



madpaws
Q1 FY24 results

Your pets' best life. Sorted.

26 October 2023

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Your paragraph text

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



Qantas Partnership
and access to
Qantas FF



> 2 million
pet care services
provided

Deloitte.

#29
2022 Deloitte
Tech Fast 50

madpaws GROUP

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Australia #1

Pet services
marketplace

 **PET CHEMIST**

Australia #1

Online pet
chemist

 **waggly**

Australia #1

Toys & treats
subscription box

S A S H.

High growth

Premium dog beds
and accessories



1.1m

Subscribed Pet
Owner e-mails



1.3m

Monthly website
visits



40,000

Brand ambassadors:
Pet Sitters and
Dog Walkers



70%+

Customer
repeat rate

The positive impact of pet ownership remains strong

The pet market boom is resulting in a high growth, recession-proof market



Pet humanisation and premiumisation are driving spend



Prioritisation of pet needs



Increasing spend per pet



Increasing spend on pet products and services



Recession resilience

73%

of all households would like to add a pet to their family. This tells us that pet ownership is becoming a way of life for most Australians, estimated at 7.3 million households.



85%

of pet owners say their pet has vastly improved their lives.



Part of the family

Owners nowadays have a more human-like relationship with pets and more inelastic spend.



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

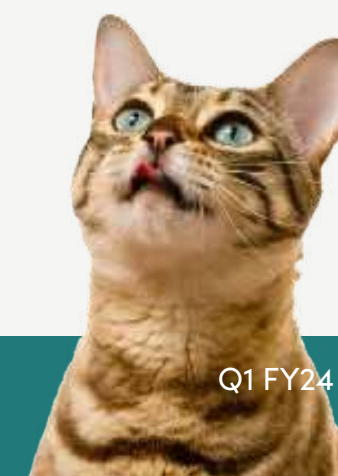
Dog

\$3,237 pa



Cat

\$2,074 pa



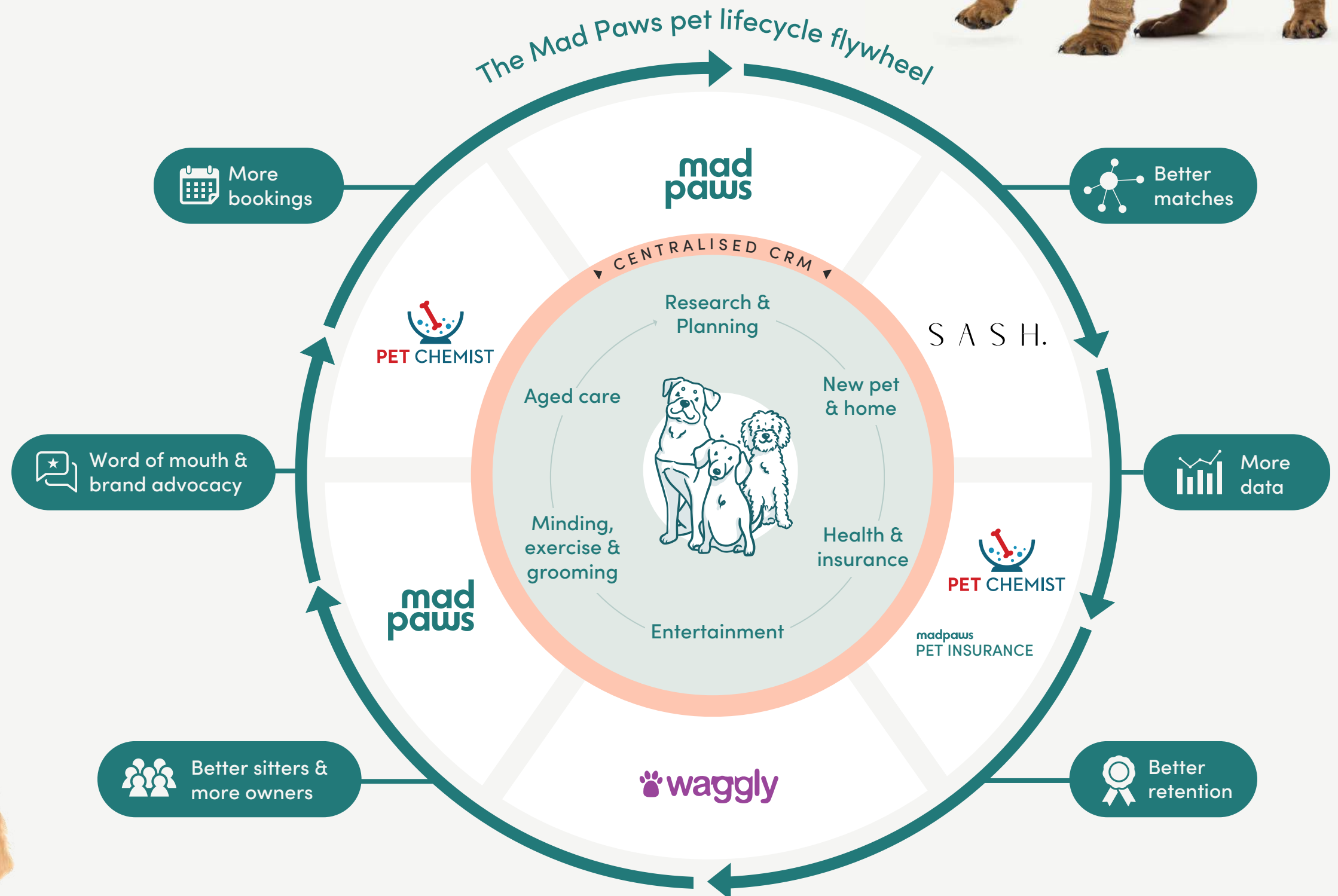
Breadth and depth of our data create unrivalled competitive advantages



Where personalised care is priority, Mad Paws leverages the family of brands to connect with Australian Pet Owners across every stage in the pet lifecycle.

Anchored by our significant first-party data points, we're able to seamlessly attract, engage and delight customers.

