

Mad Paws Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Mad Paws Holdings Limited
ABN: 39 636 243 180
Reporting period: For the year ended 30 June 2024
Previous period: For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	13.3% to	27,852,811
Loss from ordinary activities after tax attributable to the owners of Mad Paws Holdings Limited	down	3.5% to	(7,216,488)
Loss for the year attributable to the owners of Mad Paws Holdings Limited	down	3.5% to	(7,216,488)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to \$7,216,488 (30 June 2023: \$7,479,316).

Refer to the 'Review of operations' in the Directors' report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.719)	(1.411)

Right-of-use assets and lease liabilities have been excluded from net tangible assets.

4. Control gained over entities

Name of entities (or group of entities) Natures Paw Supplements Pty Ltd
Date control gained 13 October 2023

5. Loss of control over entities

Not applicable.

Mad Paws Holdings Limited
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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Mad Paws Holdings Limited for the year ended 30 June 2024 is attached.

12. Signed



Signed _____

Jan Pacas
Chairman

Date: 29 August 2024

madpaws



ANNUAL REPORT - 2024

Our Purpose

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

Our Vision

To become the leading provider of trusted pet products and services that enhance the health & well-being of all pets.

Acknowledgment of country

The Mad Paws Group acknowledges the Traditional Owners and Custodians of Country throughout Australia. We acknowledge the Gadigal people on whose lands our head office is located, as well as all First Nation Countries we operate across. We pay our respects to Elders past, present and emerging. We recognise their connection to Country and their role in caring for and maintaining Country over thousands of years. May their strength and wisdom be with us today.



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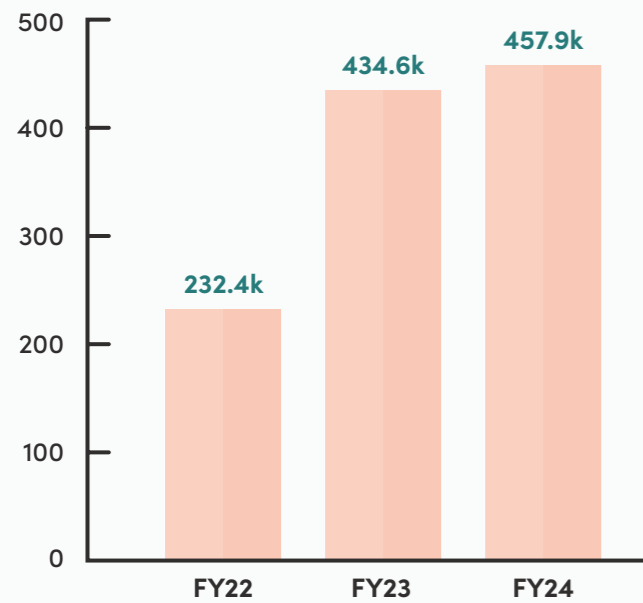


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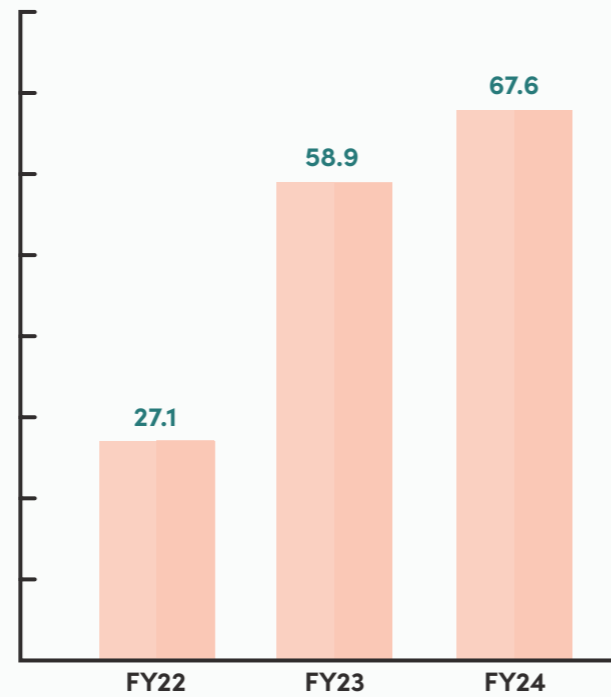
Mad Paws Group FY24 highlights

3-year growth profile

TRANSACTIONS



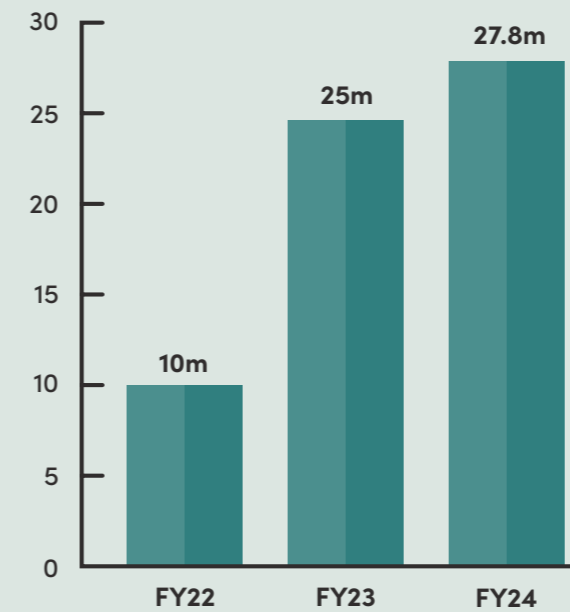
GROUP GMV \$M



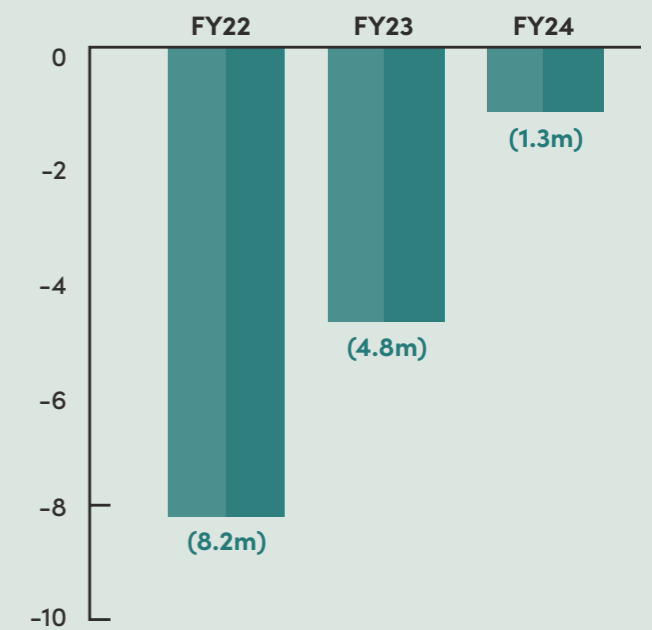
“Our focus on profitability has yielded tangible results, with a substantial reduction in our operating EBITDA loss to \$1.3 million.



GROUP REVENUE



GROUP OPERATING EBITDA





FY24 Performance overview

Resilience & growth

- We delivered growth through execution of our strategy, despite tough operating conditions with cost-of-living and interest rate pressure
- Enhanced use of data science
- Continued investment in platform UX
- Mad Paws app relaunch
- Focus on medication as our point of difference in e-commerce
- Secured investment of \$5.25 million in cash and marketing capital from Seven West Media partnership

Focus on profitability

- Leaner management structure to increase decision velocity
- Improving marketing efficiency through platform enhancements and optimisation initiatives
- Leveraging technology and AI to reduce operational costs across warehouse operations and customer service

Preparation for further growth & profitability

- FY25 savings: With our bigger tech builds finalised this year we were in a position to restructure our marketplace and e-commerce product and technology teams, resulting in \$1.4 million in annualised cash OpEx and CapEx savings in FY25.
- Brand campaign: Mad Paws is preparing for its largest customer-facing media campaign, "Press Paws", launching in August 2024, featuring TV commercials, catch-up TV, and strong social media support.
- Marketplace and e-commerce promotion: "Press Paws" will highlight both our marketplace and e-commerce offerings, supported by the recent launch of the Mad Paws Pet Store, a white-labelled version of the Pet Chemist website.

“This year has been a pivotal one for our company, marked by resilience and an unwavering commitment to delivering value to our customers and shareholders.”

Jan Pacas
Chairman & Co-founder

Mad Paws FY24 at a glance

Mad Paws continues to grow as a market-leading digital platform connecting pet owners with high quality services and products. Driven by continued investment in technology and data science which has enhanced the user experience, which is at the heart of what we do.



madpaws GROUP



Pet Services



e-commerce



QANTAS PARTNERSHIP AND ACCESS TO QANTAS FF

FINANCIAL REVIEW
100
FAST

#5 – 2023 AFR FAST 100

Deloitte.

#16 – 2023 DELOITTE TECH FAST 50

1.25m

PET OWNER EMAIL SUBSCRIBERS



>2m PET CARE SERVICES PROVIDED

FY
24

FY
24

A message from our Chairperson

Dear Shareholders,

It is my privilege to present Mad Paws Holdings Limited's Annual Report for the fiscal year 2024. This year has been a pivotal one for our company, marked by resilience and an unwavering commitment to delivering value to our customers and shareholders.

