

QUARTERLY ACTIVITIES & CASHFLOW REPORT Quarter ended 30 June 2024

Investor Conference Call At 09.30 am AEDT on Thursday, 25 July 2024

Mad Paws Holdings Limited (ASX:MPA) (**Mad Paws** or **Company**) Australia's leading online pet ecosystem, seamlessly connecting pet owners with high quality services and products, is pleased to announce its June 2024 Quarterly (including the Appendix 4C and Activities Report). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

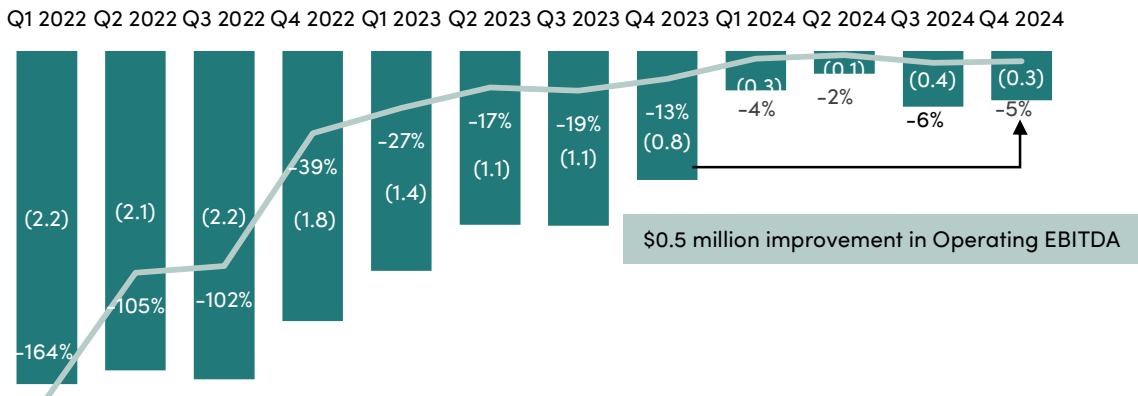
- **Group Operating Revenues of \$6.7 million** – up 3% on pcp, 10% excluding Waggly
 - **Marketplace Operating Revenue of \$1.8 million** – up 4% on pcp, 14% comparing last 4 months to June 24 (normalising for earlier easter school holiday timing this year compared to last)
 - **E-Commerce Revenue of \$4.9 million** – up 3% on pcp, 13% pcp excluding Waggly
- **Significant improvement in Group Operating EBITDA, + \$0.5 million on pcp**
 - Q3 FY24 **Segment Operating EBITDA positive at \$0.5m, +\$0.4 million on pcp**
 - Marketplace Operating EBITDA of **\$0.5 million, with an EBITDA margin of 30%**, affected by Easter and school holiday timing compared to pcp
 - Ecommerce & Subscription **Operating EBITDA break-even for the first quarter, +\$0.4 million on pcp**
- **Set to accelerate growth** – Marketing campaign on track to launch in August 24 with up to **\$4 million in marketing contra for FY25**. Current plan sees marketing spend including non-cash contra to increase by 168% in 1H FY25 against pcp
- **Refinanced working capital and growth facility increasing to \$2.0 million** on favourable terms
- Closing cash of \$2.4m, **\$3.9 million on a pro forma basis** (including additional facility, repayment and fees)
- Executed on significant cash cost savings in July 24 of approximately **\$1.4m in annualised cost savings**

Justus Hammer, Co-Founder & CEO, commented, "This has been a quarter of consolidation for Mad Paws, focusing on finishing some of the bigger tech builds as well as finalizing our brand consolidation to be ready for the media campaign being launched in August 2024. With 10% growth, excluding Waggly, we are pleased to see our efforts in improving efficiency bearing fruit, achieving a strong improvement in Group Operating EBITDA, which increased by \$0.5 million compared to the previous corresponding period. Achieving these results despite some softer trading due to holiday timing and macroeconomic conditions puts us in a great position to take full advantage going into our strongest trading period.

With our new debt facility ready to be deployed and our media campaign of over \$4m in media contra ready to be launched, we have everything in place to accelerate revenue growth in a profitable way and continue our progression towards profitability and cash flow positivity."



Quarterly Operating EBITDA in millions



Brand and Customer acquisition campaign update

Mad Paws is gearing up for its largest customer-facing media campaign, set to launch in August 2024. With a \$4 million budget (marketing contra) allocated over the next nine months, the campaign will feature TV commercials, catch-up TV, and robust social media initiatives. We have developed an engaging brand platform that effectively balances brand building with a strong call to action. Notably, the majority of this campaign is financed through the equity-for-media deal we signed with SWM in Q3 FY24, ensuring minimal cash impact.

The media campaign will exclusively promote the Mad Paws brand, made possible by the recent launch of the Mad Paws Pet Store, a white-labelled version of the Pet Chemist website. Our advertisements will highlight both our marketplace and e-commerce offerings, reinforcing our commitment to becoming the premier destination for all pet care, health, and wellness needs.