- Allows us to capture a larger customer network - more products equals more solutions and more data
- Enabling greater scope to achieve maximum value from owned and earned data



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Mad Paws Group Q1 FY24 Highlights

\$16.8m

Group GMV
+26%

\$7.2m

Operating Revenue
+34%

11%

marketing as a % of
revenue Vs 16% pcp

31,815

New customers
+3%

(\$0.2m)

Operating EBITDA
+\$1.2m
vs pcp

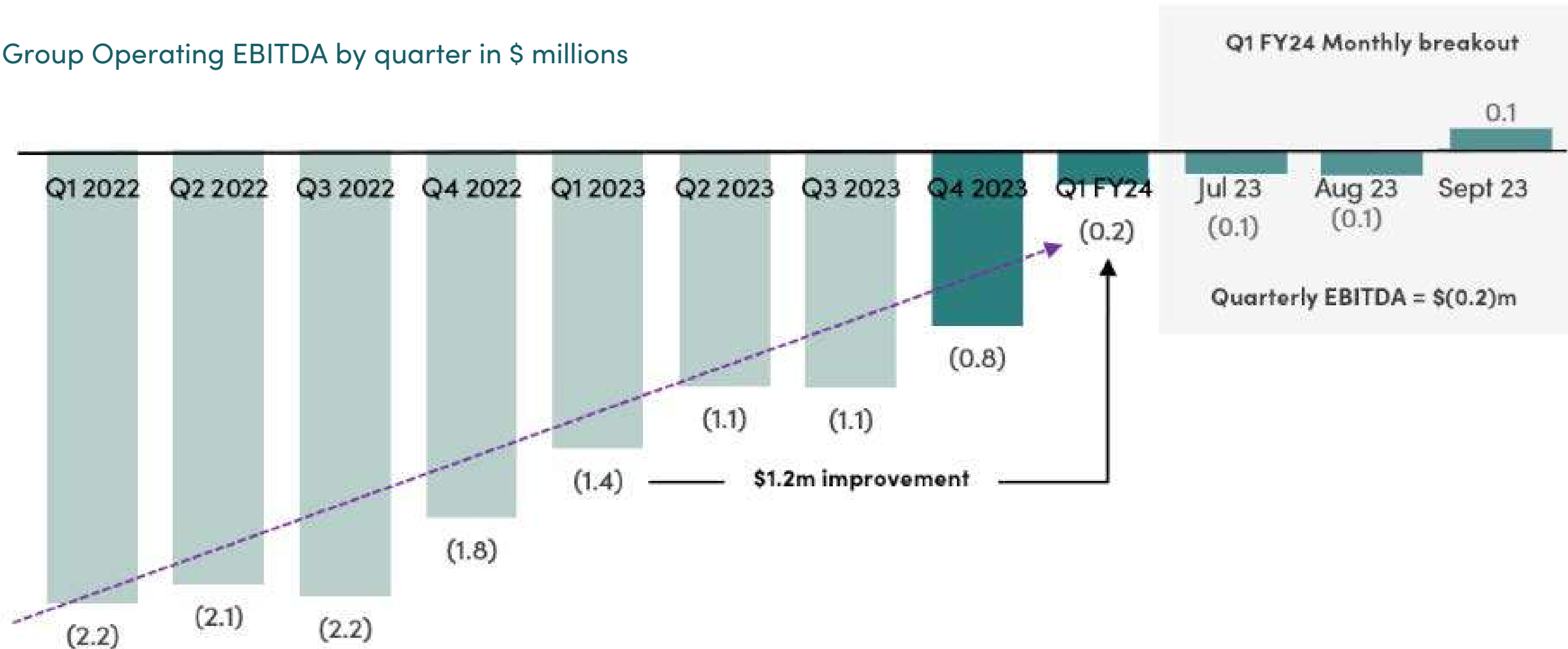
\$0.3m

Positive Operating
Cashflow

Mad Paws achieves first month of positive Group Operating EBITDA

Key milestone in Mad Paws journey to cash flow break-even, in line with stated target

Group Operating EBITDA by quarter in \$ millions



Key strategic initiatives build profitable platform for continued growth

Marketplace operational highlights

Product initiatives and marketing optimisation drive higher revenues and improvements in operating EBITDA.

Product initiatives

Flexible sitter rate cards

Ability to apply a surcharge within peak periods, and including payment for out of scope or premium services such as for time spent by sitters in early pick up and late drop offs

Expanded use of data science & machine learning:

Location-based supply and demand drives improved matching and acquisition economics

Re-brand of home page:

Seamless user experience and brand consolidation.

Platform infrastructure:

Hosting and messaging optimisations reduced technology costs as a % of revenue by 20%

Marketplace liquidity

As demand on our platform has continued to accelerate we released a number of strategic initiatives to improve the quality of care provided to Pet Owners as well as the earnings potential of Pet Sitters, which has been successful in attracting more sitters to our platform.

Operational initiatives

Improved customer service efficiencies: Harnessing AI to solve customer issues before they contact customer service

Implementation of new payment gateway with enhanced pricing and additional payment methods

Continuous development of content and SEO resources



e-Commerce operational highlights

Successful Pet Chemist warehouse move, range expansion and owned products drive EBITDA improvement.

More space to grow

Expanded warehouse and distribution centre now fully operational

Accelerate growth

Ongoing expansion of product range:
Already over 900 SKUs added in FY24

Expand owned range

SASH product expansion successfully continued

Increase margins

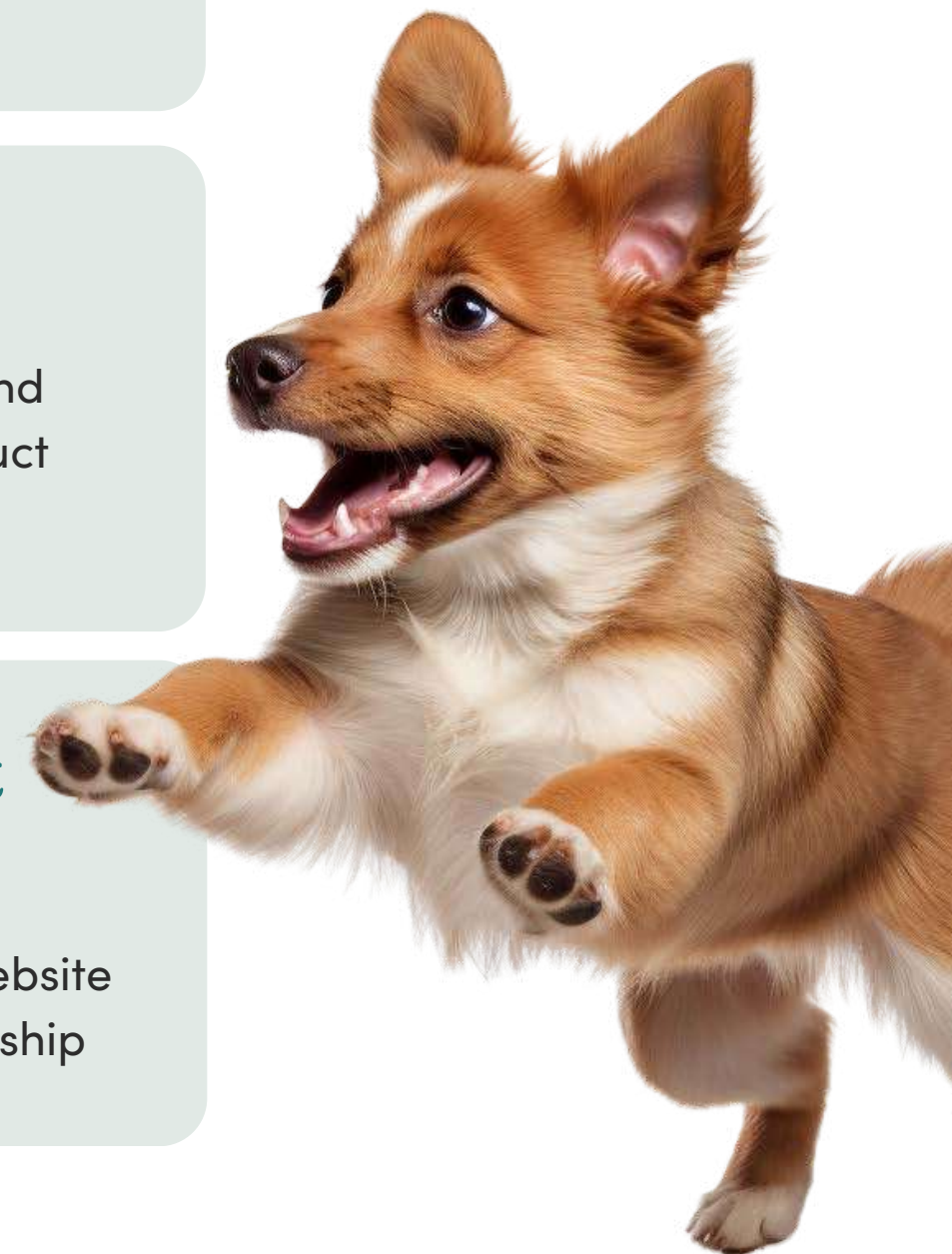
Moved Waggly to in-house designed and sourced toys, maintain consistent product quality while improving bottom line