FY24 has been a year of remarkable achievements despite the challenging economic environment. Mad Paws has continued to thrive, delivering record Group revenue of \$27.8 million, a significant increase from the previous year. This performance underscores our ability to execute our strategy effectively and navigate the complexities of the current market.

Our focus on profitability has yielded tangible results, with a substantial reduction in our operating EBITDA loss to \$1.3 million. This progress is a testament to the strength of our business model and the disciplined approach we have taken to managing our resources and investments. We are not only growing but doing so in a way that positions us for sustainable success in the future.

A key driver of our success this year has been our continued investment in technology and data science. We have made significant strides in enhancing our platform's user experience, which is

at the heart of our value proposition. With some of the biggest technological challenges now behind us—our data and platform integration, single CRM, data-rich pet profiles, and many more—we are now entering a new stage in the journey for Mad Paws: the brand awareness phase.

Our partnership with Seven West Media has been a game-changer for us. Providing us with \$5.25 million in cash and marketing capital, it has set us up to drive brand awareness in FY25 for Mad Paws like never before. This partnership enables us to amplify our brand across multiple channels, reaching a broader audience and building our position as a leader in the pet care industry.

In FY24, we undertook a significant restructuring of our teams, particularly in the marketplace and e-commerce product and technology areas. This restructuring has resulted in \$1.4 million in annualized savings for FY25, a clear indication of our commitment to operational efficiency. By streamlining our operations, we have been able to improve our decision-making and responsiveness to market changes.

Moreover, our focus on marketing efficiency has paid off. By optimising our marketing strategies and leveraging AI, we have reduced costs while enhancing the effectiveness of our campaigns.

“**Mad Paws has continued to thrive, delivering record Group revenue of \$27.8m**”



This approach has not only improved our bottom line but also ensured that we are getting the most value out of every marketing dollar spent.

As we look to the future, we are excited about the opportunities that lie ahead. In August 2024, we will launch our largest customer-facing media campaign to date. This campaign, supported by a \$4 million budget (largely financed through our equity-for-media deal with Seven West Media), will feature TV commercials, catch-up TV, and robust social media initiatives. The campaign will exclusively promote the Mad Paws brand, highlighting both our marketplace and e-commerce offerings.

This campaign is a bold step forward in our journey to make Mad Paws a household name across Australia. It reflects our confidence in the strength of our brand and the value we offer to our customers.

The recent launch of the Mad Paws Pet Store, a white-labelled version of the Pet Chemist website, further enhances our ability to meet the diverse needs of pet owners, from everyday essentials to specialised care products.

As we enter FY25, our commitment to excellence remains as strong as ever. We will continue to focus on expanding our services, driving operational efficiencies, and enhancing customer loyalty. Our strategic initiatives and technological advancements will guide us toward our long-term growth objectives, ensuring that we continue to deliver value to our customers and shareholders alike.

I would like to take this opportunity to thank our loyal customers, dedicated employees, and supportive shareholders. Your trust and commitment are the foundation of our success. Together, we will continue to build on our achievements, creating lasting value for all stakeholders and ensuring that Mad Paws remains at the forefront of the pet care industry.

Thank you for your continued support.

Jan Pacas
Chairman & Co-founder

“Our marketplace continues to be a cornerstone of our business, with GMV reaching \$34.9 million, a 15% increase year-over-year.”



CEO letter

Dear Shareholders,

At Mad Paws, our unwavering mission to empower pets to live their lives to the fullest continues to be the guiding force behind everything we do. As we reflect on FY24, I am proud about how we have navigated a year of challenges and opportunities with resilience, strategic focus, and a deep commitment to our customers, their pets, and our shareholders.

This fiscal year has been marked by continued growth and critical advancements, even in the face of economic headwinds. Despite the pressures of rising costs and an uncertain retail environment, Mad Paws delivered a record Group revenue of \$27.8 million, representing a 13% increase from FY23. We also made significant steps towards profitability, reducing our operating EBITDA loss to \$1.3 million compared to \$4.8 million loss in FY23 – a remarkable achievement considering the challenging market conditions especially in the second half of the year.

Our marketplace continues to be a cornerstone of our business, with GMV reaching \$34.9 million, a 15% increase year-over-year. This growth is a testament to the effectiveness of our platform enhancements, strategic marketing initiatives, and the unwavering trust our customers place in us. Meanwhile, our e-commerce segment reported a revenue increase of 10%, totalling \$19.97 million. Taking Dinner Bowl and Waggly out of the equation, the growth for the e-commerce segment actually sits at 16% year on year.

This performance highlights the strength of our diversified revenue streams and our ability to adapt to evolving consumer needs.

In FY24, we made significant investments in technology and user experience, which are central to our strategy for long-term success. Our successful app relaunch, featuring an enhanced user experience tailored to better meet customer needs, has been pivotal in driving customer engagement and retention. Alongside ongoing UX improvements, this relaunch contributed to a 6.63% increase in our bottom-of-funnel conversion rate. Our focus on organic growth has paid off, with an 83.31% increase in weekly sitter applications, enabling us to transition entirely to organic sitter acquisition.

Last but not least, we have launched Mad Paws Pet Store. We now have a single platform to offer our customers a single destination for all things Pet Care and Health.

Moreover, signing our strategic partnership with Seven West Media provided us with \$5.25 million in cash and marketing contra for FY25. This partnership will be instrumental in expanding our brand presence across multiple channels, enabling us to reach new audiences and strengthen our brand recognition as a leader in the pet care industry.

Continuous improvement in product experience and data science has enabled us to build one of Australia's richest pet datasets. With unique data points approaching 7 million and a remarkable

year-over-year growth rate, we are delivering personalised products and services tailored to the specific needs of each individual and their pets. Notably, the number of unique customers with 50 plus high-value data points has surged by over 130% year on year, underscoring our deep understanding of pets and animal lovers, their needs, and motivations.

Our journey towards profitability has also been driven by a relentless focus on operational efficiency and cost management. At the end of FY24, we undertook a strategic restructuring of our marketplace and e-commerce product and technology teams, resulting in \$1.4 million in annualized savings for FY25. We were able to execute on this restructuring because we have reached a level of maturity for our platform where we are switching from building our platform to innovating on it.

Additionally, we have optimised our marketing strategies to improve efficiency and worked on automating as much of our process as possible. By leveraging AI and advanced analytics, we have been able to reduce operational costs across our warehouse and customer service functions, further enhancing our bottom line.

Looking ahead, we are preparing for one of the most ambitious initiatives in our company's history—our largest customer-facing media campaign, set to launch in August 2024. This campaign will feature a combination of TV commercials, catch-up TV, and strong social media support, exclusively promoting the Mad Paws brand. Our goal is to highlight both our marketplace and e-commerce offerings, reinforcing our commitment to becoming the premier destination for all pet care and health needs.

This media campaign is more than just an advertising push; it represents the culmination of our efforts to build a cohesive and powerful brand that resonates with pet owners across Australia. Supported by the recent launch of the Mad Paws Pet Store, a white-labelled version of the Pet Chemist website, this campaign will showcase the breadth and depth of our offerings, from pet sitting and walking services to a wide range of pet products in the health space.

As we move into FY25, our focus will remain on sustainable growth, operational excellence, and customer loyalty. We will continue to expand our core services and products, ensuring that we meet the evolving needs of our customers while driving long-term value for our shareholders. Our commitment to leveraging technology and data to enhance the customer experience will remain central to our strategy, as will our efforts to optimise our operations and improve profitability.

I would like to express my deepest gratitude to our customers, partners, employees, and shareholders. Your continued support and trust in Mad Paws are what enable us to thrive in this exciting industry. Together, we will continue to empower pets to live their best lives, and in doing so, we will create lasting value for all our stakeholders.

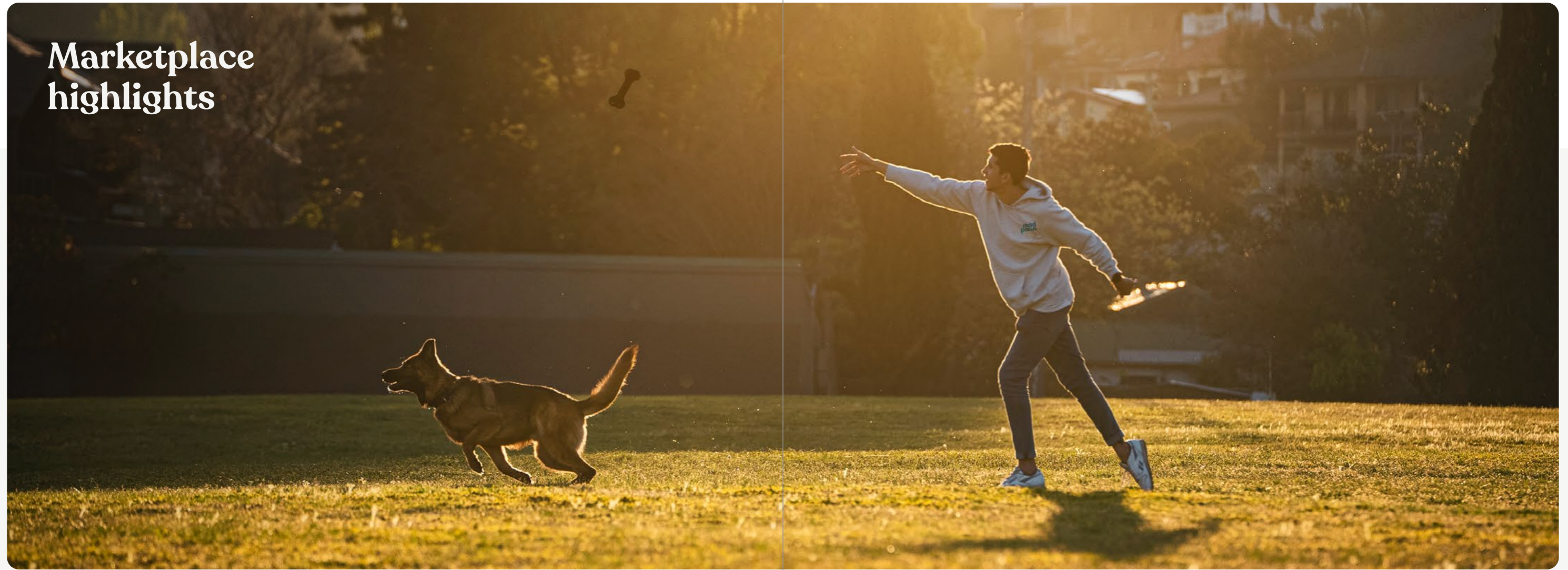
Sincerely,

Justus Hammer

CEO

“As we move into FY25, our focus will remain on sustainable growth, operational excellence, and customer loyalty.”