Pathway to profitability and cash flow break-even

In Q4 FY24, we saw a strong improvement in Group Operating EBITDA, which reached (\$0.3) million, an increase of \$0.5 million compared to the previous corresponding period (pcp). Our Segment Operating EBITDA for Q3 FY24 was positive at \$0.5 million, up \$0.4 million on pcp. Our Ecommerce & Subscription Operating EBITDA reached break-even for the first quarter, showing an improvement of \$0.4 million on pcp. In addition, our Marketplace Operating EBITDA stood at \$0.5 million, with an EBITDA margin of 30%.

Marketplace: Revenue was influenced by the earlier timing of Easter holidays in Q3 FY24 compared to Q4 FY23. The timing of school holidays also varied, with earlier holidays in Victoria and Queensland and later holidays in New South Wales and South Australia. Despite these factors, trading was slightly softer than our expectation due to macroeconomic conditions, including the increased cost of living.

Ecommerce: Pet Chemist benefited from a comprehensive marketing and operations structure overhaul that saw a \$0.1 million operating cost benefit in the quarter. Pet Chemist gross margins improved in the quarter due to our focus on medication orders, as well as shipping optimizations and improving supplier relationships. The Waggly segment showed significant year-over-year improvement, driven by enhanced operational effectiveness, a higher proportion of private label products, and reduced marketing investment



The Group has made significant progress in FY24 in reducing Operating EBITDA loss and moving towards cash flow break-even as a result of our focus on our strategic pillars. Unaudited Group Operating EBITDA improved by 3.6 million to (\$1.1) million with the groups operating cash outflow reducing by \$3.5 million to (\$0.5) million.

As we start FY25 we are focused on moving towards profitability and cash flow positive, with the soon to launch brand and customer acquisition campaign facilitated by the SWM non-cash marketing contra we have the right levers to accelerate revenue growth in a profitable way. To further accelerate the progression towards these targets we have executed a rationalisation of our marketplace and ecommerce product and technology teams in July 25, resulting in \$1.4 million in annualised cash opex and capex savings, the group will incur a one off restructuring cost of \$0.2 million in Q1 FY25 as a result of these changes. This is a result of our current tech infrastructure maturing. We are now at a point where we have delivered on some of the bigger technology projects and can focus a smaller team on innovating on the current platform.

Operational highlights

Marketplace

During the quarter, our Marketplace division rolled out a series of strategic initiatives to bolster our platform and capitalize on our leading position in the Australian pet market. Our efforts were focused on owner user experience ahead of our major brand and customer acquisition initiative launching in Q1 FY25. Enhancements included continued improvements across our app allowing user to edit booking, and payment method enhancements. In addition, we released a significant update to one of our major pages, the Sitter Profile, enhancements included fresh look and feel, enriched pricing information and a new photo gallery. Early indications are this key page is performing well with new customer conversion improvement 4% compared to the previous version.

Following on from our data science focus in previous Quarters, we have continued to enhance our search ranking algorithm to optimise the matching of sitters to owners and manage location-based supply and demand. During the quarter we undertook a number of foundational platform investments to support the next generation algorithm which will be fully released later in the year. In addition, the data team released a number of smaller optimisations in the quarter that improved in conversion rates year on year.

E-commerce

Our e-commerce segment has demonstrated substantial progress this quarter, driven by strategic enhancements in both operational and marketing approaches. The recent restructuring of our marketing and operations has realized \$0.1 million in cost savings, improved decision-making capabilities, and fortified our relationships with key suppliers. Notably, our Autoship program is experiencing remarkable growth, with a 108% increase in subscribers year-over-year and a 14% rise quarter-over-quarter.

The in-housing of our development team, announced in Q3 FY24, is advancing through Phase 1 of our digitalization strategy. By integrating advanced technology and AI, we are optimizing warehouse operations and customer support, aiming to significantly boost efficiency and customer satisfaction. We anticipate seeing the benefits of these improvements starting in Q1 FY25.

Outlook

Mad Paws is looking forward to launching our first above the line marketing campaign following the successful completion of the Seven West Media deal. With over \$4.7 million in marketing funds for 1H FY25 (\$2.5 million in non-cash contra), marking a 168% increase from last year, Mad Paws is set to accelerate customer growth in the traditionally strongest growth quarters for the company. Our aim for FY25 has not changed, establish Mad Paws as a household name in the Australian Pet industry.



The Mad Paws Pet Store is now live and we are finalising the last couple of touches to the Mad Paws homepage to be ready for the media campaign in August. It is more than just a new offering; it's the cornerstone of our upcoming brand campaign. Through this initiative, we aim to position Mad Paws as the ultimate destination for pet owners, emphasizing our commitment to keeping pets happy, active, and healthy. This initiative underscores our dedication to serving our customers' needs comprehensively and highlights our commitment to sustainable growth.