Improve customer acquisition cost

Optimisations to our marketing mix and spend as well as cross-sell resulted in record marketing efficiencies

Relaunched Pet Chemist Website

Complete rebuild of the Pet Chemist website with conversion optimisations and Autoship features that will drive performance



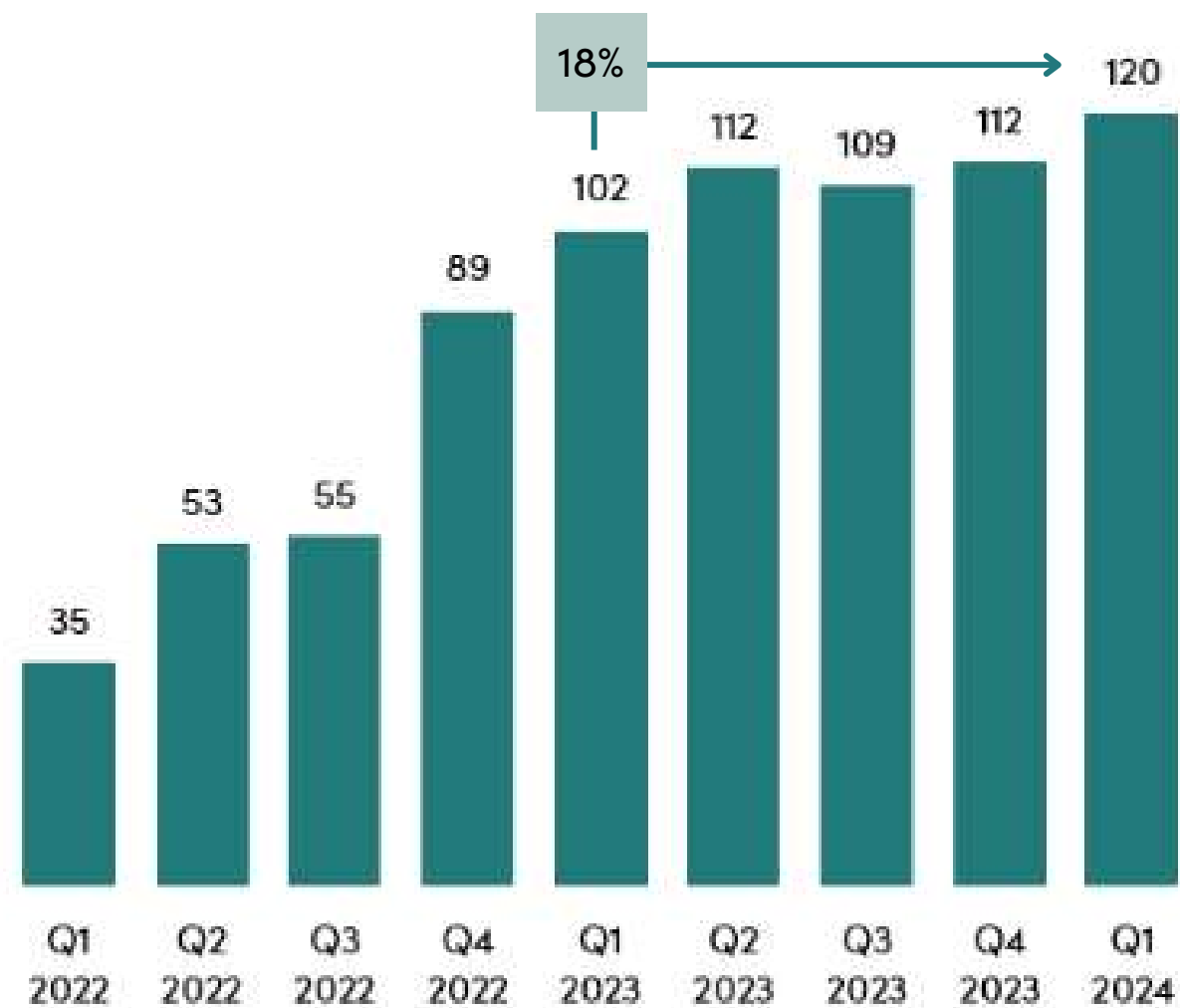
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Financial Performance

