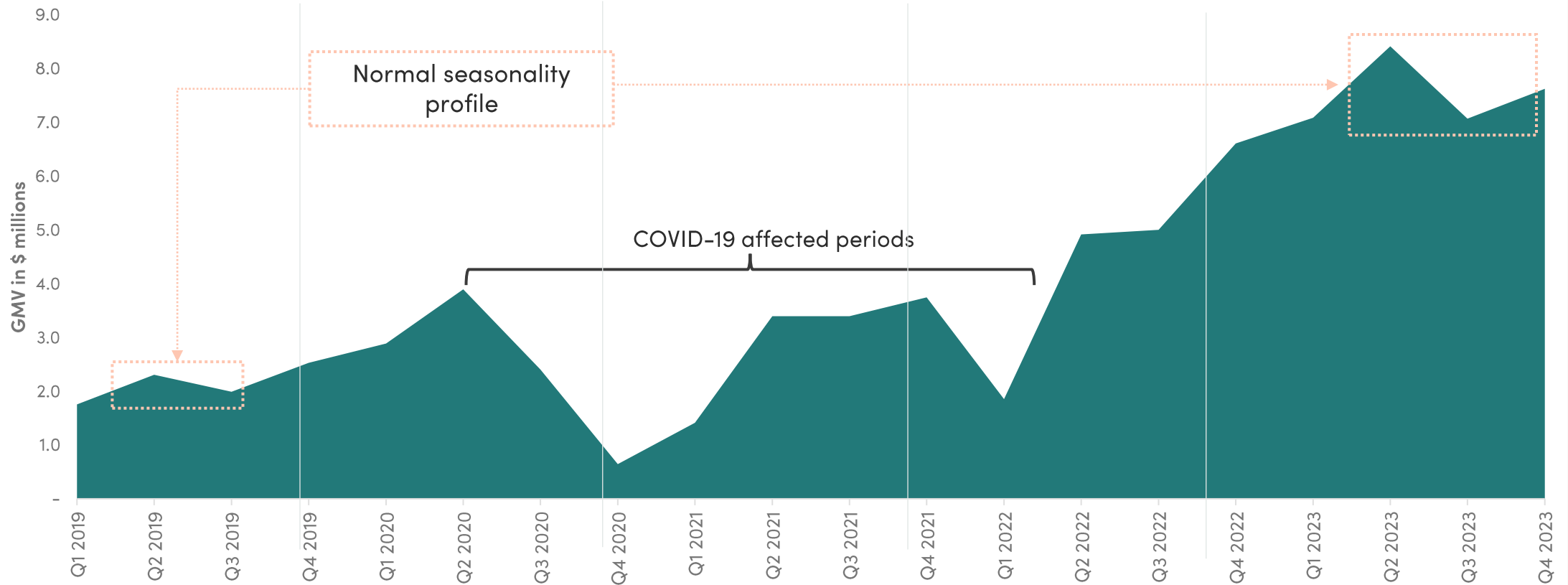
Divisional EBITDA positive
in the quarter

\$3.1m

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 – Q4 FY23



Q4 Operational Highlights

Pet Services Marketplace

- Maintained strong year on year growth with record EBITDA
- Launched the new Mad Paws homepage – the first step in our brand consolidation strategy
- Continued to drive improvements for the sitter and user experience including
 - One-click sign on
 - Major upgrade to our site performance
 - Machine learning search algorithm
 - AI customer service support
- Those changes resulted in a significant uplift in conversion rate from search to paid bookings
- Over 110,000 data rich pet profiles live on the platform now being used for cross selling campaigns and automations

eCommerce & Subscriptions

FOOD

- Fully phased out Dinner Bowl lightly cooked and Raw
- No more cost in the future and all exit cost now fully consumed

JOY

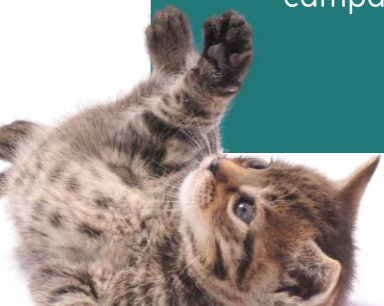
- Focus on subscription box successful with 77% year on year growth
- Moving Waggly shop to Pet Chemist helped us to improve operational efficiency it represents another step for our brand consolidation
- Increase in home brand products helped us to lift margins

HEALTH

- New warehouse now operational from 1st of July
- Big push to increase number of SKUs by 1,000 this quarter to drive topline growth. Well on our way with over 400 SKUs already added
- Significant savings in the customer support team through automation and offshoring