As Mad Paws continues to grow its share of the Australian pet market and achieve EBITDA positive trading in the short term, the key areas of focus for the Group and our segments include:

- Brand Campaign
 - August 24 will be the launch of our marketing campaign in corporation with Seven West Media.
 - The campaign will extend well into Christmas trading, the busiest time for the marketplace as well as our retail offerings.
 - Reaching an approximate 2million potential customers before Christmas
- Brand consolidation
 - Finalising our brand consolidation in anticipation of the brand campaign launch in August
 - Single brand focus on Mad Paws, promoting both our services as well as our product offerings under one brand.
 - You can now find the new Mad Paws Pet Store on our homepage Madpaws.com.au-
- Cross-sell and customer acquisition
 - Leveraging data and a centralised CRM to provide personalised offers and solutions for customers.
 - New customer referral system is being released this month – Owner to owner referral
 - New onboarding flow focusing on incentivising customers at the right time moving them along the funnel
 - New channel expansion – new social strategy launched for owner acquisition with very positive initial results
- Pet Chemist
 - Repositioning Pet Chemist around our strongest selling point pet health and wellbeing focusing on higher margin products
 - Driving efficiencies in the warehouse and customer service processes. Focusing on further automation of the prescription process as well as streamlining warehouse operations.

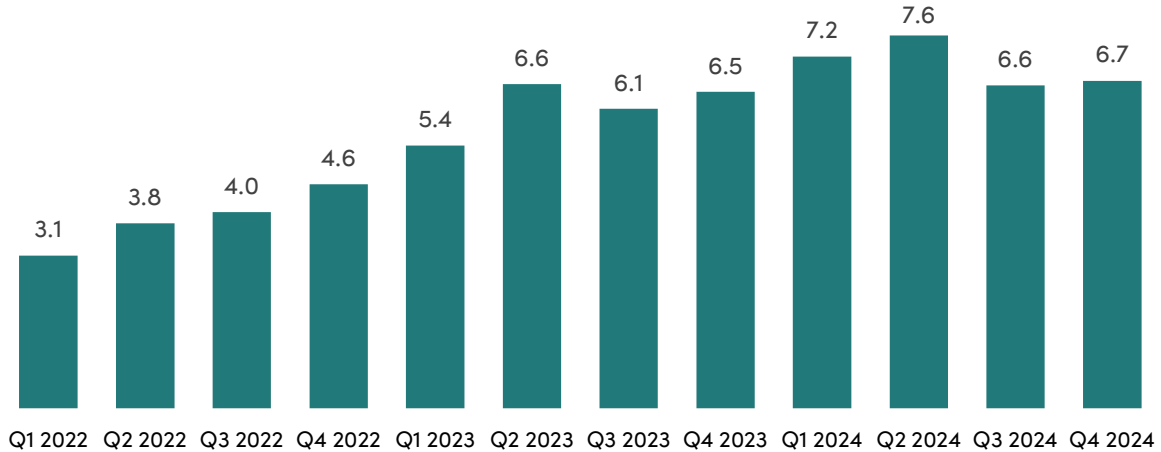
Investor Call details

Mad Paws' CEO, Justus Hammer and CFO Graham Mason are hosting an Investor Webinar at **9.30am AEDT on Thursday, 25th July 2024** to discuss the results of the June 2024 Quarter and the future business outlook. Shareholders and investors wishing to attend the Investor Webinar can register to attend using the link below:

https://us06web.zoom.us/webinar/register/WN_WmKVvhMiQy-OU-2-cZwHIA

Detailed Trading results

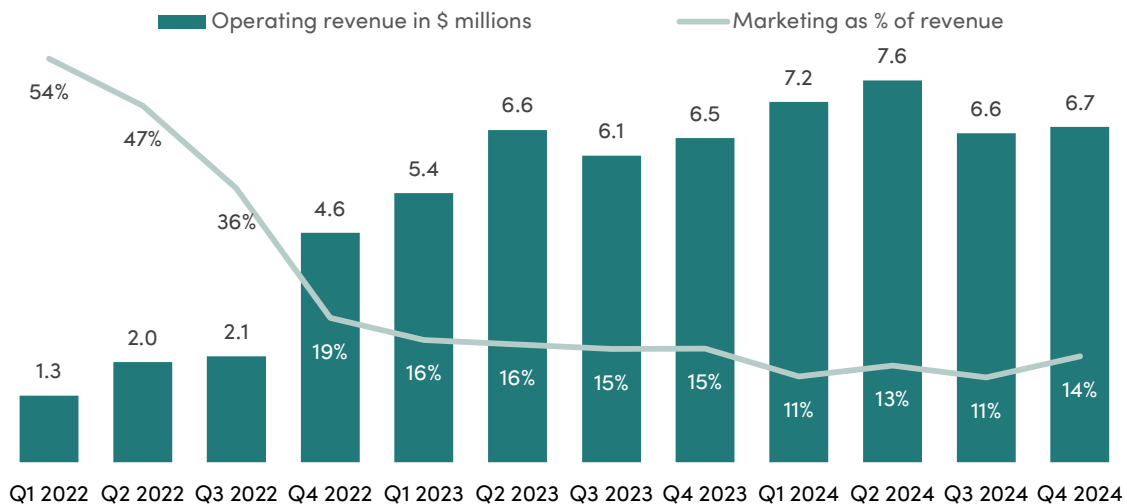
Group Pro-Forma Operating Revenue (unaudited) in millions



Group pro-forma Operating revenue increased 3% on pcp to \$6.7 million in Q4 FY24 (10% excluding Waggly due to focusing on group profitability and lower marketing investment in this business). The lower growth reflects the shift of Easter holidays to Q3 in FY24 compared to FY23. In addition, autumn school holidays for Victoria and Queensland were in Q3 this year vs Q4 last year, with an additional impact from the later winter holidays for NSW and SA that started in July in 2024. Despite the fluctuations in holiday timing we did see softer trading than expected in our marketplace in Q4.