Marketplace highlights



FY 24

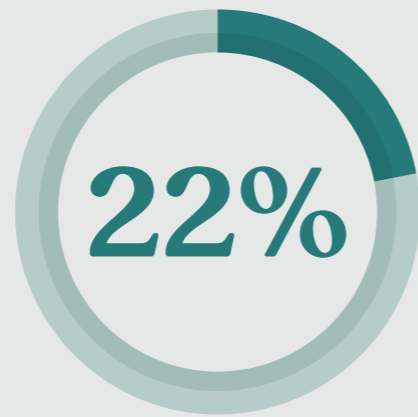
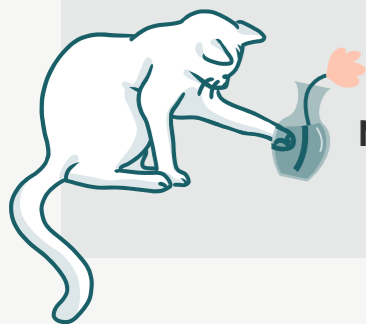
FY 24

180,700

Bookings +8%

46,100

New customers +1%



22%

marketing as % of revenue vs. 26%

\$34.9m

GMV +15%

\$7.8m

Revenue +20%



\$2.6m

Operating EBITDA +98%

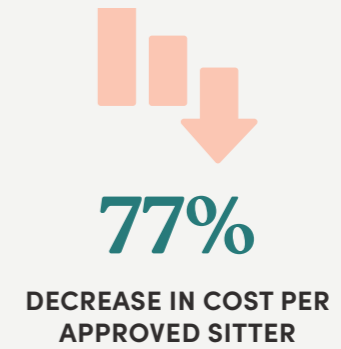
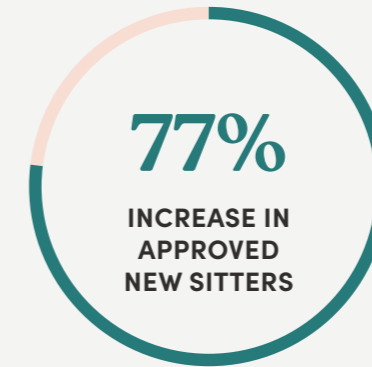
Marketplace review

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

FY 24

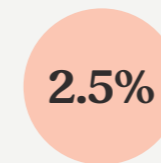


PLATFORM ENHANCEMENTS DRIVE INCREASE IN SITTER SUPPLY

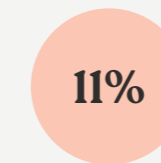


DATA SCIENCE AND MACHINE LEARNING IMPROVE CONVERSION RATE

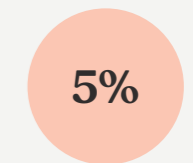
Search ranking algorithm improves owner-sitter matching and overall platform experience.



CONVERSION RATE INCREASE IN Q1



CONVERSION RATE INCREASE IN Q2

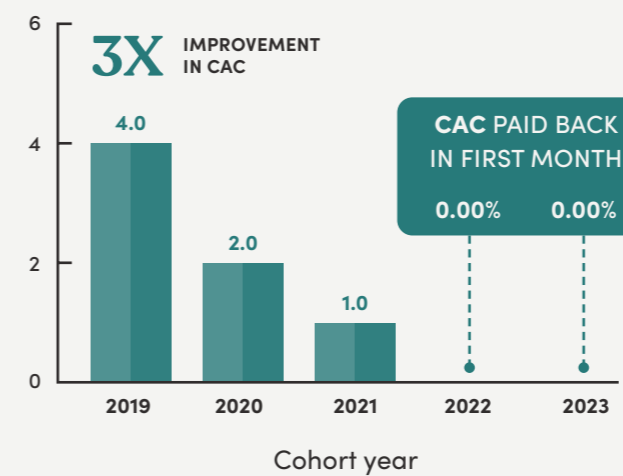


CONVERSION RATE INCREASE YEAR-ON-YEAR IN Q3

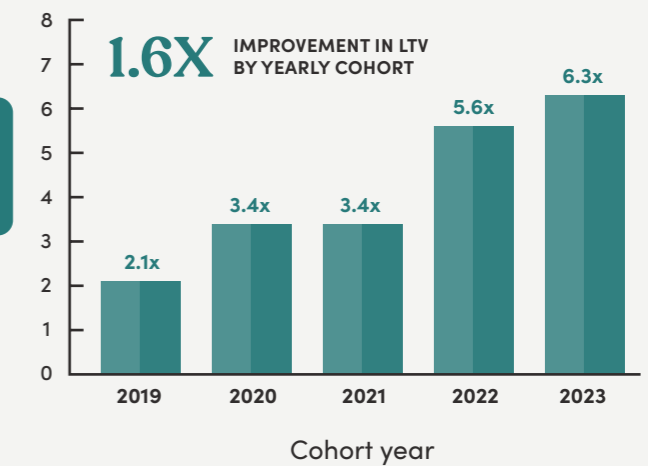
PLATFORM INVESTMENT DRIVES STRONG IMPROVEMENT IN UNIT ECONOMICS

We saw significant improvements in Lifetime Value (LTV) and Customer Acquisition Cost (CAC).

ACQUISITION PAYBACK IN MONTHS



LIFETIME VALUE TO CAC RATIO*



FY 24



E-commerce highlights

\$19.97m

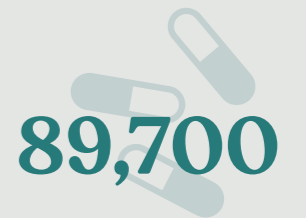
Revenue

+10%, +16% excluding closed Dinner Bowl lines



Total orders

+7% excluding closed Dinner bowl lines



Medication orders

+25.9% YoY

\$32.7m GMV

+14%, 18% excluding closed Dinner bowl lines



Operating EBITDA

+77%



Autoship customers

+108%

FY
24FY
24

E-commerce review

Substantial improvement in financial performance driven by strategic, operational and marketing enhancements

Better operational efficiency

We optimised warehouse operations and customer service processes, reducing order-to-despatch times, lowering minutes per order, and improving customer satisfaction. The in-housing of our development team, announced in Q3 FY24, was a key enabler, allowing us to deploy proprietary technology and AI tools effectively. We are progressing through Phase 1 of our digitalisation strategy. By integrating advanced technology and AI, we aim to significantly boost efficiency and further enhance customer satisfaction. We expect to realise these benefits in early FY25.

Capacity & range expansion

We expanded the product range and distribution capabilities at Pet Chemist by moving into a larger warehouse space.

We also broadened our private label product offerings, with 90% of all toy subscriptions now consisting of private label toys. Additionally, we launched our first private label product in health supplements and introduced several product extensions and new items in the Sash beds range.

Improved customer acquisition cost

Record marketing efficiencies were achieved as a result of optimisations to our marketing mix and spend, as well as cross-sell.

We phased out low-margin external marketplace channels, focusing on high-return affiliate and search channels.

Strategic focus on Autoship growth

Our Autoship program experienced remarkable growth, with a 108% increase in subscribers year-over-year.

The expansion of our Autoship subscriber base and product offerings at Pet Chemist has driven significant growth in recurring revenue. In FY25, we plan to add more products, including an extension into pet medication, further assisting our customers in providing the best care for their pets.

“**E-commerce delivered a \$1.96 million improvement in Operating EBITDA to (\$0.6) million**”

Environmental, social and governance

Embarking on a more sustainable future

Sustainability is one of our core business pillars. We're 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. By 2025, we aim to neutralise our carbon emissions and offset what we cannot eliminate.

What we achieved:

In January of 2024 we installed solar panels at our Tweed Heads Warehouse. We have installed 39.6kW of capacity. After installation our power consumption has dropped by 85%, and we have fed 6.7MWh back into the grid. That's enough energy to power around 1200 homes!

What it means for our footprint:

This is a significant step in our sustainability strategy by decreasing our carbon footprint and reducing the amount of plastic that we use with carbon neutral satchels and packaging tape.

What's next?