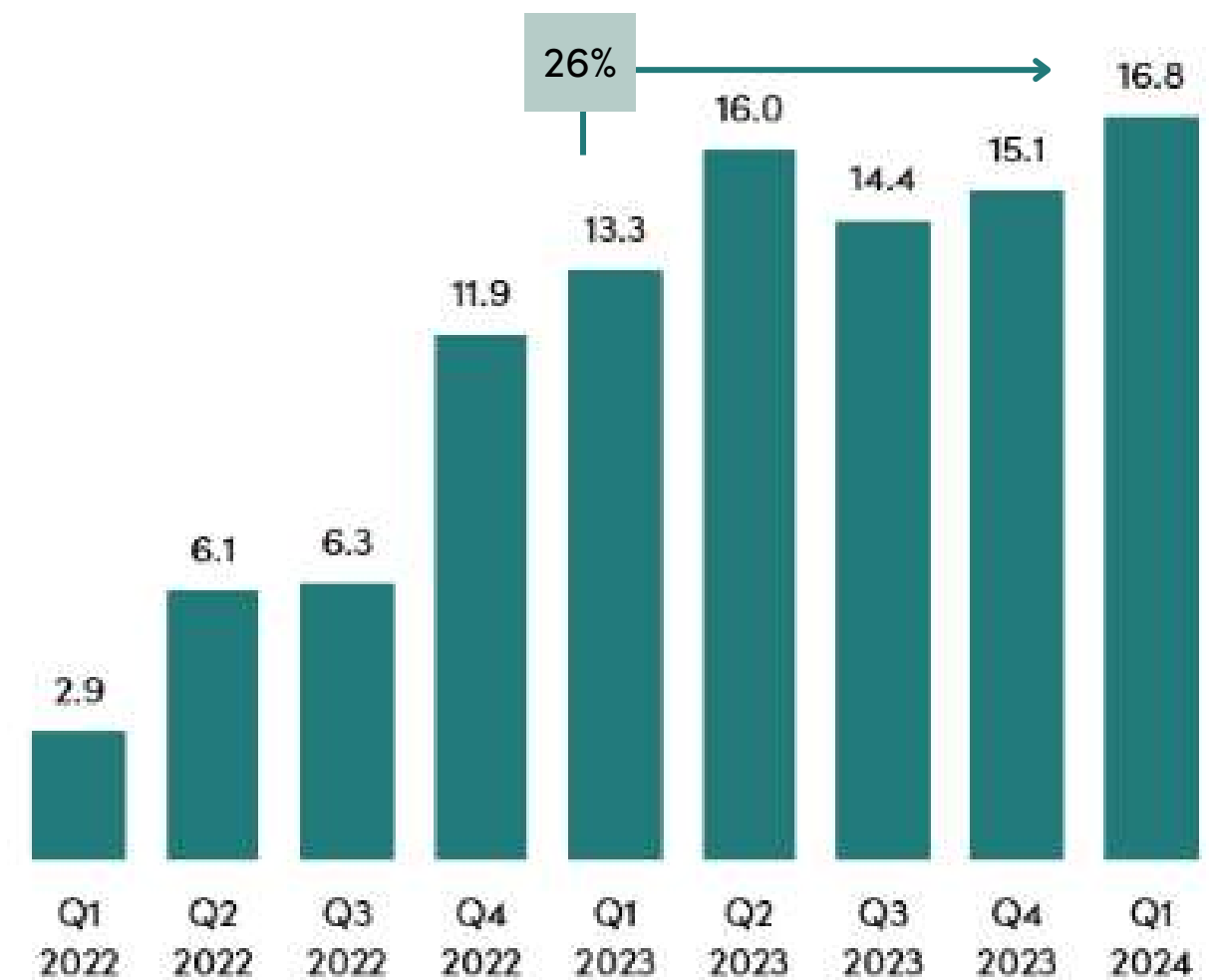
Growth across transactions and GMV

Continually increasing our share of the Pet owners wallet

Quarterly Bookings/Transactions in 000s



Quarterly¹GMV in millions

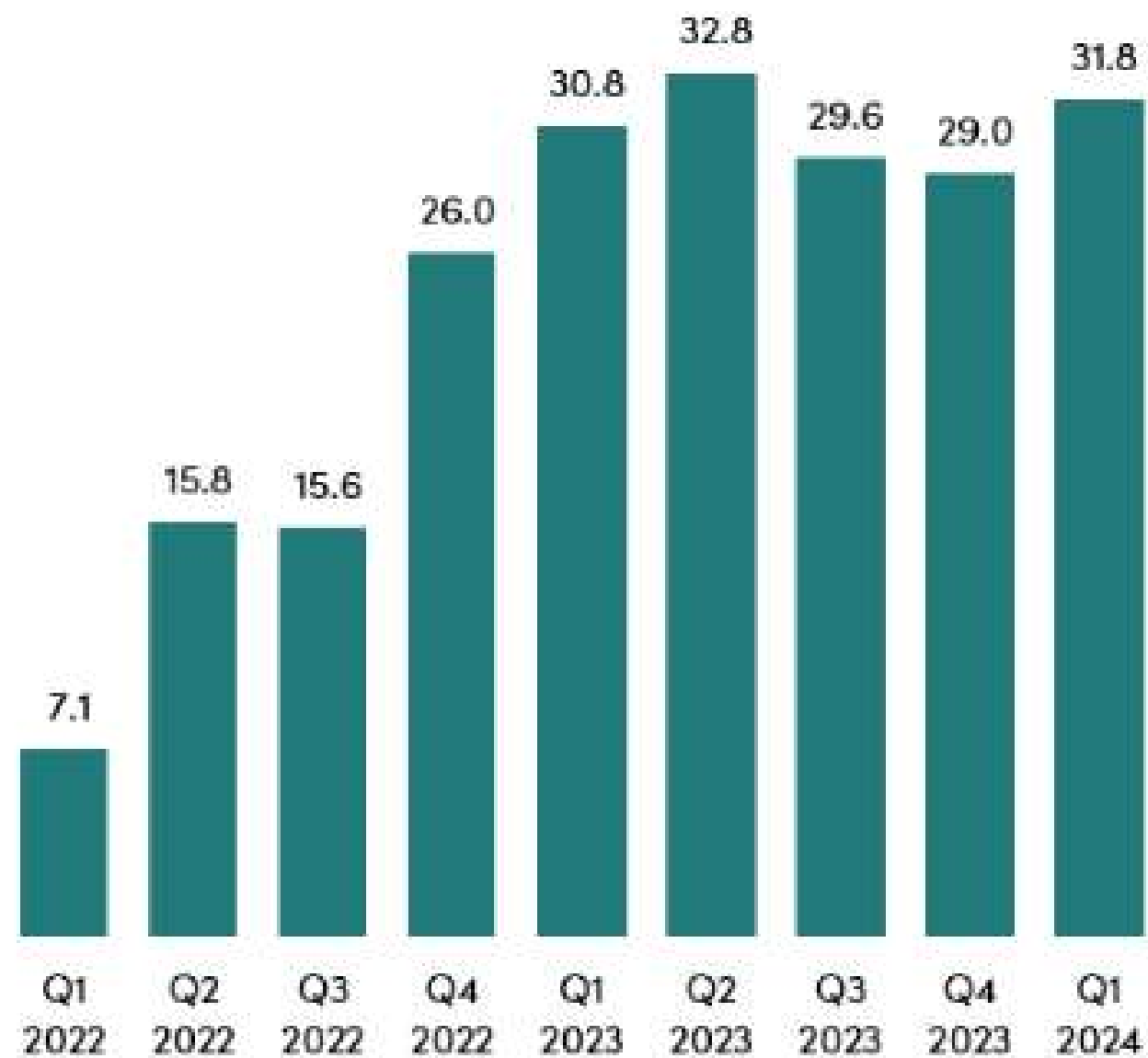


¹GMV is the total value of transactions processed by Mad Paws, on a cash basis before deducting pet service provider payments, pharmacy payment, cancellations and refunds, chargebacks, discounts and GST