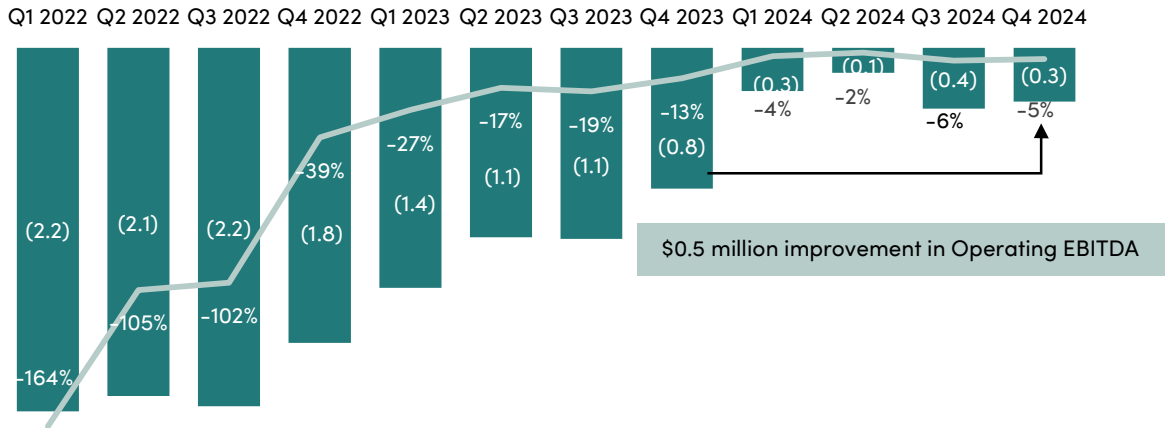
Pro-forma E-commerce revenues were \$4.9 million, up 3% on pcp, 13% pcp excluding Waggly. Pet Chemist revenues increased 16% vs pcp, with new customer growth of 9% and the benefits of range expansion in the period, as well as focussing on our core medication value proposition. Waggly revenue was 41% lower vs pcp due to the lower marketing investment in our subscription offering, we have relaunched our direct to consumer Waggly ecommerce store in the quarter allowing customer more flexibility in how they purchase Waggly products.

Group Marketing as a % of Operating Revenue



Marketing as a percentage of revenue was 14%, down from 15% in the prior corresponding period. The Year-over-Year improvement has been driven by the implementation of data-driven strategies in the Marketplace improving conversion rates. In our E-commerce vertical, continued optimisation activities across Pet Chemist and Sash improved performance in conjunction with the decrease in marketing investment in Waggly.

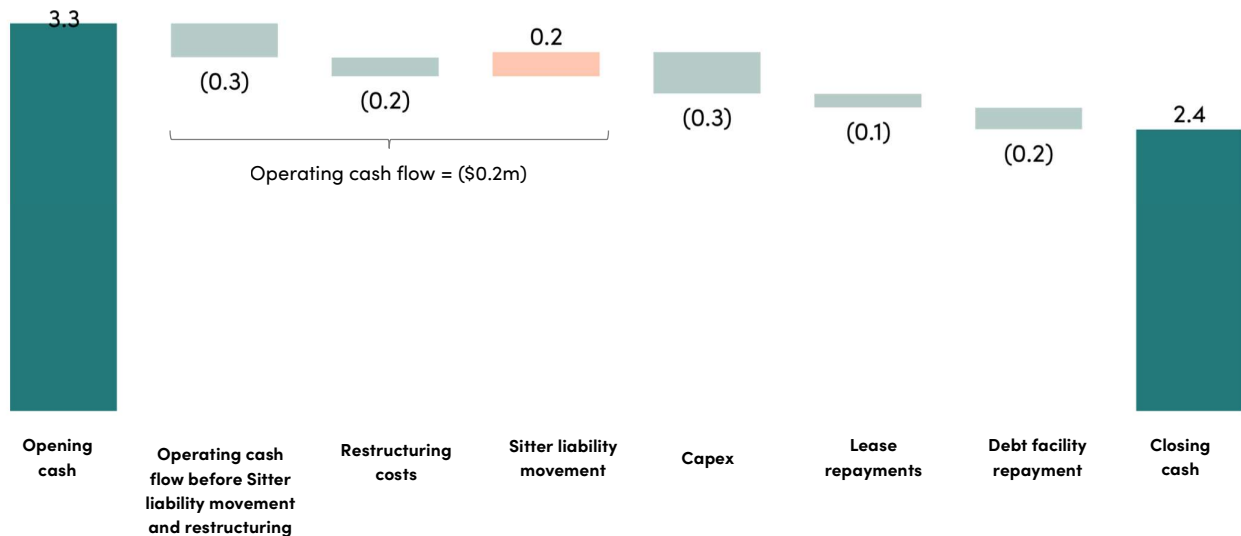
Group Operating EBITDA in \$ millions



In Q4 FY24, Group Operating EBITDA improved to (\$0.3) million, up \$0.5 million from the previous period. Segment Operating EBITDA for Q3 FY24 was positive at \$0.5 million, a \$0.4 million increase, and Ecommerce & Subscription achieved break-even for the first time, marking a \$0.4 million improvement. Marketplace Operating EBITDA was \$0.5 million with a 30% margin. Marketplace revenue was impacted by the timing of holidays and macroeconomic conditions, while Ecommerce saw benefits from a marketing overhaul and cost reductions, with Pet Chemist’s gross margins improving and Waggly showing notable year-over-year progress.