HOME

- We have seen significant, profitable growth for the vertical this quarter with record revenues for June
- New products have landed and started selling very positively
- The team is focused on accelerating profitable growth with more products expected this quarter



02

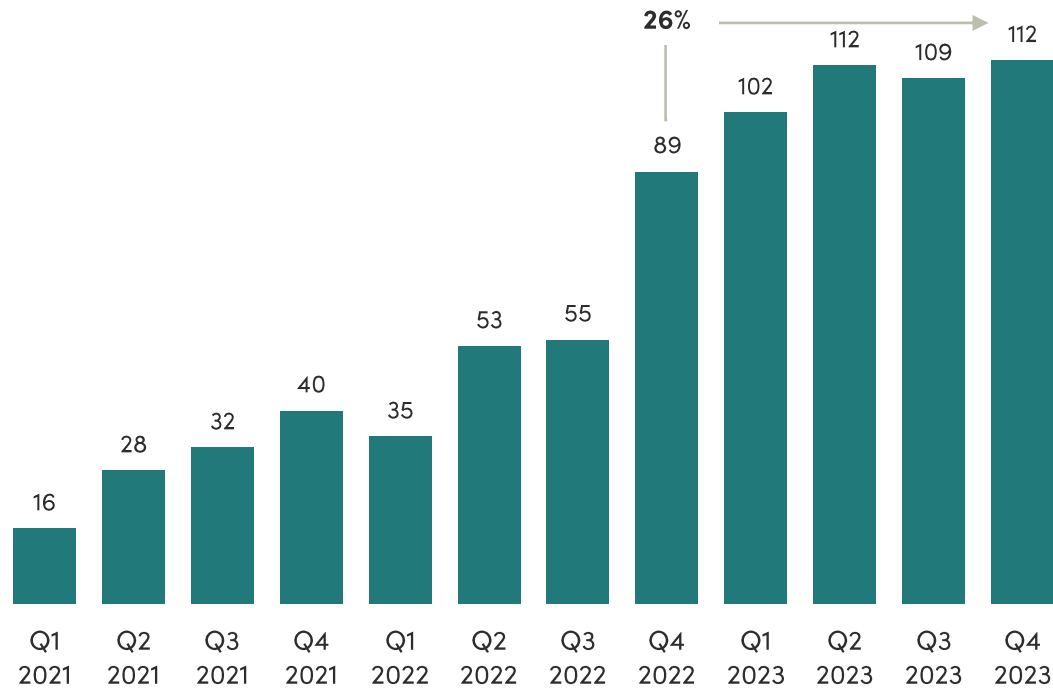
Financial Results



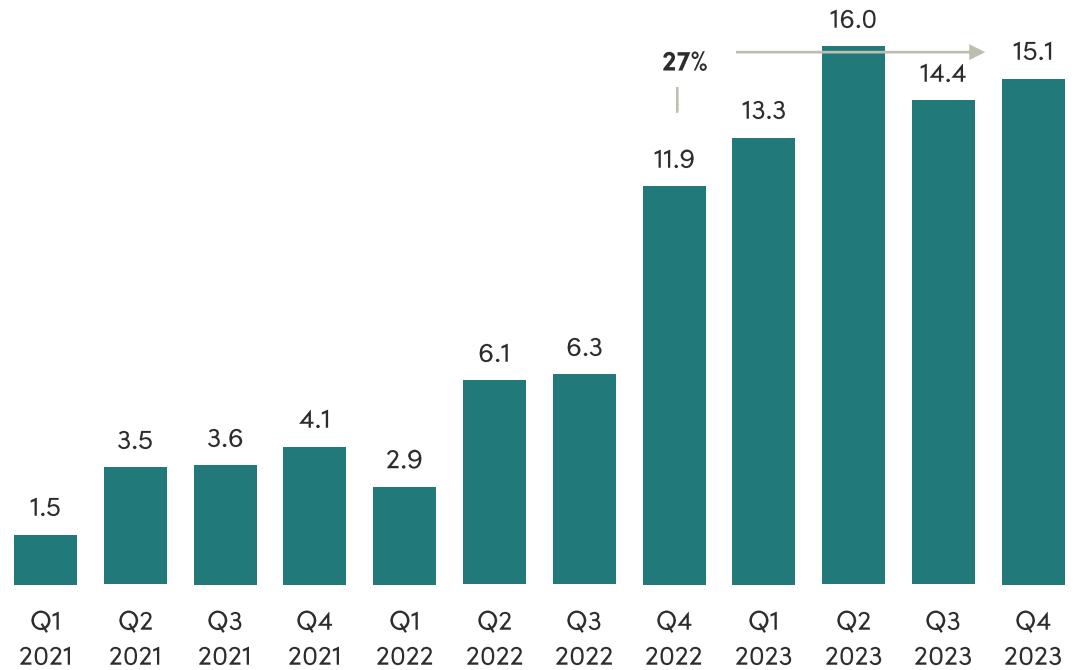
Record level of transactions across our divisions increasing share of wallet