- **Improved waste management:** Reviewing how we manufacture, process and pack our products, and making in-roads in reducing unnecessary elements.
- **Partnerships:** We've begun working with our strategic partners to find better methods and processes that are inherently more sustainable.
- **Manufacturing & Packaging:** This makes up the largest portion of our footprint, so we're already testing and trialling new materials to make our products from.
- **Packaging:** We have been exploring partnerships and alternate packaging methods that have a reduced carbon footprint and are made from recycled materials and/or are biodegradable.

Inclusion & diversity

Mad Paws is committed to providing a workplace underpinned by respect in all circumstances. A proud LGBTQIA+ inclusive organisation, fair play and equal opportunities are in our DNA. This same sentiment applies to gender, where there is a conscious effort to empowering and championing for more women in leadership.

“We strive to create an environment of authenticity, respect and inclusion. A place where people can focus on solving real challenges rather than spending time trying to fit in.”

Justus Hammer
CEO




12016

The number of trees planted across the Mad Paws Group.

90%

The percentage of carbon we've offset to date for the Mad Paws Group.

8hrs

The number of hours we offer every employee yearly, to spend giving back to the community.



64%
Female workforce
48 Australia,
44 Philippines, 8 Other


2025

The year that the Mad Paws family of brands plan to offset 100% of their emissions.





FY
24

FY
24

Commitment to culture

With staff working in different locations and timezones, commitment to culture is a key driver in ensuring community. Our 'Culture Club' meet monthly to identify areas of opportunity or improvement.

Built into the state of play for employees are regular 1:1s with their immediate Manager, and 360 degree performance reviews. Plus, support for staff wellbeing through 'bad hair days', pawternity leave and charity leave.

Based on virtual hi-5s shared on our central communication platform, one employee is recognised each month and is gifted a \$50 voucher for their high performance, as voted by their peers.

Through continuous focus and improvement in employee culture, our Employee Net Promoter Score improved from 25 to 37 in the 12 months to June 24.

Mad Paws & Endeavour Foundation

Mad Paws, through its private label brand Waggly Snacks, works with the Endeavour Foundation to package its pet treats at their facility in Melbourne.

The Endeavour Foundation provides services to people with intellectual disability who need support at home, work and in daily life.

Additionally the Endeavour Foundation provides certified, first-class packing solutions with a focus on quality, safety and reliability.

The jobs that the Endeavour Foundation provides as part of its packing facility are a crucial part of creating an inclusive community for people with disability.

So when buying Waggly Snacks from Pet Chemist or the Mad Paws Store, you are also helping people with disability to stay in jobs they love.

Information security

As part of our ongoing and deepening partnership with our primary IT infrastructure supplier, we've undertaken 'well-architected' reviews of our infrastructure and business practices to ensure we maintain an appropriate level of security by design.

Furthermore, to ensure the highest level of protection, we have implemented a third-party

secure Software-as-a-Service (SaaS) platform to store all customer identity document scans.

It employs a range of advanced security measures, including encryption, access controls, and regular security audits, to safeguard your data against unauthorised access or breaches.

“Recognised for its best-in-class cybersecurity practices, this platform has been specifically designed to meet rigorous security standards and provides an additional layer of protection for sensitive information.”

Phil Douglas
CIO Mad Paws



Launching our first above-the-line brand campaign: “Press Paws”

Mad Paws is excited to launch our first ever above-the-line (ATL) brand campaign. Designed to elevate our brand presence and reach a broader audience, it will be broadcast across multiple platforms, including TV and social media.

The objective is to showcase the unique and invaluable benefits of Mad Paws pet care services.

The campaign creatively highlights the humorous, lighthearted, and sometimes challenging moments of pet ownership.





The “Press Paws” moment

Our brand platform is centred around the concept of a “Press Paws” moment—a playful twist on the idea of pressing pause. The campaign creatively highlights the humorous, lighthearted, and sometimes challenging moments of pet ownership.

In these ads Mad Paws offers a solution, providing reliable and trusted pet sitting services that allow Pet Owners to take a break, knowing their pets are in good hands.

A game-changing investment

To bring the campaign to life and amplify it across multiple channels, we are leveraging an investment of \$5.25 million by Seven West Media.

- \$1.25 million in cash
- \$4 million in media spend

Maximising reach & engagement

The campaign will be prominently featured on the Seven West Media network, including Channel 7’s linear TV and Broadcast Video on Demand (BVOD) services.

To maximise reach and engagement, we will also execute a substantial paid performance marketing strategy across Meta, TikTok, Google, and YouTube.

Engaging with our community:

In conjunction with “Press Paws”, we’re launching a social media extension campaign that encourages all pet owners to share UGC for their chance to WIN in over \$30,000 in prizes. It invites Pet Owners nationwide to share photos, videos, and stories of their pets at their most mischievous. Participants will have the chance to win major prizes and have their naughty pet star in our next campaign.

This dual-pronged approach aims to raise brand awareness and foster a deeper connection with our community, celebrating the joy and humour of pet ownership. By engaging Pet Owners in a fun and relatable way, we reinforce Mad Paws’ position as the go-to solution for pet care services in Australia.

“To maximise reach and engagement, we will also execute a substantial paid performance marketing strategy across Meta, TikTok, Google, and YouTube.”



Targeting key customer personas with “Press Paws”

The “Press Paws” campaign is thoughtfully crafted to resonate with a diverse range of Pet Owners, solving their unique needs and concerns. By focusing on specific personas, we aim to connect with our audience on a personal level, showcasing how Mad Paws can simplify and enhance their pet care experiences.

The strategy aims to widen the net and promote our range of solutions beyond our core offering of pet sitting/hosting, highlighting our breadth of services and product solutions.

FY 24



Persona 1: The time-poor parent

This is the busy parent who often finds themselves solely responsible for the family pet. The persona represents individuals who juggle multiple responsibilities and may feel overwhelmed by the additional burden of pet care.

Our ad highlights relatable scenarios where the family isn't pulling their weight, leaving one parent to manage everything. Mad Paws steps in as the perfect solution, providing dependable pet sitting services such as dog walking.



Persona 2: The modern professional

Targeting career-focused individuals aged 30 and above, this audience has a lifestyle that allows them to invest in high-quality care for their pet. Between travel (for work and play) and a vibrant social life, they seek out dedicated and personalised care for their pets instead of relying on friends and family. By choosing Mad Paws, they can ensure their pets receive professional and loving care, giving them peace of mind while they're away.

FY 24



Persona 3: Owners of pets with health issues

Over 31% of pets profiled on the Mad Paws platform have health issues, so we also address the needs of Pet Owners managing their pet's medical conditions. The most common health issue we encounter is atopic dermatitis, which often requires regular medication. Our third TV ad creatively illustrates the challenge and inconvenience when Pet Owners forget to order their pet's medication, emphasising the importance of timely and reliable care. Mad Paws/Pet Chemist ensures that pets receive this medication in time, alleviating stress for both the pet and the Owner.

Directors report



Mad Paws Holdings Limited Directors' report 30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Mad Paws') consisting of Mad Paws Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024 (the 'FY2024').

Directors

The following persons were directors of Mad Paws Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Jan Pacas
Justus Hammer
Joshua May
Michael Hill
Vicki Aristidopoulos
Howard Humphreys

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- the provision of an online pet platform, making the process of owning and caring for a pet more accessible, convenient and cheaper. The Group's platforms enable pet owners to find pet sitters who provide pet board and other services;
- the distribution and sale of pet food as well as toys and treats; and
- the provision of an online pet business focused on health care related products.

Review of operations

The loss for the Group after providing for income tax amounted to \$7,216,488 (30 June 2023: \$7,479,316).

FY2024 was a year of consolidation for the Group, marked by market resilience, continued growth, and a significant improvement in Group Operating EBITDA compared to FY2023.

The Group's strategy to build 'the' destination for trusted, convenient, and best-in-class pet care continued to gain traction. Despite a challenging operating environment, the Group successfully connected pet partners with the products, services, and support they need to raise healthy, happy pets.

In FY2024, the Group achieved a number of operational milestones supporting the financial results reported:

- The marketplace division focused on improvements to the experience for our pet owners as this provides a significant opportunity to increase booking growth in a cost-efficient manner. Key enhancements include broader payment options, Google login and improved mobile app experience;
- In our marketplace division we redesigned the sitter application process to remove conversion blockers and friction, applied data science to target sitter acquisition where demand and supply are not in equilibrium, and launched localized marketing campaigns to acquire sitters in the right areas;
- The marketplace team continued to enhance the search ranking algorithm or SRA during the year which saw conversion rate improvements between 2.5% to 11% compared to the pre change performance. Changes focussed on the introduction and regular iterations of machine learning models as well application of the SRA at service type level;
- The e-Commerce division vastly increased the number of private label products offered, with resulting increases in margins, repeat customer order rates and average basket size. This included a number of products in the Sash and Waggy ranges, the latter now almost entirely Mad Paws products;
- In the e-Commerce division, Pet Chemist underwent a major operational upgrade with a move to a much larger, integrated operating hub, warehouse and distribution centre, completed in early July 2023;
- In the e-Commerce division, we improved our customer acquisition costs through website optimisations, improved marketing channel mix and the phasing out of low margin external marketplace channels and a focus on new medication customers;
- In both our marketplace and e-Commerce divisions we rolled out new tools leveraging new AI functionality across our customer service and experience teams. This enabled us to service transactional growth with a consistent team size as well as improving the customer experience;
- In the e-Commerce division, our Pet Chemist team expanded our AutoShip subscriber base, which increased 108% in FY2024;
- Across the Group we implemented a number of technology initiatives across our hosting and messaging infrastructure which drove a number of cost and operational efficiencies across the year. This resulted in Group technology costs as a % of revenue reducing to 6% in FY2024 a 12% improvement compared to FY2023;
- Launched the commercialization of our Links data-base with a number of pet product and service partners in FY2024, delivering \$0.3 million in revenue; and
- Secured \$5.25 million strategic investment from Seven West Media (SWM) enabling us to build a strong brand platform to make Mad Paws a household name.