Improved customer acquisition efficiency

Conversion optimisation and improved marketing efficiency deliver consistent new customers at lower cost

Quarterly new customers in 000s



Quarterly Marketing as a % of Revenue



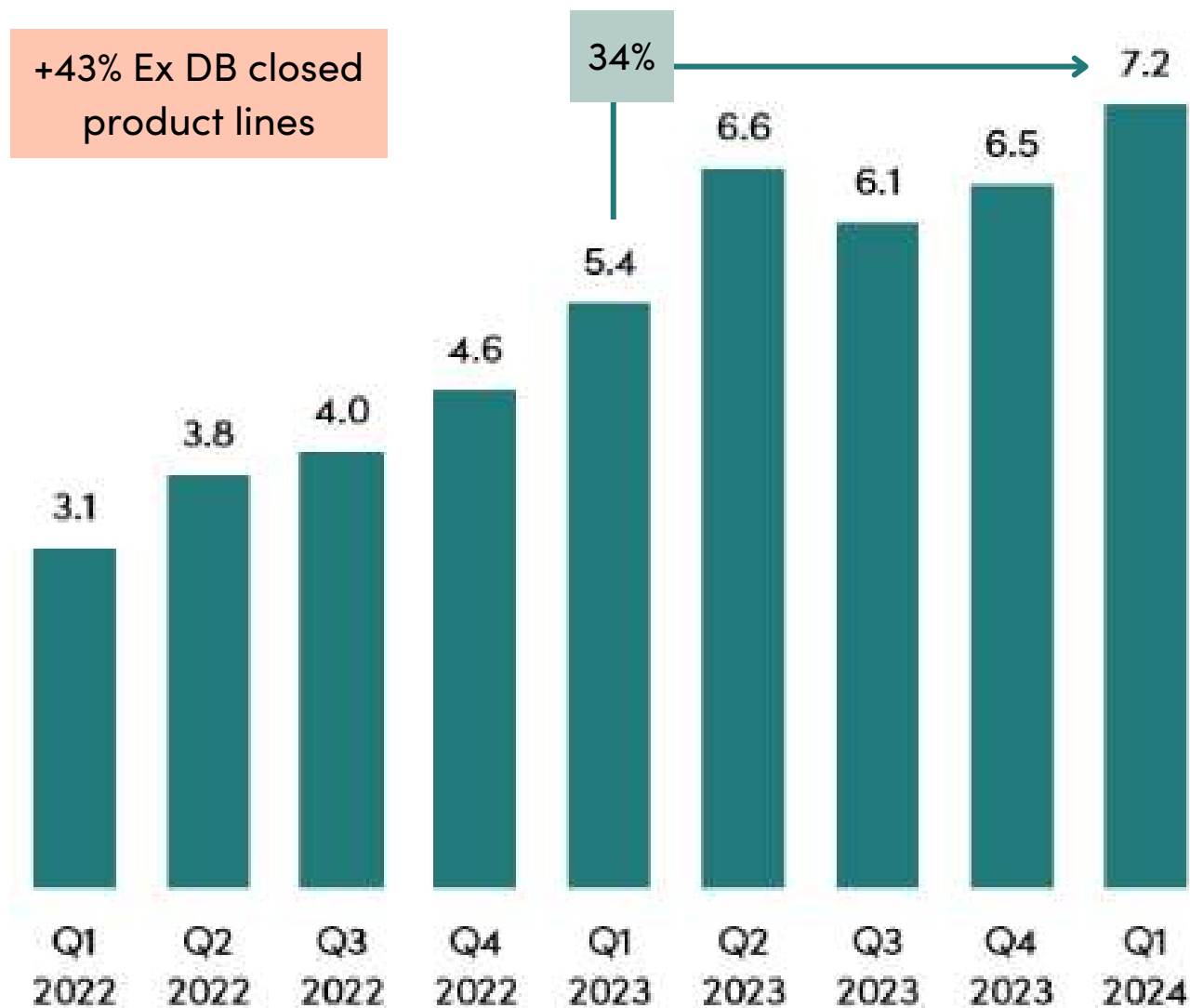
5 percentage point improvement in marketing as % of revenue vs pcp