Corporate & Cash flow

Cash flow bridge for the Quarter





Operating cash flow, before considering the sitter liability movement and restructuring costs, was (\$0.3) million, reflecting the continued improvement in the group's operating performance. The Group incurred a \$0.2 million cash restructuring expense related to our marketing and operations overhaul in the eCommerce segment. This resulted in \$0.1 million in offsetting operating expense savings during the quarter, which are expected to continue moving forward. The Marketplace benefits from a favorable working capital cycle, with customers paying for the service upfront and payments to the pet sitters made after the service has been provided. The sitter liability movement was positive by \$0.2 million for the quarter, resulting in a (\$0.2) million negative operating cash flow for the period.

Financing and Investment Activities

Mad Paws continued to invest in key areas of the pet life cycle in the Quarter, with \$0.3m invested in product initiatives in our Marketplace and eCommerce vertical. Specifically, user experience enhancements across the app and desktop, pricing improvements and foundational work for the next generation of our search ranking algorithm. In our eCommerce vertical work was prioritised on digitalisation measures across its warehouse and Customer Experience functions.

During the quarter, Mad Paws repaid \$0.2 million on its borrowing facility, leaving \$0.25 million undrawn at quarter's end. Post-quarter, the Group refinanced its existing facility, replacing it with a \$2.0 million facility with a 36-month term provided by Partners For Growth ("PFG"). This refinancing enables the Group to support brand and customer acquisition, realize the benefits of our cash cost savings plan executed in Q1 FY25, and provide general working capital. Additional details on the facility are available in a separate ASX announcement.

As detailed in Item 6.1 of the accompanying Appendix 4C, this Quarter the Company paid \$71k in relation to the CEO and the Executive Director remuneration and Directors' fees.

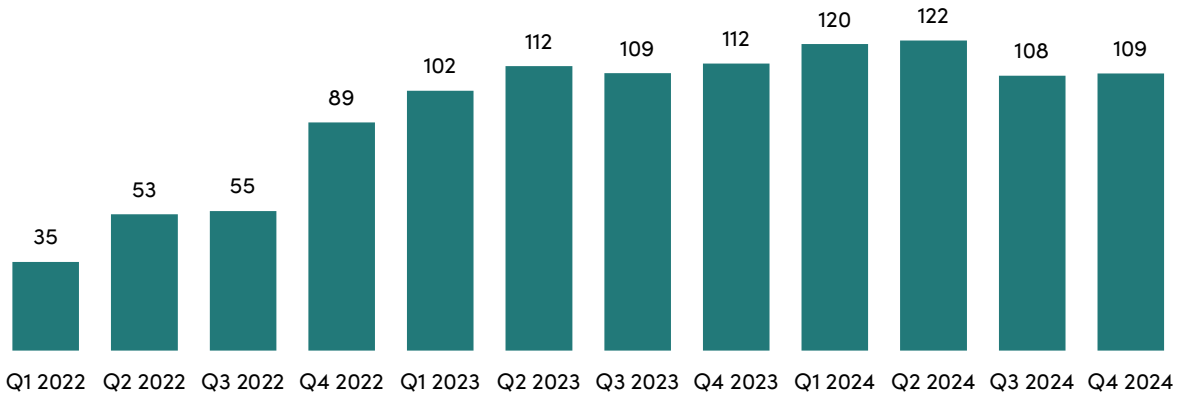
ASX Waiver

The Company received an ASX waiver in February 2022 with regards to Listing Rule 7.3.4 to issue deferred consideration shares to a maximum 15,000,000 ordinary shares no later than 31 December 2024. As at 30 June 2024, there were no deferred consideration shares issued and there are up to 15,000,000 ordinary shares remaining to be issued.