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Group Financial Performance

Group Operating P&L	FY23 \$'000	FY24 \$'000	Change \$'000	Change %
Marketplace	6,516	7,820	1,304	20%
Ecommerce & Subscription	18,099	19,970	1,871	10%
Operating revenue	24,615	27,790	3,175	13%
Direct costs	(13,755)	(14,708)	(953)	(7%)
Gross margin	10,860	13,082	2,222	20%
<i>% of revenue</i>	<i>44%</i>	<i>47%</i>		
Marketing	(3,841)	(3,444)	396	10%
Employment costs	(6,285)	(5,574)	711	11%
Other opex	(1,956)	(2,020)	(64)	(3%)
Segment Operating EBITDA	(1,221)	2,044	3,265	267%
<i>% of revenue</i>	<i>(5%)</i>	<i>7%</i>		
Central corporate costs	(3,540)	(3,324)	216	6%
Group Operating EBITDA	(4,761)	(1,280)	3,481	73%
<i>% of revenue</i>	<i>(19%)</i>	<i>(5%)</i>		
Non-operating and non-cash items	(2,969)	(6,185)	(3,216)	(108%)
Loss before income tax benefit	(7,730)	(7,465)	265	3%
Income tax benefit	251	248	(3)	(1%)
Loss after income tax benefit	(7,479)	(7,217)	262	3%
Group Key Performance Metrics				
GMV ² \$'000s	58,854.2	67,595.5	8,741.3	15%
Bookings/Transactions 000s	434.6	457.9	23.3	5%
New Customers 000s	122.3	119.7	(2.6)	(2%)

¹ In the MPA Group operating P&L, promotional \$ off offers are added back to revenue and treated as a marketing expense a reconciliation is detailed below to their statutory treatment.

² Gross 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.

As a result of the growth strategies initiated, the FY2024 Operating revenue increased by 13% to \$27.8 million, with marketplace revenue increasing 20% to \$7.8 million and the e-Commerce division revenues increasing 10% to \$19.97 million. Revenue growth coupled with cost optimisation strategies across gross margins, marketing and operational costs resulted in a continued improvement in Group Operating EBITDA which improved by 73% or \$3.5 million to (\$1.28) million in FY2024.

In FY2024, the Gross Margin increased by 2.2 million to \$13.1 million, a 20% improvement versus FY2023. The Group's Gross Margin was 47%, an increase of 3 percentage points compared to FY2023. Marketplace gross margins improved 1 percentage point due to the implementation of a new payment gateway partner in August 2023 which reduced merchant fee costs from leveraging the increased scale of the Group. E-Commerce gross margins improved by 2 percentage points due to the closure of the raw and lightly cooked product lines in Dinner bowl during FY2023, the expansion of private label toys in Waggly subscription boxes and stronger gross margins in Pet Chemist.

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The FY2024 Group Operating EBITDA was (\$1.28 million), an improvement of \$3.5 million from FY2023. The directors consider operational EBITDA to reflect the core earnings of the Group. 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 Group has outlined its performance under this metric and provided a reconciliation to the reported loss after tax in the results summary below and in note 4.

In FY2024, the Group continued significant strides towards positive Group Operating EBITDA, led by Group's profitable focus across all segments and focusing on the key strengths of the business.

The improvement in FY2024 Group Operating EBITDA was driven by the following factors:

- **Resilience and Growth:** Despite challenging operating conditions, including cost of living pressures and interest rate impacts on retail and travel spending, we successfully delivered growth by executing our strategic initiatives. We enhanced our use of data science, continued to invest in platform UX, and relaunched our app. A key focus in our eCommerce segment has been on medication, distinguishing us from competitors.
- **Focus on Profitability:** We streamlined our management structure to accelerate decision-making and improved marketing efficiency through platform enhancements and optimisation initiatives. By leveraging technology and AI, we significantly reduced operational costs in both warehouse management and customer service. In addition, the Group exited unprofitable Dinner bowl products lines during FY2023 with the full year impact being realised in FY2024.
- **Group EBITDA Margins improved to (5%), compared to (19%) in FY2023, including:**
 - Marketplace division EBITDA margins increased to 34% from 20% in FY2023, delivering \$2.6 million positive EBITDA or a 98% improvement versus FY2023.
 - e-Commerce EBITDA loss improved to (\$0.6) million, a 77% improvement on FY2023, resulting from the full year impact of the closure of loss-making Dinner bowl product lines, improved gross margins across the organisation and revenue growth.
- **Central and corporate costs were reduced by \$0.2 million, reflecting a 6% year-over-year decrease. This reduction was achieved through a focus on prudent cost management, optimising both corporate headcount and overhead structure.**

Non-operating and non-cash items

Non-operating items increased by \$3.2 million in FY2024. Key drivers of the increase include a non-cash goodwill impairment charge of \$2.2 million on our Waggly cash generating unit (CGUs) due to higher interest rates increasing discount rates as well as the Group's focus on achieving profitability in the short term. In addition, share based payment expenses increased \$0.6m due to the issuing of options to staff in lieu of performance bonuses and higher salary sacrifice amounts across FY2024.

Depreciation and amortisation expenses increased due to the higher amortisation expenses on new right-of-use assets associated with the larger Pet Chemist warehouse and distribution facility.

Finance costs were \$0.2m higher due to financing costs associated with the Kashcade financing facility as well as higher lease liability interest costs from the larger Pet Chemist warehouse and distribution facility.

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	FY23 \$'000	FY24 \$'000	Change \$'000	Change %
Group Operating EBITDA	(4,761)	(1,280)	3,481	73%
<i>Non-operating and non-cash items</i>				
R&D rebate	69	-	(69)	(100%)
Capital raising costs	(146)	(52)	94	64%
Share-based payments expense	(525)	(1,125)	(600)	(114%)
Deferred consideration - linked to remuneration	121	2	(119)	(98%)
Impairment of assets	(557)	(2,214)	(1,657)	(298%)
Restructuring expenses	-	(206)	(206)	-
Other non-operating items	(24)	(71)	(47)	(195%)
Reported Group EBITDA	(5,823)	(4,946)	877	15%
Depreciation and amortisation expense	(1,874)	(2,277)	(404)	(22%)
Interest revenue	28	17	(11)	(40%)
Finance costs	(61)	(259)	(198)	(324%)
Loss before income tax benefit	(7,730)	(7,465)	265	3%
Income tax benefit	251	248	(3)	(1%)
Loss after income tax benefit	(7,479)	(7,217)	262	3%

Segment performance overview

The Group's core segments being the Marketplace division (for pet sitting and related services) and the e-Commerce division (for pet products sold under the Pet Chemist, Waggly, Sash and Dinner bowl brands) are reported below.

Marketplace division

	FY23 \$'000	FY24 \$'000	Change \$'000	Change %
Marketplace P&L				
Operating revenue	6,516	7,819	1,303	20%
Direct costs	(404)	(412)	(8)	(2%)
Gross margin	6,112	7,407	1,295	21%
<i>% of revenue</i>	<i>94%</i>	<i>95%</i>		
Marketing	(1,688)	(1,755)	(68)	(4%)
Employment costs	(2,143)	(1,969)	174	8%
Other opex	(950)	(1,047)	(97)	(10%)
Segment Operating EBITDA	1,331	2,636	1,304	98%
<i>% of revenue</i>	<i>20%</i>	<i>34%</i>		

Marketplace Key Performance Metrics

	FY23	FY24	Change	%
GMV \$'000s	30,287.5	34,873.3	4,585.8	15%
Take rate %	25.4%	27.0%	1.6%	6%
Bookings 000s	167.1	180.7	13.6	8%
New customers	45.7	46.1	0.4	1%
Average booking value	181.2	193.0	11.8	6%

Notes

Take rate is calculated on a booked basis

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In FY2024, the Marketplace division delivered 20% operating revenue growth to \$7.8 million. This growth resulted from an 8% increase in bookings versus FY2023, with average time unit per booking increasing 11% and average price per time unit increasing 3%. Overall, this led to a 15% increase in marketplace Gross Merchant Value for FY2024. Marketplace performance was driven by the Group's continued investment in platform user experience improvements as well as the greater use of data science to enhance our search ranking matching algorithm.

The Marketplace division has strong operating leverage as revenue grows, with the cost base increasing at a much lower rate. As a result, the Marketplace division's Gross Margin increased 21% to \$7.4 million with segment operating expenses decreasing by 0.2% due to operational and technology infrastructure initiatives which reduced employment costs by 8% and reduced marketplace technology costs to 11% of revenue down from 13% in FY2024.