Quarterly Bookings/Transactions in 000s



Quarterly GMV¹ in millions



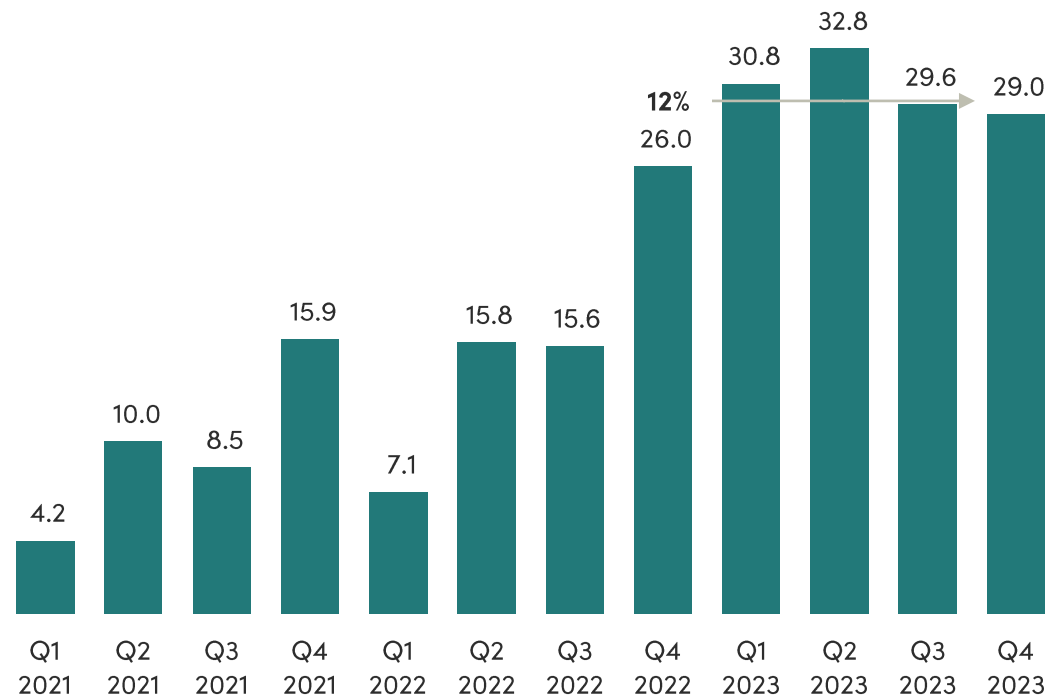
¹GMV is the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.

Continued strong levels of customer acquisition

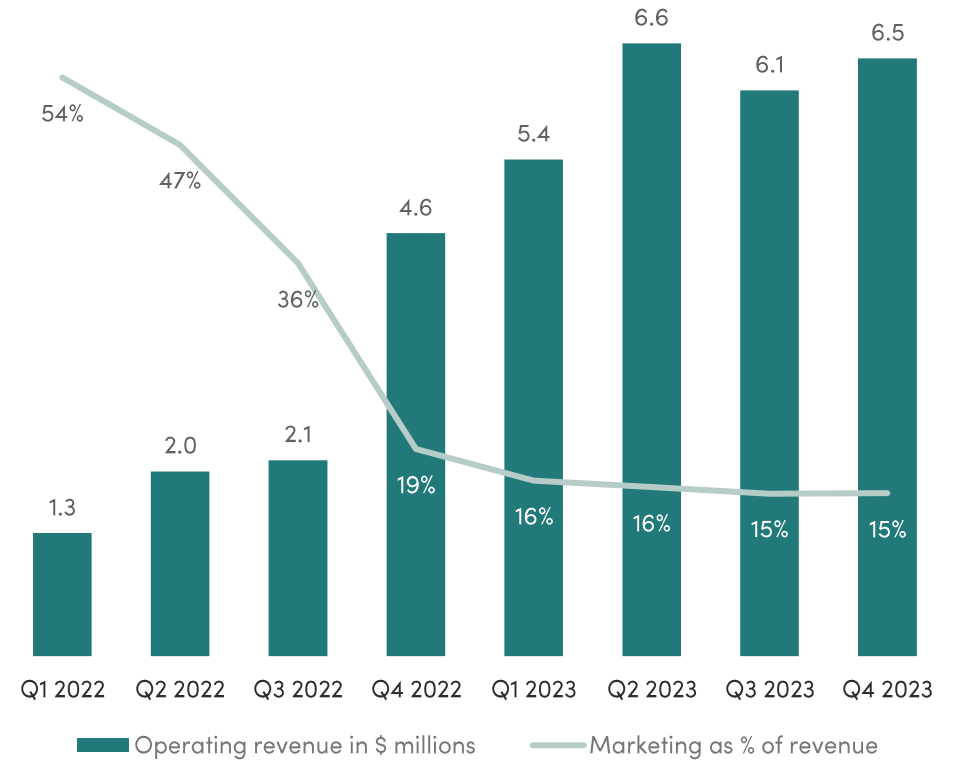
- Conversion optimisation and improved marketing efficiency maintain customer acquisition levels, minimizing the effect of discontinued operations