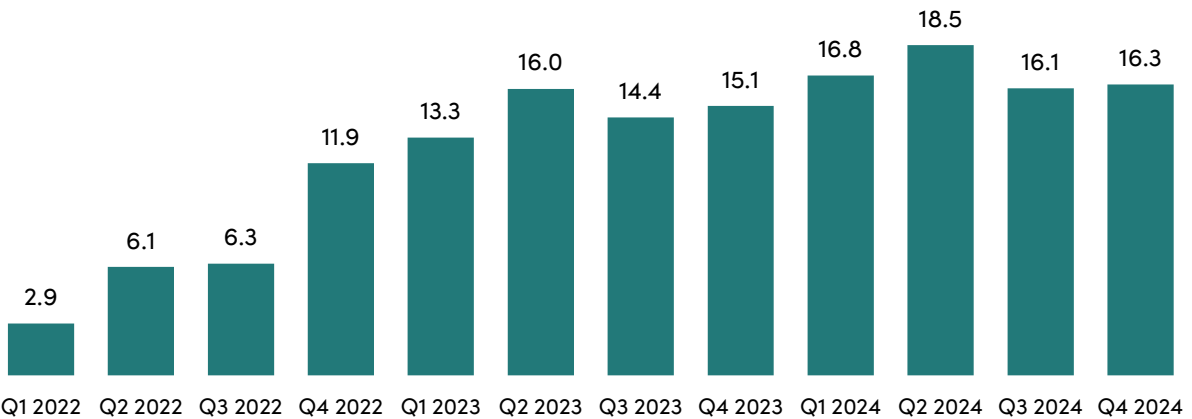
Key performance metrics for the Quarter

Group metrics

Group Bookings/transactions in 000s

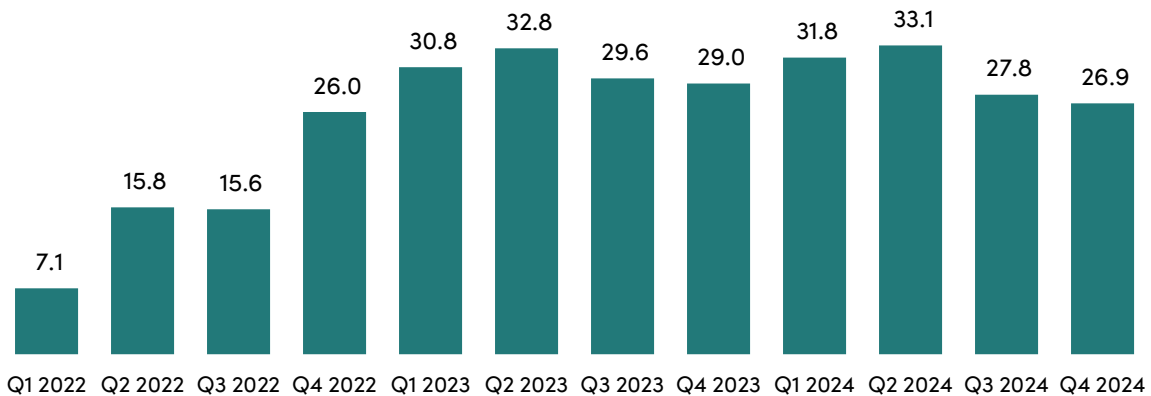


Group Gross Merchandise Value (GMV ¹) in \$ million



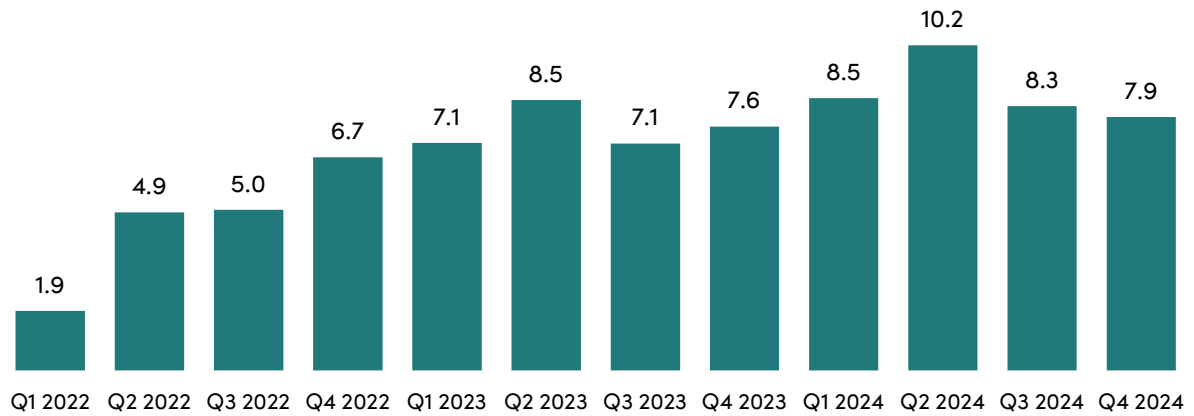
¹GMV is a non-IFRS measure, it represents the total value of transactions processed by All Mad Paws businesses, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.