In FY2024, the Marketplace division Operating EBITDA was \$2.6 million, an improvement of \$1.3 million or 98% compared to FY2023. The FY2024 EBITDA margin for the Marketplace division was 34%.

e-Commerce division

	FY23 \$'000	FY24 \$'000	Change \$'000	Change %
e-Commerce & Subscription P&L				
Operating revenue	18,096	19,970	1,874	10%
Direct costs	(13,348)	(14,295)	(947)	(7%)
Gross margin	4,748	5,675	927	20%
<i>% of revenue</i>	<i>26%</i>	<i>28%</i>		
Marketing	(2,153)	(1,689)	464	22%
Employment costs	(4,142)	(3,605)	537	13%
Other opex	(1,006)	(973)	33	3%
Segment Operating EBITDA	(2,553)	(592)	1,961	77%
<i>% of revenue</i>	<i>(14%)</i>	<i>(3%)</i>		
e-Commerce Key Performance Metrics				
Transactions	267.5	277.2	9.7	4%
New customers	76.6	73.6	(3.0)	(4%)

In FY2024, e-Commerce revenue increased 10% to \$19.97 million. Excluding the closed Dinner bowl lines in FY2024 revenue growth was 16%. Revenue growth was driven by Pet Chemist and Sash beds with Waggly revenues decreasing year over year as a result of the Group's focus on profitability reducing the level of marketing investment in this business during the year. Pet Chemist revenues increased 23% benefitting from range expansion enabled by the new warehouse and distribution facility, marketing channel expansion and a continued focus on acquiring new medication customers. Sash revenues increased by 56% compared to FY2023 due to the release of complimentary products and colour expansion in our core range as well as the initial launch of Sash internationally.

The Gross Margin in the e-Commerce division improved by 2 percentage points due to the closure of the raw and lightly cooked product lines in Dinner bowl during FY2023, the expansion of private label toys in Waggly subscription boxes and stronger gross margins in Pet Chemist. In addition, Pet Chemist expanded its relationship with a number of key brands through co-branded marketing initiatives leveraging the Group's data assets and strong customer engagement.

e-Commerce marketing costs decreased by \$0.5 million to \$1.7 million, versus FY2023, primarily due to lower marketing investment in our Waggly business offset by additional profitable marketing spend across Pet Chemist and Sash.

During FY2024 our e-Commerce segment has looked to continually improve operational processes as a key component of our profitability targets. Overall employment costs were 13% lower compared to FY2023 or 2% lower excluding the closed Dinner bowl product lines despite an 10% increase in revenue for FY2024. Further enhancements were made across marketing and operations during Q4 FY2024 which will have an additional benefit across FY2025.

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In FY2024, the e-Commerce Operating EBITDA loss was (\$0.6m) million, a \$1.96 million improvement compared to FY2023. The performance improvement versus FY2023 was partly due to the closure of the unprofitable Dinner bowl product lines which resulted in a \$0.7 million improvement. Revenue growth, gross margin expansion and improved operational processes drove a \$1.3 million improvement in Operating EBITDA in FY2024.

Future Outlook

Our primary objective for FY25 is to establish Mad Paws as a household name within the Australian pet industry. The launch of the Mad Paws Pet Store marks a significant milestone, with the final touches being added to our homepage ahead of the upcoming media campaign in August 2024. This is more than just a new offering; it serves as the cornerstone of our brand campaign. Through this initiative, we aim to position Mad Paws as the ultimate destination for pet owners, reinforcing our commitment to keeping pets happy, active, and healthy. This strategy underscores our dedication to meeting our customers' needs comprehensively and highlights our unwavering focus on sustainable growth.

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

- Brand Campaign
 - o August 24 will be the launch of our marketing campaign in cooperation with Seven West Media.
 - o The campaign will extend well into Christmas trading, the busiest time for the marketplace as well as our retail offerings.
 - o Reaching an approximate 2 million potential customers before Christmas.
- Brand consolidation
 - o Finalising our brand consolidation in anticipation of the brand campaign launch in August.
 - o Single brand focus on Mad Paws, promoting both our services as well as our product offerings under one brand.
 - o You can now find the new Mad Paws Pet Store on our homepage Madpaws.com.au.
- Cross-sell and customer acquisition
 - o Leveraging data and a centralised CRM to provide personalised offers and solutions for customers.
 - o New customer referral system is being released in August 2024 – Owner to owner referral.
 - o New onboarding flow focusing on incentivising customers at the right time moving them along the funnel.
 - o New channel expansion – new social strategy launched for owner acquisition with very positive initial results.
- Pet Chemist
 - o Repositioning Pet Chemist around our strongest selling point pet health and wellbeing focusing on higher margin products.
 - o Driving efficiencies in the warehouse and customer service processes. Focusing on further automation of the prescription process as well as streamlining warehouse operations.

Key risks

This section sets out some of the potential risks associated with Mad Paws' business and the industry in which it operates. Mad Paws is subject to risk factors that are both specific and those that are more general in nature. Any of these risk factors may, if they eventuate, have an adverse effect on Mad Paws' business, financial position, operating and financial performance, growth and/or the value of its shares. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside of Mad Paws' control.

Failure to retain existing customers and attract new customers of Mad Paws' products and services

Mad Paws' financial performance depends on its ability to retain customers and users (both existing pet owners and pet service providers), its ability to convert those customers and users to users of its other products and its ability to generate new business by attracting new customers and users to its marketplace or other pet industry category products and services. If Mad Paws is unable to retain existing customers and users, and/or to attract new users to the marketplace or to its other pet industry category products and services at the rate, and with the same pricing, revenues and costs Mad Paws currently expects, this may have a materially adverse impact on Mad Paws' operations and financial performance and/or growth.

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Customer acquisition costs

Customer demand for Mad Paws' products and services is currently generated, in part, from paid online media sources such as Facebook and Google. Customer acquisition costs, in particular from online media sources may rise in the future and in such circumstances the Company could find it difficult to acquire customers at a price sufficient to make a profit.

Growth and profitability depend on an active community

The level of active users of the Mad Paws marketplace is subject to various factors, including the availability of pet service providers or active pet owners in a given area. There is a risk that, in a given location, there is an insufficient number of pet service providers to satisfy the demand of pet owners, or an insufficient number of pet owners to meet the availability of pet service providers. If the Mad Paws marketplace does not meet the expectations of its users there is a risk of those users leaving the marketplace. This could in turn adversely impact on Mad Paws' operational and financial performance and/or growth.

Liability to users of the Mad Paws marketplace

As Mad Paws manages and facilitates pet care services, such as pet sitting and pet walking through its marketplace, there is a risk that some pet service providers will not provide their services to pet owners to an acceptable standard, resulting in damage to property, or loss, injury or death of a pet. Whilst the terms and conditions of use of the Mad Paws marketplace provide that pet owners contract directly with the pet service provider, and that Mad Paws is not liable for any loss or damage to property or the wellbeing of pets, there is always the risk that a pet owner may wish to take action against Mad Paws as the marketplace provider. While Mad Paws seeks to manage its exposure to risk by means of insurance, there is a risk that such insurance will not respond to a claim against Mad Paws, or that Mad Paws suffers reputational damage as the result of a claim against it. This could adversely impact on Mad Paws' financial performance and/or growth.

Contractual risk

Mad Paws has contractual obligations and rights with respect to a number of agreements it is a party to. These agreements may include provisions which allow for termination for convenience or otherwise. No assurance can be given that all such agreements will be fully performed by all contracting parties or that Mad Paws will be successful in securing compliance with the terms of each agreement by the relevant contracting party. If a contracting party were to breach or terminate a material agreement, Mad Paws' business, operations and financial performance could be adversely affected.

In particular, in relation to the Pet Chemist business, Pet Chemist is not a pharmacy but facilitates the supply of prescription medications by an Australian registered pharmacist through the Pet Chemist website. The acceptance and sale of all prescription medication through the Pet Chemist website is by the registered pharmacy, and Pet Chemist acts as the customer's agent in facilitating the supply by the pharmacist. In relation to this arrangement, Pet Chemist is a party to a fulfilment services agreement with Sunny Chemist Pty Ltd (Sunny Chemist) (an entity associated with Melissa Cronin (a vendor of Pet Chemist, and head of Pet Chemist operations)) who has been contracted by Pet Chemist to provide pharmacy services to Pet Chemist and supply, process and dispense prescription medication to Pet Chemist customers as an Australian registered pharmacy. Whilst this agreement is contracted for a fixed three year term commencing from completion of the Acquisition, there are circumstances where the agreement can be terminated for certain events, including party default or breaches. No assurance can be given that all obligations under the fulfilment services agreement will be fully performed by the contracting parties or that Mad Paws will be successful in securing compliance with the terms of the agreement by Sunny Chemist. If a contracting party were to breach or terminate the fulfilment services agreement, Pet Chemist's (and that of Mad Paws') business, operations and financial performance could be adversely affected. There are also no guarantees that the agreement will be renewed for a further period following the expiry of the contracted term, or that if expired/terminated, Mad Paws will be able to locate a replacement pharmacy to provide the required services within a reasonable time or without additional cost to the business.

Reliance on third parties and the internet

The operation of the Mad Paws' marketplace, and the Pet Chemist platform, is reliant on the performance and availability of Mad Paws' and Pet Chemist technology and communication systems and that of its suppliers and other third parties, including mobile app stores, pet service providers, pet food product manufacturer and insurance partner. In addition, the Mad Paws and Pet Chemist platforms depend on the availability of the internet and to a lesser extent on the quality of users' access to the internet. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt, or increase the cost of user access to Mad Paws and/or Pet Chemist platform which would negatively impact Mad Paws.