Quarterly New Customer in 000s



Quarterly Marketing as a % of Revenue

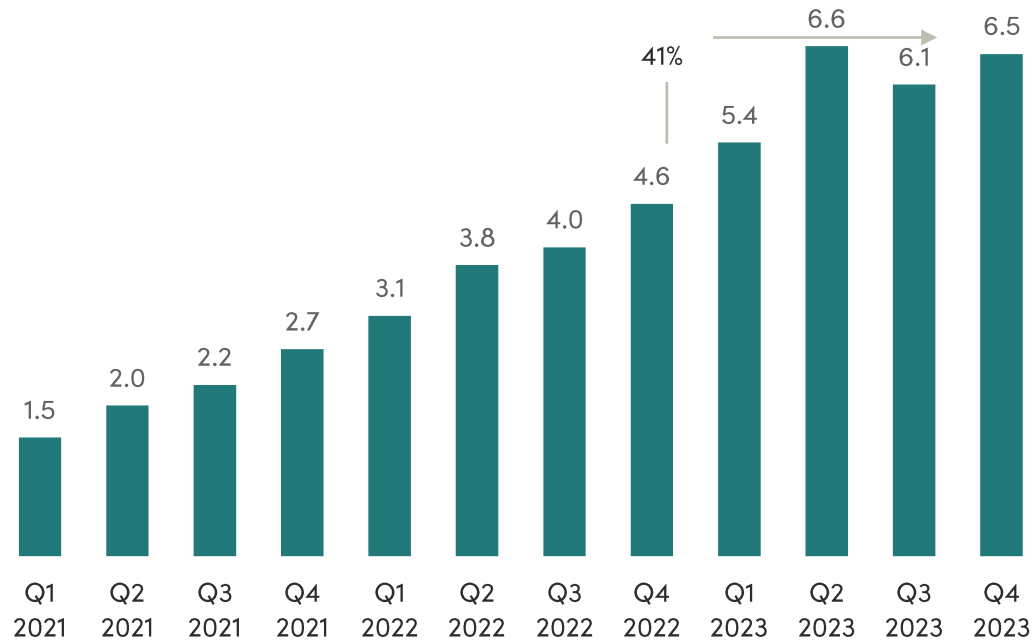


¹FY21 and FY22 Operating Revenues are audited. FY23 results are unaudited

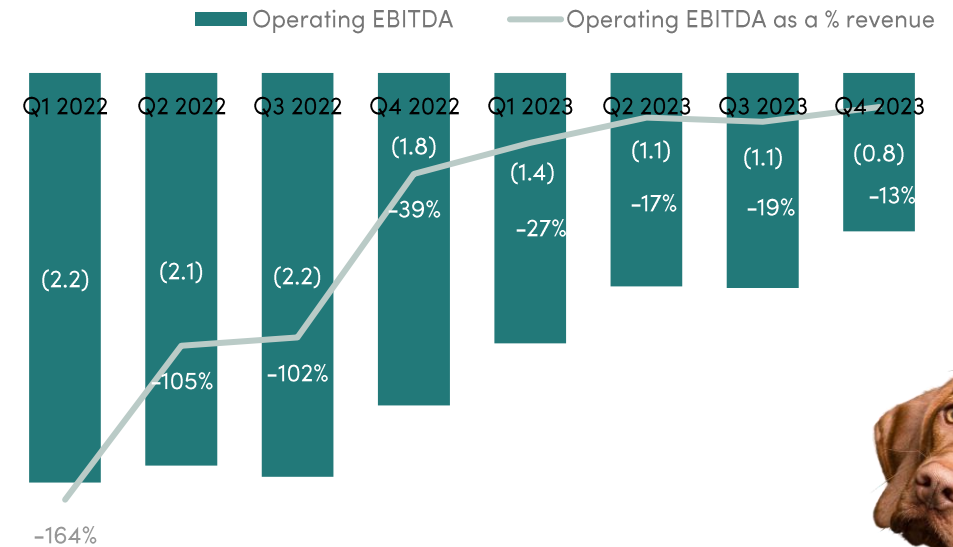
On track for EBITDA break-even in the September quarter