Group New customers in 000s

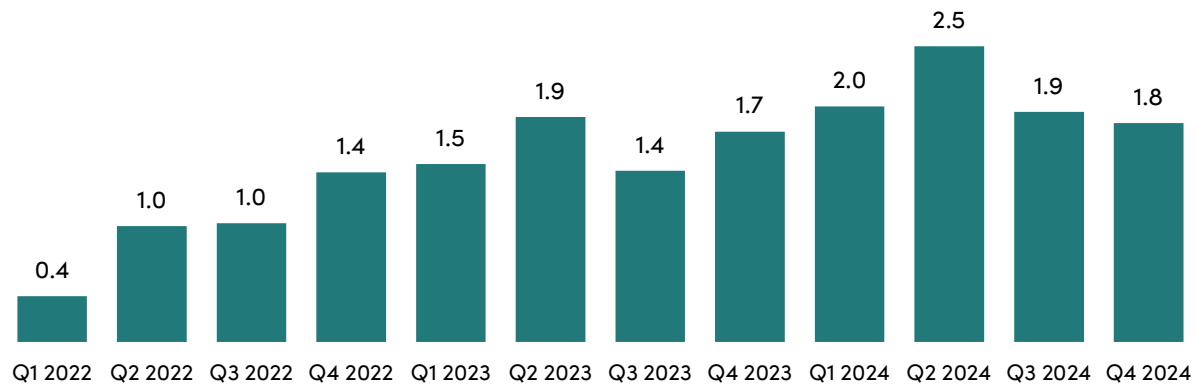


Segment metrics

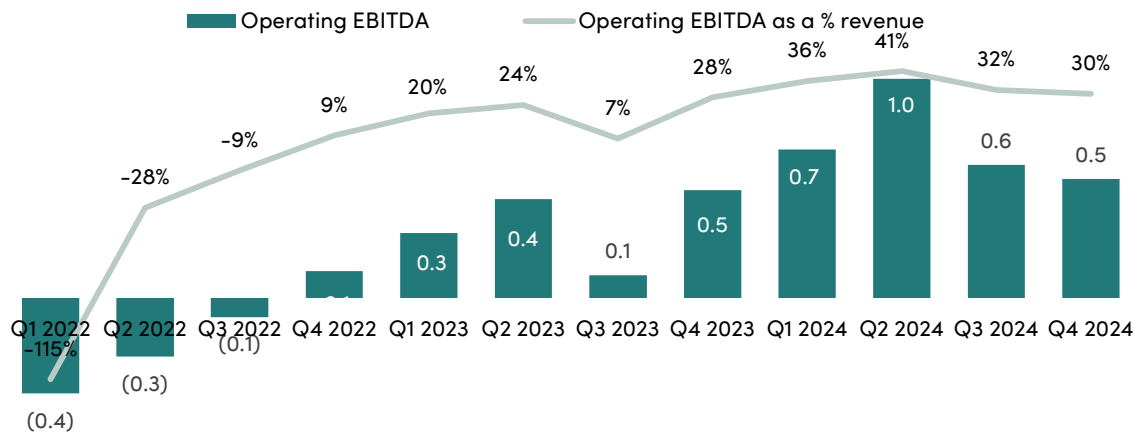
Marketplace GMV in \$ millions



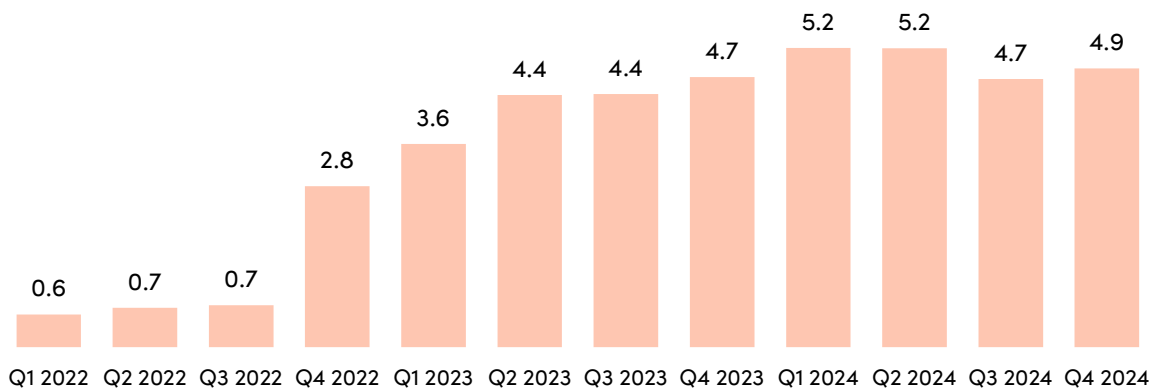
Marketplace Revenue in \$ millions



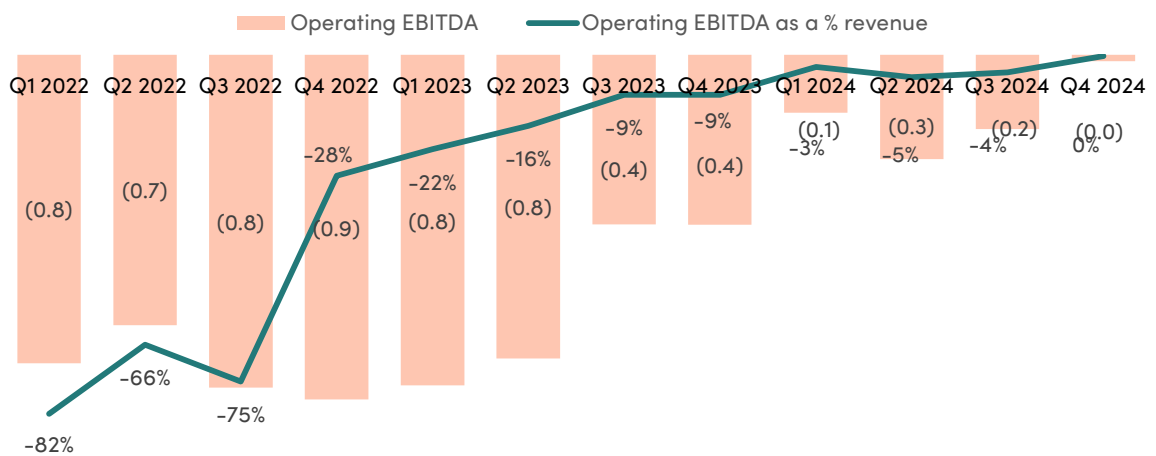
Marketplace Operating EBITDA in \$ millions