Q1 FY24 revenues are unaudited

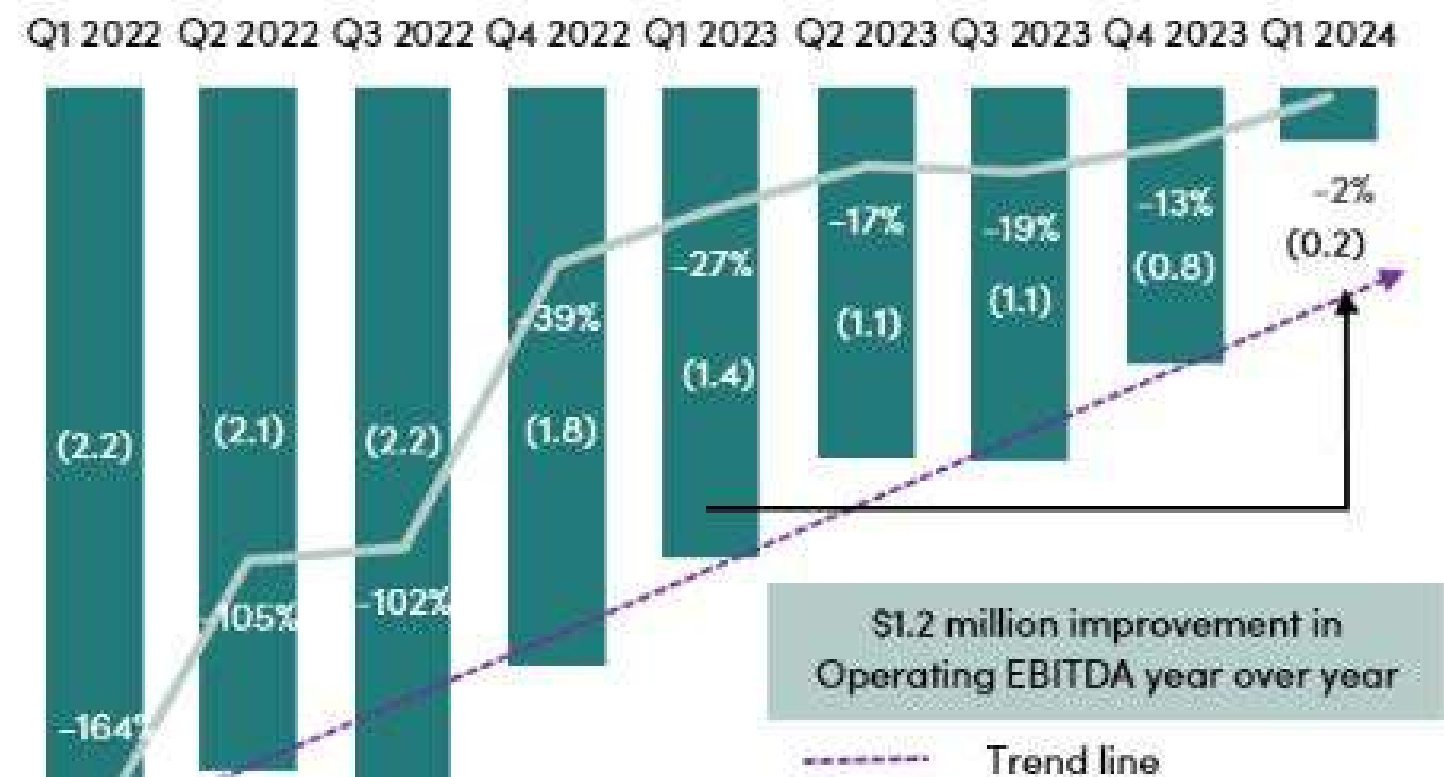
Step change in Group Operating EBITDA

Demonstrates progress toward maintainable cash flow positive trading

Quarterly Pro-forma Revenue in millions



Quarterly Operating EBITDA in millions

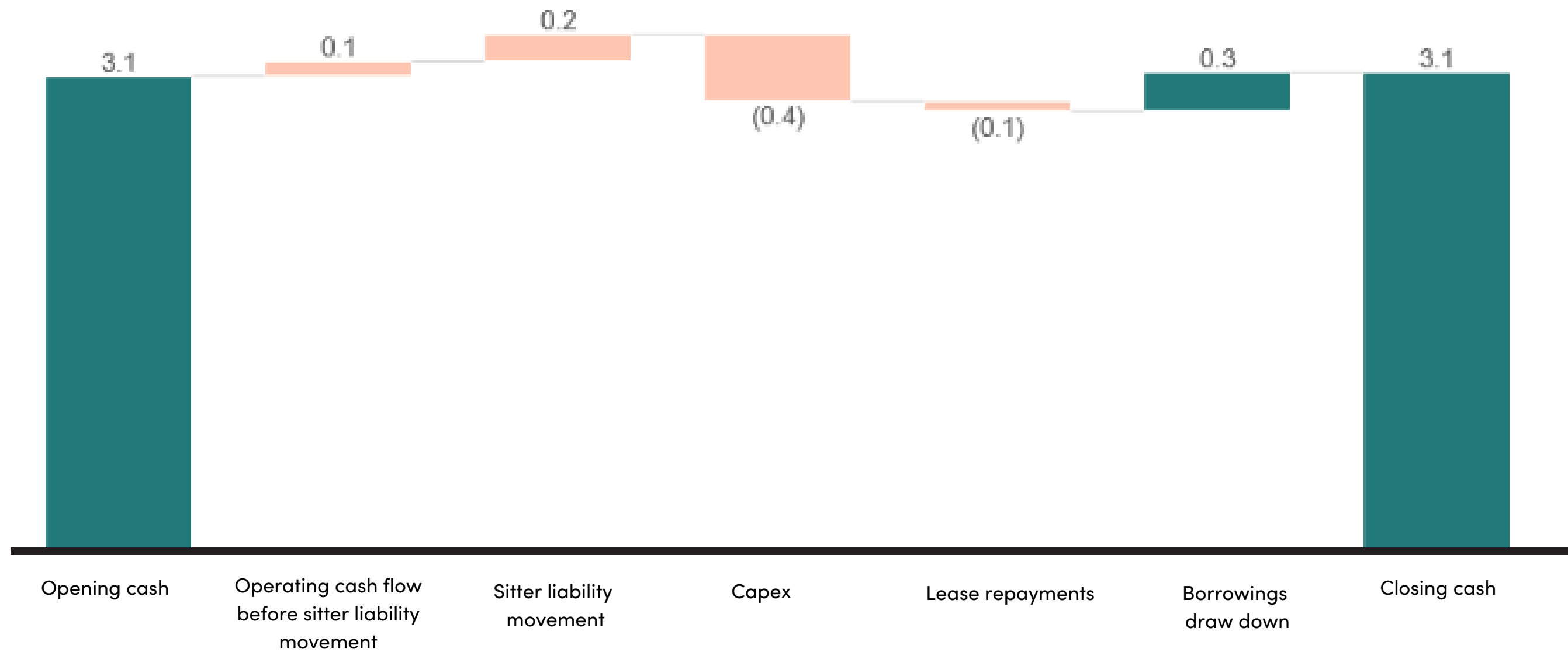


11 percentage point improvement in EBITDA margins QoQ

¹Operating EBITDA excludes the impact of the run down of the Dinner Bowl raw and lightly cooked operations in Q3 FY23
²Q1 FY24 revenues and Operating EBITDA are unaudited