Competition

Mad Paws operates in an industry that is subject to significant change, driven by factors including advancements in technology and changing consumer behaviours. The barriers to entry into the industries that Mad Paws operates in are not high, and there is a risk that increased competition from new or existing competitors (some of which have access to more resources and scale than Mad Paws) emerges in the Australian market in the future.

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Management believe that Mad Paws' product and service offerings have a strong competitive advantage, with its marketplace infrastructure and features which are advanced compared to its competitors. Expansion to new products, including via Pet Chemist, will also ensure the minimisation of competitive trends and its impact on penetration and revenues.

Cyber security and data protection

Mad Paws collects and holds a significant amount of personal information and data about pet service providers and pet owners. Mad Paws is reliant on third party suppliers for data processing and payment services, and Mad Paws and such suppliers collect, store and transmit significant amounts of customer information. Mad Paws' systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by Mad Paws to maintain confidentiality of such information and could result in significant disruption to Mad Paws' systems, including its marketplace, reputational damage, loss of system integrity, or breaches of Mad Paws' obligations under applicable laws. While Mad Paws and its suppliers have implemented strategies to protect the security and integrity of customer data, there can be no assurance that unauthorised or inadvertent use or disclosure will occur or that Mad Paws or its suppliers will not be subject to hacking attacks, malware, viruses or other measures, resulting in breaches of information security.

Key personnel risk

An investment in Mad Paws is in large an investment in the Mad Paws key management team and personnel. The loss of key members of management, a change in the senior management team or the failure to attract additional skilled individuals to key management roles, could have a material adverse effect on Mad Paws' operations and may hinder the ability of Mad Paws to achieve its business strategy and growth objectives. A failure to attract and retain other executive, operational, technical and other personnel could limit the Company's ability to grow.

Changes in law and regulations

Mad Paws may be adversely impacted by the introduction or changes in governmental policy, regulation or legislation applying to the services it provides, including via the Pet Chemist business.

Intellectual property may be compromised or lost

Mad Paws has developed proprietary software which supports the operation of the Mad Paws marketplace. The commercial value of Mad Paws' intellectual property is reliant, in part, on operational procedures to maintain the confidentiality and legal protections provided by a combination of confidentiality obligations on employees and third parties and other intellectual property rights. There is a risk that Mad Paws' intellectual property may be compromised in a number of different ways, which could erode Mad Paws' competitive position and could have a materially adverse impact on Mad Paws' operations, financial performance and/or growth.

The continued growth of pet retail e-commerce in general and growth may be affected by economic factors

While the B2C Pet e-Commerce market has been growing there is no guarantee this will continue in the future. The Group is subject to factors outside of its current control including Australia's outlook for economic growth, interest rates, taxation, unemployment rate, consumer sentiment, and cost of living pressures. One or more of these factors could cause a slowing or decrease in the market and industry Mad Paws operates.

Climate change risk

Mad Paws recognises that climate change presents significant risks to our operations, supply chain, and overall business environment. Extreme weather events and changing climate patterns can disrupt our supply chain, leading to potential delays or increased costs in sourcing products. Additionally, rising temperatures, severe weather, and natural disasters could impact our distribution centres and logistics, posing operational challenges.

Furthermore, as governments increasingly implement environmental regulations aimed at reducing carbon emissions, we may face higher compliance costs and potential penalties. We also acknowledge that consumers are becoming more environmentally conscious, and there is an expectation for companies like Mad Paws to take proactive measures to mitigate environmental impact. Failure to meet these expectations could affect our brand reputation and customer loyalty.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

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Significant changes in the state of affairs

On 16 February 2024, the Group secured an investment of \$5.25 million from Seven West Media ('SWM'). The investment is \$1.25 million in cash and the equivalent of \$4.0 million in advertising media across the SWM network.

The Company issued 43.75 million new fully paid ordinary shares in the Company in connection with the strategic investment on 19 February 2024 under Mad Paws' existing placement capacity under ASX Listing Rule 7.1. The shares are subject to a 12-month escrow upon issue subject to customary exceptions, including the ability to transfer the shares to affiliates and accept an offer under a takeover bid, a merger by way of a scheme of arrangement or company buy-back.

In addition to the initial \$5.25 million investment, Mad Paws has a 24-month discretionary option to acquire further advertising placements from SWM to the value of \$4 million. If exercised by Mad Paws, the purchase will be settled through the issue of a second tranche of ordinary shares to SWM at an issue price equal to Mad Paws' 30 day VWAP at the exercise date, capped at a minimum issue price of \$0.12 and a maximum issue price of \$0.25, and conditional on the receipt of requisite shareholder approvals. In the event the 30 day VWAP is below \$0.10 exercise of the option is also subject to Seven's prior approval.

On 2 February 2024, the Company issued a total of 4,568,531 ordinary shares. 963,088 shares were issued in lieu of cash fees for consulting and research services. 3,226,543 shares were issued as part of the Group's salary sacrifice scheme for eligible employees and directors. 378,900 shares were issued as part of the final deferred consideration of the Sash Beds acquisition.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 25 July 2024, the Group refinanced its existing debt facility with Kashcade, replacing it with a \$2.0 million facility with Partners for Growth VII, L.P. ('PFG'). Refer to note 18.

The structure and duration of the facility is intended to enhance Mad Paw's financial position and provide the Company with resources to support its business objectives, including Mad Paws' upcoming brand and customer acquisition efforts and general working capital. In addition, funds from the new facility will also be used to repay the pre-existing \$1 million growth working capital facility with Kashcade that will be discharged in full following PFG drawdown (repayment amount of remaining drawn funds of \$0.4 million).

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group will continue to pursue growth in revenue in the next financial year as it seeks to further expand its business and build the scale of its operations. Focus areas will include organic growth in the markets within which it operates, including capitalising on the opportunities for revenue and cost synergies associated from the businesses already acquired, and considering further acquisition growth over time.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Information on directors

Information on the directors below is current as at the date of this report:

Name: Jan Pacas
Title: Chair and Non-Executive Director
Qualifications: MSc, MBA, GAICD
Experience and expertise: Jan has a proven track record in creating shareholder value as a founder of tech-start-ups scaling from 0 to IPO, from zero to private equity sale, as well as a CEO of a 1000+ company scaling a global \$1Bn+ business. Jan has experience in leading publicly listed companies as well as private companies and was CEO of the year winner in Australia (2015 AHRI). Jan also has industry experience across digital technology (SaaS fin-tech/HR-tech, E-commerce, B2C marketplaces), consumer (pet industry, consumer durables, food & beverage) and biotechnology. Jan's career spans across 5 countries.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of Audit and Risk Committee
Interests in shares: 8,114,051 ordinary shares
Interests in options: 4,082,656 options over ordinary shares

Name: Justus Hammer
Title: Co-founder, CEO and Executive Director
Qualifications: Diploma Macro Economics, MCom (IT)
Experience and expertise: Justus is a seasoned entrepreneur who has been working in the technology space for over a decade. Born in Munich, Germany, he played professional basketball while finishing his master in Economics before moving to Australia where he received a Master of Information Technology from Macquarie University. He founded Spreets in 2011 and grew it to be Australia's leading Group Buying company with over 1.5 million members and over 100 employees in less than 12 months, exiting the company successfully to Yahoo7! for \$40 million just 10 months after it was founded. More recently, Justus has been working as the CMO for ASX listed company Mint Payments. Justus is also an active investor and advisor to over 40 start-ups in Australia and overseas to companies like Airtasker, ViceGolf, Brainfilsh and many more. He has been a member and mentor of Sydney's Founder Institute where he was recently voted mentor of the year.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 11,220,958 ordinary shares
Interests in options: 10,822,927 options over ordinary shares

Name: Joshua May
Title: Non-Executive Director
Qualifications: BA (Accountancy), Member CAANZ
Experience and expertise: Josh was previously a Director at Ernst & Young's M&A Advisory Practice in Sydney, before co-founding Oaktower Partnership in 2005, an independent corporate advisory business based in Sydney and Melbourne. His advisory transaction experience includes private equity, entrepreneurial clients seeking growth capital, succession planning for large established private businesses, and the sale of non-core assets for large corporations.

Other current directorships: None
Former directorships (last 3 years): Acrow Formwork and Construction Limited (ASX:ACF)
Special responsibilities: Chair of Audit and Risk Committee
Interests in shares: 1,041,981 ordinary shares
Interests in options: 1,950,000 options over ordinary shares

**Mad Paws Holdings Limited
Directors' report
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Name: Michael Hill
Title: Non-Executive Director
Qualifications: BA (Accountancy), Member CAANZ
Experience and expertise: Formerly a Partner of Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the MD & CIO, Founder of the Bombora Special Investment Growth Fund. Prior to Bombora he was an Investment Partner with Ironbridge, a private equity investment fund which invested \$1.5bn. Mike has served as Chairman and Non-Executive Director of multiple ASX-listed companies over the past nine years. He is a member of Chartered Accountants Australia and New Zealand.

Other current directorships: Non-Executive Director of Janison Education Group Limited (ASX: JAN), Non-Executive Director of Beamtree Holdings Limited (BMT) and Non-Executive Director Gratifi Limited (ASX: GTI).