E-commerce revenue (Excluding closed Dinner bowl product lines) in \$ millions



E-commerce Operating EBITDA in \$ millions



This announcement was approved for release by the Board of Directors of Mad Paws Holdings Limited

-ENDS-

CONTACTS

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About Mad Paws

Mad Paws operates Australia's leading online pet ecosystem, connecting pet owners with an ecosystem of high-quality services and products.

The Mad Paws pet ecosystem supports over 300,000 active pet owners, facilitating over 400,000 transactions last year, driven by the rapid growth in pet ownership and increased spending on pets in this \$30 billion Australian pet market. The Mad Paws marketplace is the leading online platform for pet owners to book their pet sitting, walking, day care and grooming services, with one of over 55,000 registered pet carers Australia wide. With over 2 million pet care services since inception the Mad Paws pet services marketplace is the leading marketplace of its kind in Australia. Mad Paws also operates an online only e-Commerce division offering pet healthcare, prescription medicine, pet treats and specialty items to improve the every day life of Australian pets, with brands including Pet Chemist, Waggly, Dinner Bowl and Sash beds.

Mad Paws is a purpose driven organisation and exists to enable pets to live their lives to the fullest, supporting owners through all stages of the pet lifecycle.

For more information: www.madpaws.com.au

Forward Looking Statements

This Announcement may contain forward-looking statements, including estimates, projections and other forward-looking information (**Estimates** and **Projections**). Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Mad Paws. The Estimates and Projections are based on information available to Mad Paws as at the date of the Announcement, are based upon management's current expectations, estimates, projections, assumptions and beliefs in regards to future events in respect to Mad Paws' business and the industry in which it operates which may in time prove to be false, inaccurate or incorrect. The Estimates and Projections are provided as a general guide and should not be relied upon as an indication or guarantee of future performance. The bases for these statements are subject to risk and uncertainties that might be out of control of Mad Paws and may cause actual results to differ from the Announcement. No representation, warranty, or guarantee, whether express or implied, is made or given by Mad Paws in relation to any Estimates and Projections, the accuracy, reliability or reasonableness of the assumptions on which the Estimates and Projections are based, or the process of formulating any Estimates and Projections, including that any Estimates and Projections contained in this Announcement will be achieved. Mad Paws takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

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	<u>Non GAAP</u> 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 <u>12 month</u> 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
LTV	Lifetime Value	Lifetime Value = Customer marketplace GMV after cancellations multiplied by take rate % excluding GST for the period from the point the customer was acquired. Lifetime value is taken for a period of up to 7 years where the data is available for that cohort.

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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,328	53,733
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,176)	(40,583)
(c) advertising and marketing	(946)	(3,544)
(d) leased assets	-	-
(e) staff costs	(1,996)	(8,409)
(f) administration and corporate costs	(380)	(1,447)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	21
1.5 Interest and other costs of finance paid	(74)	(248)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(241)	(477)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(4)
(d) investments	-	-
(e) intellectual property	(349)	(1,451)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(349)	(1,455)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,250
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	-	-
3.5 Proceeds from borrowings / working capital	-	750
3.6 Repayment of borrowings	(184)	(380)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other Lease liabilities	(117)	(388)
3.10 Net cash from / (used in) financing activities	(301)	1,232

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,267	3,067
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(241)	(477)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(349)	(1,455)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(301)	1,232
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,376	2,376

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	2,376	3,267
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)	2,376	3,267

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	71
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>Payments in 6.1 relate to CEO, Executive Director remuneration and Director's fees in the quarter</p>		

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	1,000	750
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		250
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.		
<p>Facility provided by Kashcade.</p> <p>Loan fee of 14.50% of the loan principal drawn, future drawdowns loan fees will be 14.50% plus any change in the RBA cash rate.</p> <p>Commitment fee of 1% of the available limit of \$1,000,000</p> <p>12 month term.</p> <p>Post-quarter end, the Group refinanced its existing facility, replacing it with a \$2.0 million facility with a 36-month term provided by Partners For Growth ("PFG"). This refinancing enables the Group to support brand and customer acquisition, realize the benefits of our cash cost savings plan executed in Q1 FY25, and provide general working capital. Additional details on the facility are available in a separate ASX announcement.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(241)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,376
8.3 Unused finance facilities available at quarter end (item 7.5)	250
8.4 Total available funding (item 8.2 + item 8.3)	2,626
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.9
<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?	
<p>Answer: Please note comments in item 7.6 regarding new facility entered into after quarter end.</p>	

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

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.

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:

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.