- Divisional EBITDA positive in Q4 FY23

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 in Q3 FY23
²FY21 and FY22 Operating Revenues are audited. FY23 results are unaudited

03

Division Performance

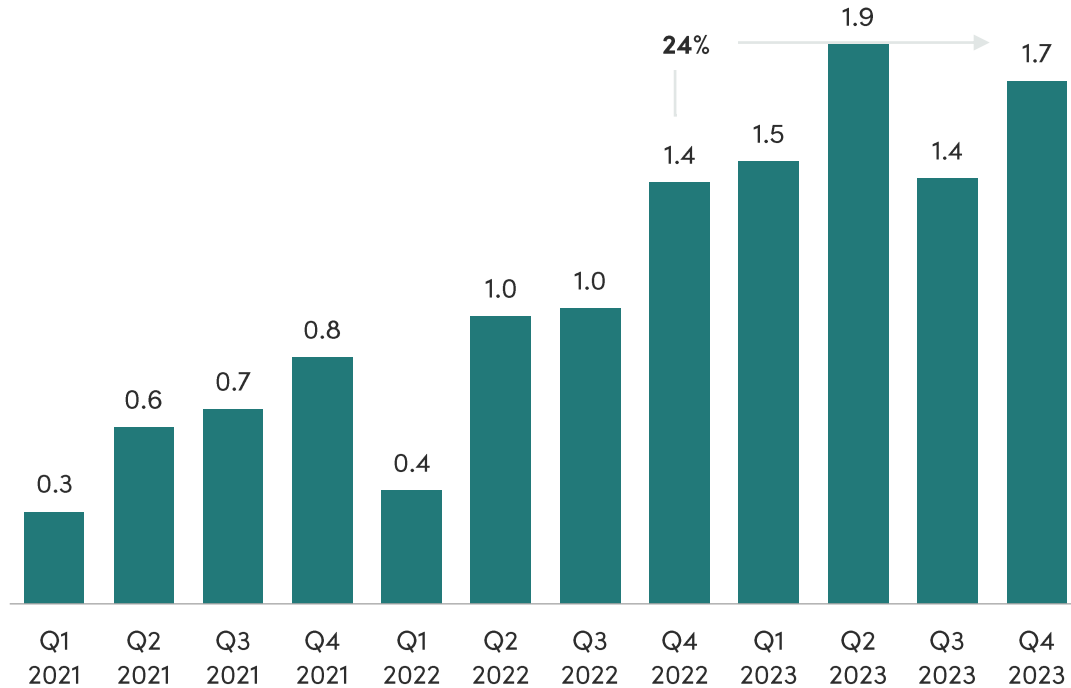


Marketplace Performance

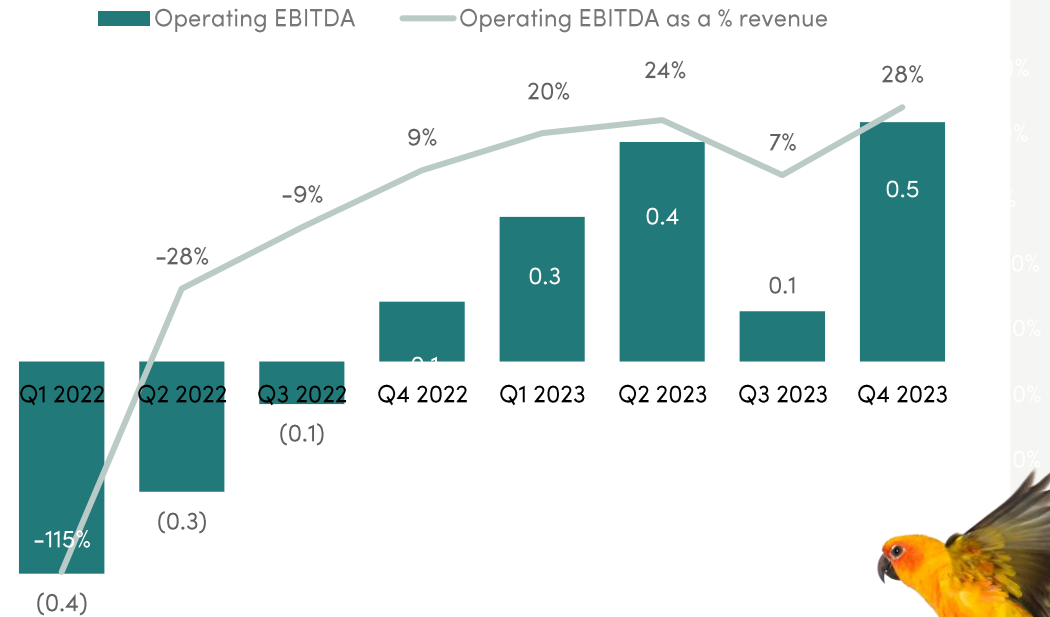
Marketplace performance continues to perform strongly, benefiting industry tailwinds, increased sitter supply and improving customer search experience. Driving operating EBITDA margins to 28%