Q1 FY24 Cash flow bridge

Consistent closing cash Quarter on Quarter



\$0.3m in positive operating cash flow in the quarter

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Division Performance

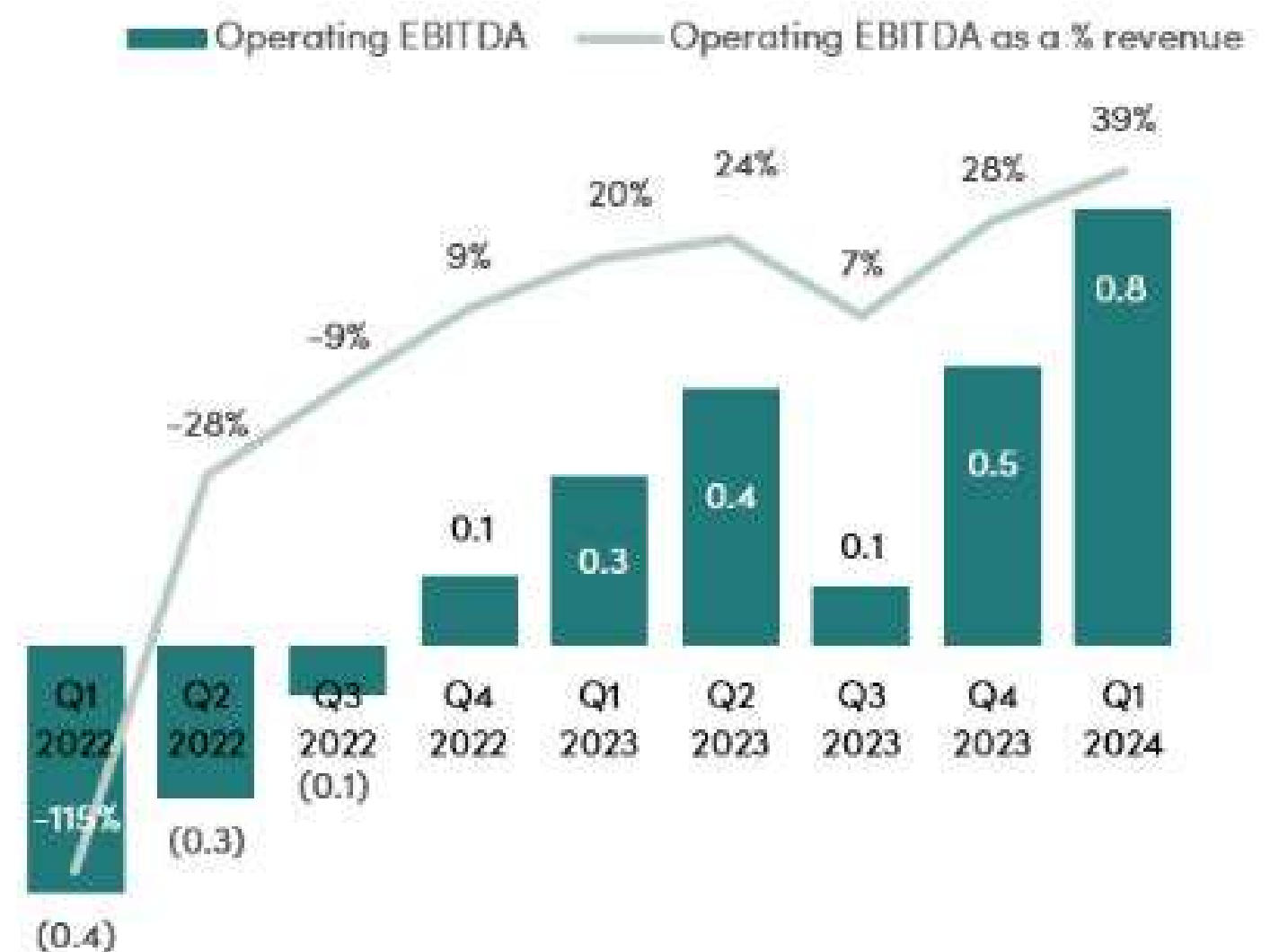
Marketplace performance

Industry tailwinds, increased sitter supply and focussed product bets drive revenue growth and operating leverage

Quarterly Marketplace Revenue in millions



Quarterly Operating EBITDA in millions



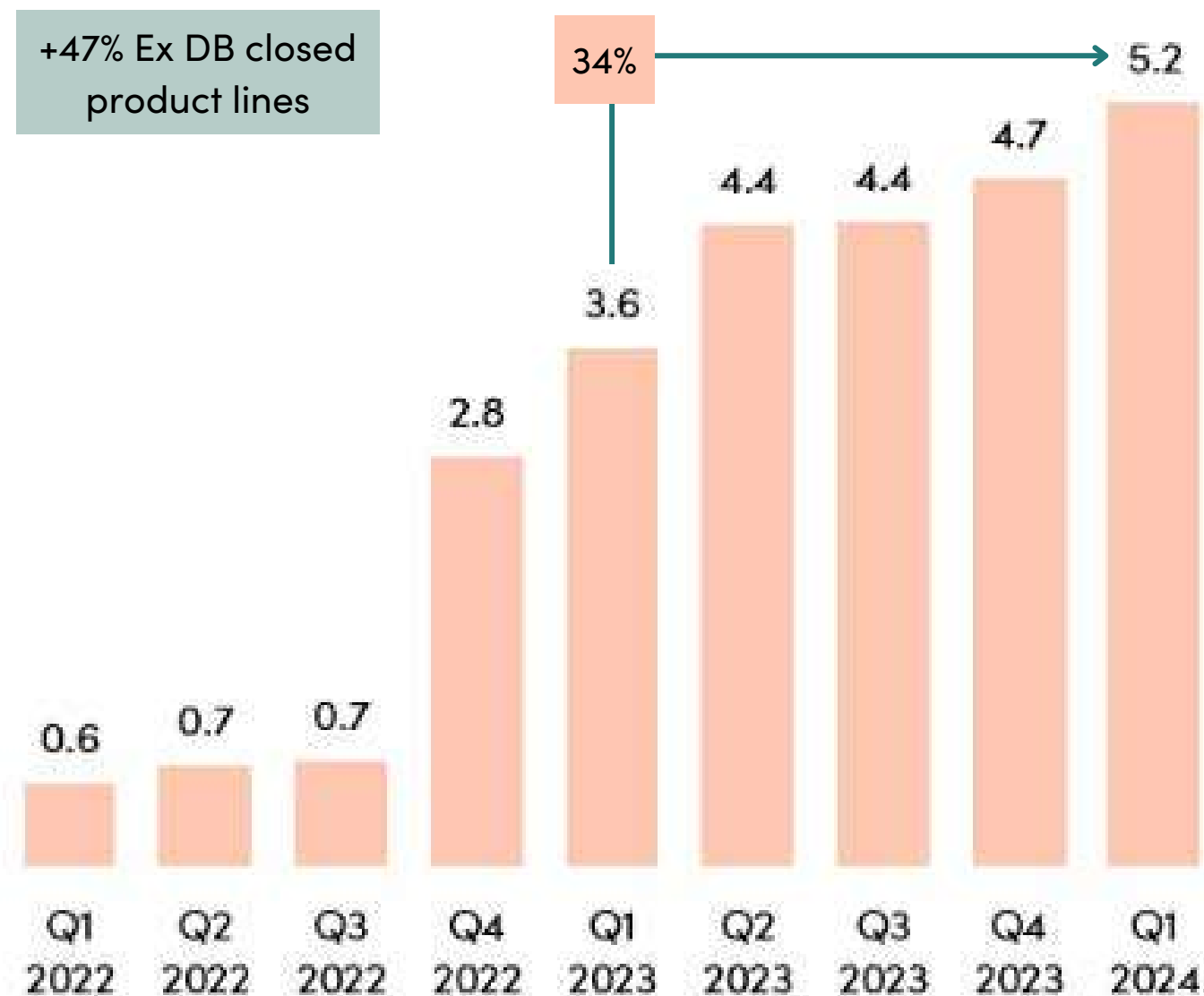
Well positioned as we enter our busiest quarter of the year