Quarterly Marketplace Operating Revenue in millions



Quarterly Operating EBITDA in millions

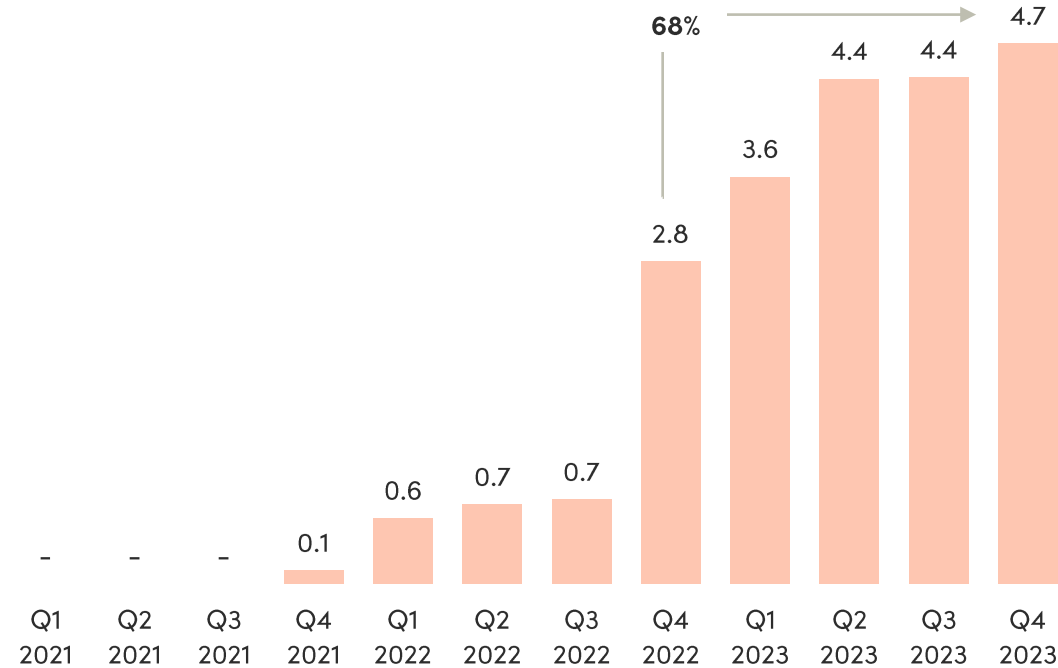


¹FY21 and FY22 Operating Revenues are audited. FY23 results are unaudited

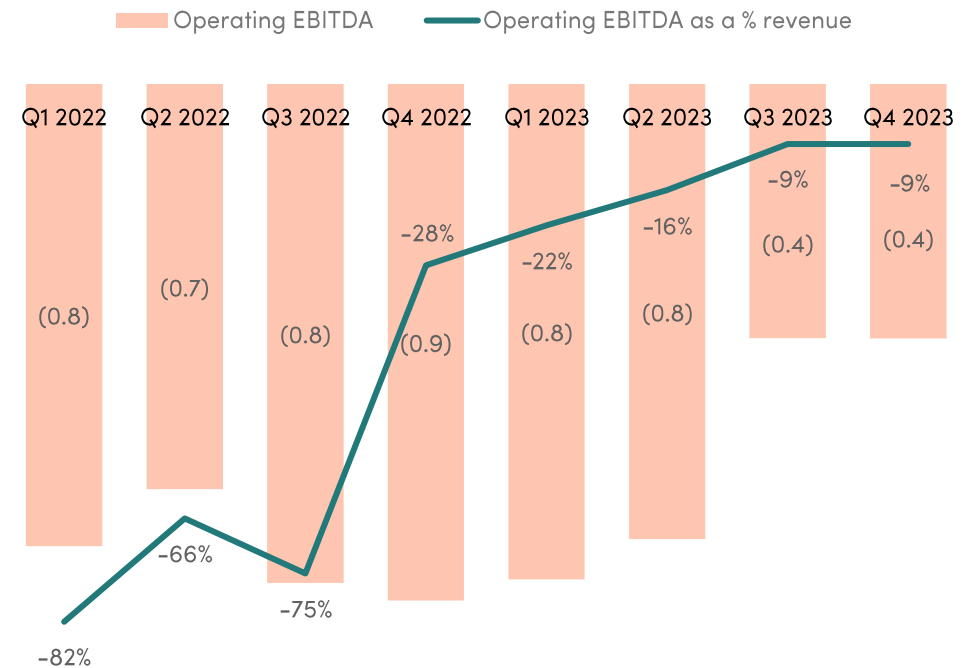
eComm & Subscription Performance

Warehousing constraints released at the end of Q4 FY23 provide momentum across the ecommerce portfolio for FY24

Quarterly Pro-forma Operating Revenue in millions
Excluding closed Dinner bowl operations

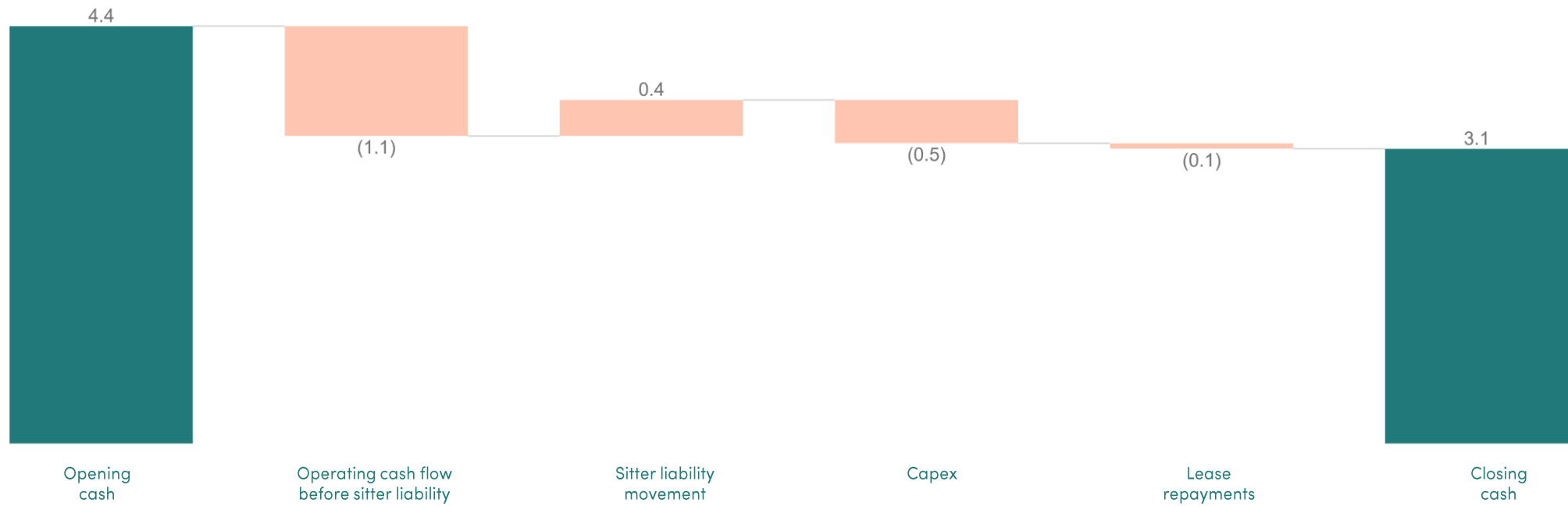


Quarterly Operating¹ EBITDA in millions



¹Operating EBITDA excludes the impact of the run down of the Dinner bowl raw and lightly cooked operations in Q3 FY23
²FY21 and FY22 Operating Revenues are audited. FY23 results are unaudited