¹Q1 FY24 revenues and Operating EBITDA are unaudited

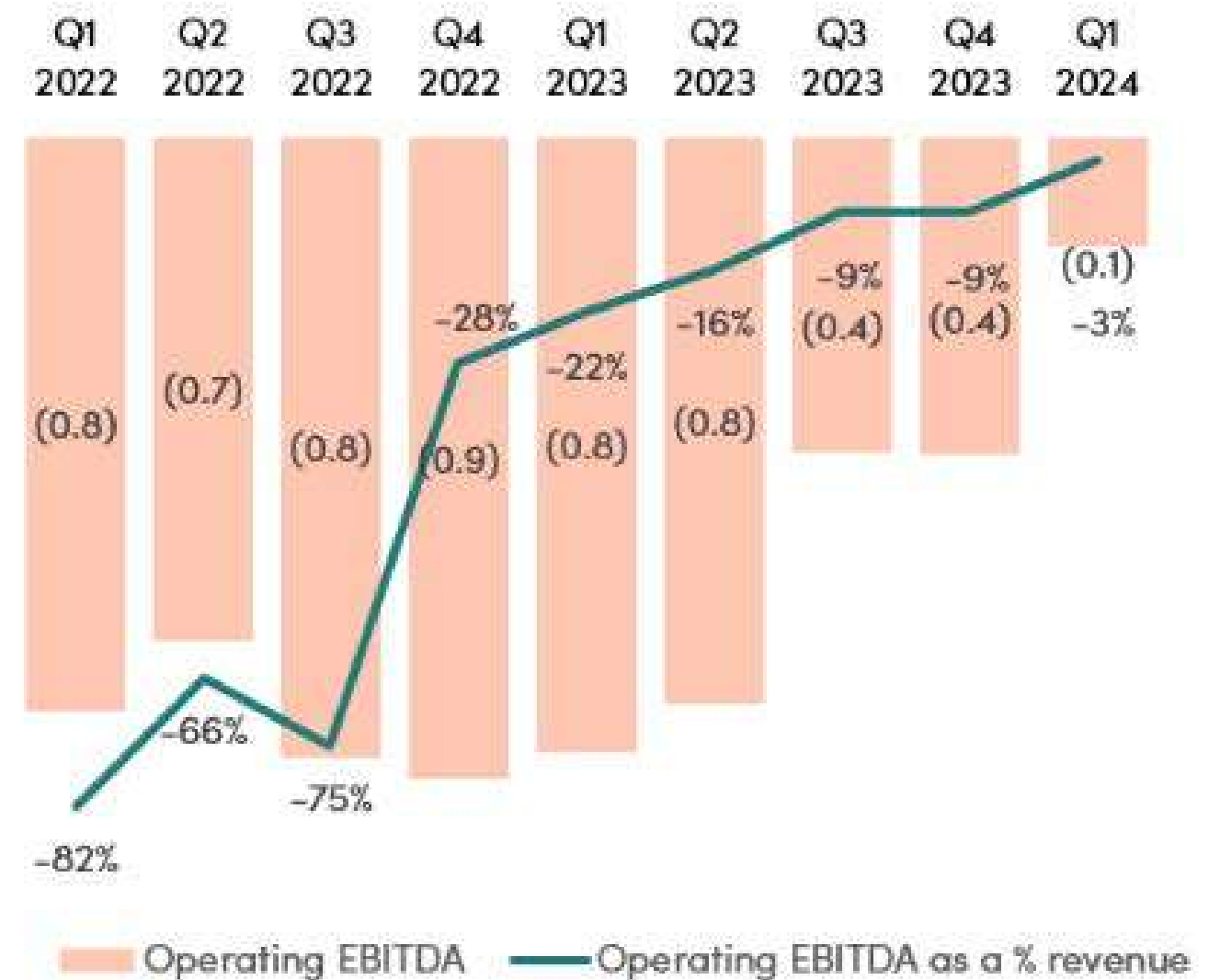
E-Commerce performance

Revenue growth and improving gross margins drive the division towards profitability

Quarterly E-Commerce Revenue in millions



Quarterly Operating EBITDA in millions



19 percentage point improvement in EBITDA margins vs pcp

¹ Q1 FY24 revenues and Operating EBITDA are unaudited

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Strategy & Outlook

Group Strategy

“Building Australia's number one destination for pet parents.”

Mad Paws blended Marketplace and E-Commerce model enables us to take advantage of the attractive benefits of each platform.



Horizon 1 FOUNDATIONS

- Marketplace Leadership
- Differentiation of revenues
- Build data foundations

Horizon 2 BUILD THE BRAND

- Single Destination
- Data driven cross-sell
- Home brand strategy
- Media partnerships

Horizon 3 EXPANSION

- Internationalisation
- Data commercialisation
- Cover more stages of the pet life-cycle



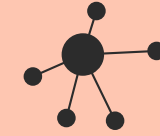
Building a highly engaged, data-rich community across the pet lifecycle

Our research shows...

Mad Paws customers are highly engaged because of the personalised care their pet receives, the access they have to helpful pet ownership information, and the relevant products & services available when they need them.



Large valuable community of pet owners who travel



Multi channel touch points



Pet parents: pets are part of the family



Highly trusted brand, leading the charge in pet care



1.1 mil

Subscribed Pet Owner e-mails



1.3 mil

Monthly website visits



40,000

Brand ambassadors: Pet Sitters and Dog Walkers



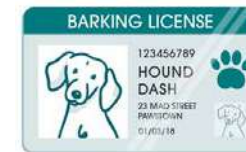
70%+

Customer repeat rate



Our passionate and loyal pet sitting community are a key part of building trusted brand.

Based on our pet profile data...



160k

Unique pet profiles created since November 2022



30%

of pets have some sort of health problem



25%

of pets have some level of separation anxiety



70%

of owners are unable to walk their dog calmly without being pulled, dragged or without incident

Outlook for the remaining FY24

Mad Paws will build off our Q1 FY24 momentum focussing on the following areas

The Group's key strategies include:



SCALING MARKETPLACE EFFICIENCY

Improve the search for sitter experience, sitter pricing dynamics, and reduce off platform bookings



E-COMMERCE PLATFORM REBUILD

Leveraging the new Pet Chemist rebuild to create a single platform from which customers can book or buy any Mad Paws' products and services



CROSS-SELL EXPANSION

Leveraging our data capabilities and centralised CRM to provide personalised offers and solutions for our customer base. Furthermore, we will launch a Mad Paws loyalty offering, driving our share of wallet and decreasing customer acquisition cost for the verticals.



COMMERCIALISE 'LINKS DATA' OUR DATA RICH PET PROFILES

Additional revenue stream through media partnerships



DRIVE PRODUCT EXPANSION

Targeting 4,500 SKUs with Pet Chemist, utilising our new warehouse



SCALE PRIVATE LABEL PRODUCTS

Continuing the success with Sash and Waggly, launch of the first cohort of private label products for Pet Chemist

Outcomes

Sustainable growth

Building on positive momentum to deliver EBITDA positive on a quarterly basis

Customer acquisition

Cost effective acquisition with SEO and targeted marketing

Efficiencies & Cross sell

Leverage platform, data and fixed cost base to drive margins

Cash flow breakeven

Based on current momentum and planned growth

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Appendix

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.
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 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