Q4 FY23 Cash Flow Waterfall



04

Conclusion



Strategic Focus For FY24



Pet Services Marketplace

With our marketplace contributing record level EBITDA to the group, we see a huge opportunity to grow by improving our marketplace efficiency using data and experimentation and using our data rich user profiles to increase cross sale to our other verticals. We have already doubled our CAC to lifetime value ratio but see significant more room for improvement

Upselling and Margins

With our focus on increasing margins we focus on the following things:

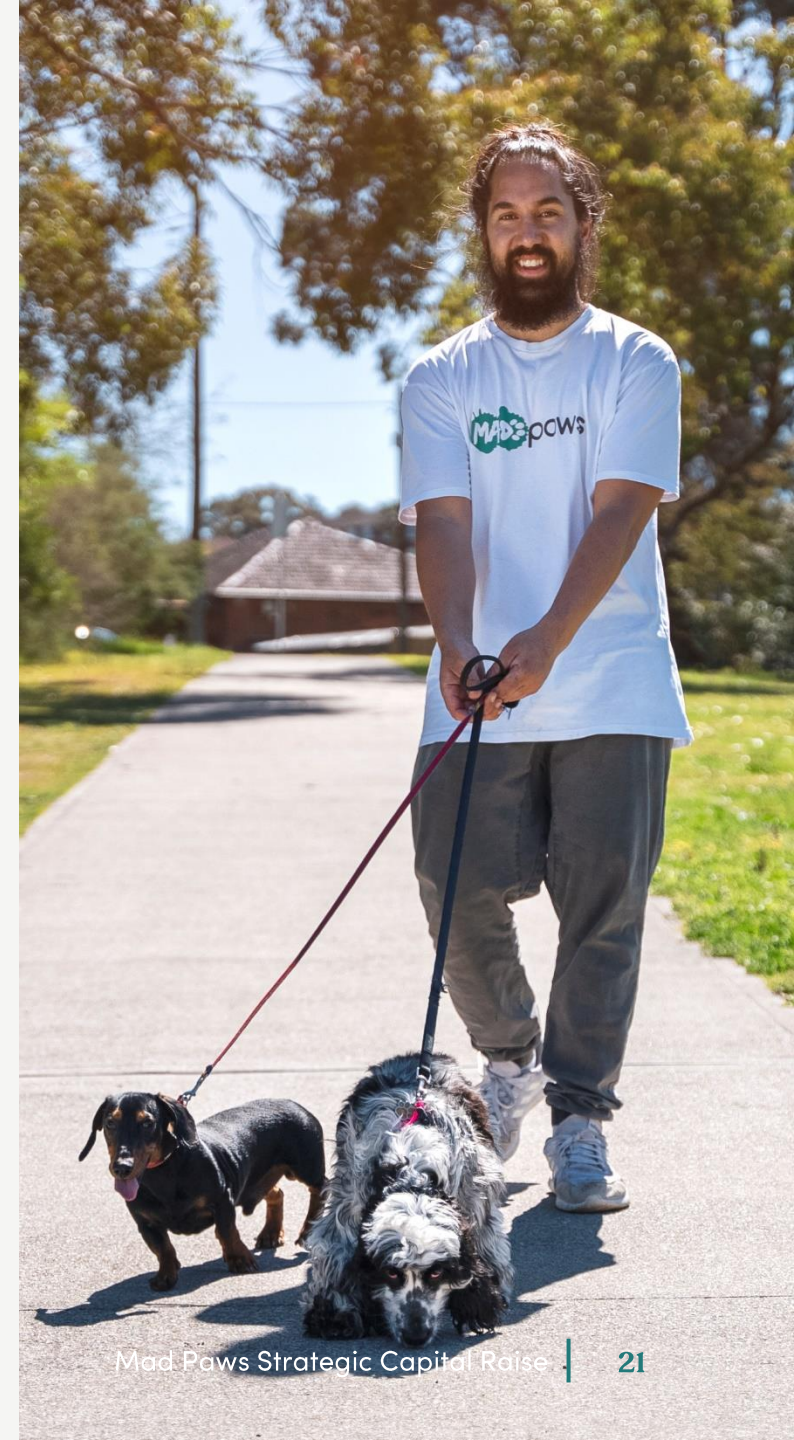
- Range expansion – increase average basket size
- Home brand – increase margin per order
- “add to box” – increase average basket size

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

Fully utilizing our new warehouse for Pet Chemist which allows us to increase the numbers of SKUs we are carrying, improve our operational efficiency with optimized pick and pack set up as well as focusing on optimizing our customer set up with our learnings from the marketplace.



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