Former directorships (last 3 years): None
Special responsibilities: Chair of Nomination and Remuneration Committee and member of Audit and Risk Committee
Interests in shares: 3,180,795 ordinary shares
Interests in options: 1,950,000 options over ordinary shares

Name: Vicki Aristidopoulos
Title: Non-Executive Director
Qualifications: BA
Experience and expertise: Vicki has held executive leadership positions focused on commercial strategy, marketing, communications, and PR. Her expertise includes successfully growing brands and customer acquisition in e-commerce, spanning both B2B and B2C sectors. Her previous roles include Chief Marketing Officer at Afterpay, CMO at Fairfax Media, Group Director of Digital Assets (Real Estate & Home) at News Corp, Executive Manager of Brand, Media & Customer Acquisition at Commsec, and Head of Direct Marketing at FOXTEL. Additionally, she provides consulting and advisory services across various boards and industries.

Other current directorships: Non-Executive Director at Janison Education Group Limited (ASX: JAN)
Former directorships (last 3 years): None
Special responsibilities: Member of Audit and Risk Committee and member of Nomination and Remuneration Committee
Interests in shares: 1,044,328 ordinary shares
Interests in options: 1,950,000 options over ordinary shares

Name: Howard Humphreys
Title: Executive Director
Qualifications: B. Economic, M. Economics (Hons)
Experience and expertise: Howard joined the Mad Paws board and executive team in 2022 following the acquisition of Pet Chemist. Howard founded Pet Chemist in 2016 and has deep veterinary and pet market experience, having owned and operated vet clinics for almost 10 years. Prior to this, Howard had over 6 years' experience within investment research and corporate finance across a number of boutique investment firms.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of Nomination and Remuneration Committee
Interests in shares: 35,304,348 ordinary shares
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Mad Paws Holdings Limited Directors' report 30 June 2024

Company secretary

Belinda Cleminson has held the role of Company Secretary since 8 February 2021.

Belinda has over 19 years' experience as a Company Secretary of Australian listed and unlisted companies including ASX 200 clients. Belinda is the company secretary of various public and private companies, including ASX, NZX and OTC listed companies across a range of industries including investment management, biotechnology, healthcare and e-commerce.

Belinda is a member of the Governance Institute of Australia, and a Member of the Australian Institute of Company Directors. She is known for her partnering approach, insight and ability to proactively get into the detail to strategically advise and support boards and management. Before joining Automic Group, Belinda led the company secretarial team at Australian Company Secretaries and represented many of its domestic and global clients. Prior to this Belinda held roles within the legal and banking industry.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Jan Pacas	8	9	1	1	2	2
Justus Hammer	9	9	-	-	-	-
Joshua May	9	9	-	-	2	2
Michael Hill	7	9	1	1	1	2
Vicki Aristodopoulos	9	9	1	1	2	2
Howard Humphreys	9	9	1	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Mad Paws Holdings Limited Directors' report 30 June 2024

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

The Nomination and Remuneration Committee may in its discretion approve that non-executive directors receive shares and share options as part of their remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2020, where the shareholders approved a maximum annual aggregate remuneration of \$500,000 (inclusive of superannuation guarantee charge contributions). The cap excludes any share option grants which are separately approved by shareholders.

Non-executive director fees proposed for the year ending 30 June 2025 are summarised as follows:

Role/Function	Fees*
Chair	\$80,000
Non-Executive Director	\$60,000

* Fees are in Australian dollars and expressed as exclusive of superannuation. Non-executive directors do not receive additional fees for their appointment to any board committees.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework comprise of the following components:

- Base pay and non-monetary benefits;
- Short-term performance incentives; and
- Long-term performance incentives.

The combination of these comprises the executive's total remuneration.

(i) Base pay and non-monetary benefits

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Mad Paws Holdings Limited Directors' report 30 June 2024

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

(ii) Short-term performance incentives

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include Gross Merchandising Value ('GMV') growth, revenue growth, operating EBITDA, bookings and customer growth, leadership contribution and product management.

The Board has established a short-term incentive plan to give executives an opportunity to earn a bonus in addition to their fixed annual remuneration calculated as a percentage of the eligible participant's fixed base salary. The quantum of, and terms applying to, any short-term incentives offered to eligible employees in any financial year will be determined by the Board.

The short-term incentive plan seeks to promote individual accountability and performance during the applicable performance period, tested against key performance indicators and other milestones set by the Board. In addition, the short-term incentive awards may be offered as a cash and equity award paid as follows:

- 50% as a cash payment paid upon satisfaction or waiver of the applicable milestones; and
- 50% delivered in options granted under the Company's Equity Incentive Plan ('STI Options').

Unless determined otherwise by the Board, STI options:

- have an exercise price of \$nil;
- will vest in two equal tranches, with 50% vesting on the first anniversary after the date of grant, and the remaining 50% vesting on the second anniversary after the date of grant, subject to the participant's continued employment at the applicable vesting date; and
- options will expire 5 years after grant date.

(iii) Long-term performance incentives

The long-term incentives ('LTI') include share-based payments offered under the Equity Incentive Plan.

Equity Incentive Plan

Options may be granted under the Equity Incentive Plan ('LTI Options') to align the executives' interests with those interests of the shareholders. The quantum of, and terms applying to, any LTI offered to executives in any financial year are determined by the Board. It is the Board's intention that any LTI plan that is implemented will seek to promote individual accountability and performance during the applicable performance period, tested against key performance indicators and other milestones set by the Board and that grants may be made annually in line with executive performance and remuneration reviews.

Unless determined otherwise by the Board, LTI options granted:

- have an exercise price which is set at a 70% premium to the Company Share's on the ASX at the date of grant;
- will be subject to service-based vesting conditions up to three years from the date of grant, subject to the participant's continued employment at the applicable vesting date, and subject to the satisfaction of performance hurdles set by the board in the participant's offer letter; and
- options will expire 6 years after grant date.

Legacy ESOP

Prior to the acquisition of Mad Paws Pty. Ltd. by Mad Paws Holdings Limited that occurred during the financial year ending 30 June 2021, certain key management personnel were granted share options in Mad Paws Pty. Ltd. as part of their remuneration package plan ('Legacy ESOP'). The options vest between 2 and 3 years, subject to the executive remaining employed by the Group, and have no expiry date. Following the acquisition of Mad Paws Pty. Ltd. on 23 December 2020, all share options that existed under Mad Paws Pty. Ltd.'s share option plan were cancelled and replaced with new share options in Mad Paws Holdings Limited ('modification'). Each share option held under Mad Paws Pty. Ltd.'s share option plan was replaced with 158.83331 share options in Mad Paws Holdings Limited. The exercise price was reduced by the corresponding factor.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of the short term incentive and incentive payments are dependent on defined financial targets being met. For the financial year ended 30 June 2024 ('FY24'), revenue and operating EBITDA are the financial targets. Any remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. For FY24, the financial target metric was revenue.

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Operating revenue and Operating EBITDA between the financial years ended 30 June 2020 and 30 June 2024 are summarised below:

In \$'millions	FY20 \$m	FY21 \$m	FY22 \$m	FY23 \$m	FY24 \$m
Operating Revenue	2.0	2.9	10.0	24.6	27.9
Operating EBITDA*	(2.0)	(4.7)	(8.2)	(4.8)	(1.3)

* Excludes closed Dinner bowl product lines Operating EBITDA losses in FY23

Operating Revenue reflects revenue in line with accounting standards with promotional discounts added back to revenue and treated as a marketing expense.

Operating EBITDA refers to the Group's EBITDA (Earnings before interest, tax, depreciation, amortisation and non-operating income and costs).

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2024, the Group did not engage remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 99.57% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Mad Paws Holdings Limited:

- Jan Pacas - Chair and Non-Executive Director
- Justus Hammer - CEO, Managing Director and Executive Director
- Joshua May - Non-Executive Director
- Michael Hill - Non-Executive Director
- Vicki Aristidopoulos - Non-Executive Director
- Howard Humphreys - Executive Director

And the following persons:

- Alexis Soulopoulos - CEO of New Business (resigned on 29 February 2024)
- Graham Mason - CFO

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	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Super-annuation	Long service leave	Equity-settled shares**	Equity-settled options	
2024	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Jan Pacas	-	-	-	-	80,000	-	80,000
Joshua May	-	-	-	-	60,000	-	60,000
Michael Hill	-	-	-	-	60,000	-	60,000
Vicki Aristidopoulos	-	-	-	-	60,000	-	60,000
Executive Directors:							
Justus Hammer***	105,000	-	11,550	4,011	163,933	-	284,494
Howard Humphreys***	135,000	-	14,850	2,257	3,000	-	155,107
Other Key Management Personnel:							
Alexis Soulopoulos *	159,265	-	17,519	(30,019)	33,300	-	180,065
Graham Mason	240,314	-	25,789	6,238	45,451	66,667	384,459
	639,579	-	69,708	(17,513)	505,684	66,667	1,264,125

* Remuneration up to resignation date.

** Equity settled shares include amounts where shares will be issued after 30 June 2024.

*** STI options issued to Justus Hammer and Howard Humphreys are subject to shareholder approval at the November 2024 AGM.

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Super-annuation	Long service leave	Equity-settled shares **	Equity-settled options	
2023	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Jan Pacas	36,670	-	3,850	-	47,663	-	88,183
Joshua May	30,000	-	3,150	-	33,000	-	66,150
Michael Hill	27,500	-	2,888	-	35,750	-	66,138
Vicki Aristidopoulos	27,500	-	2,888	-	35,750	-	66,138
Executive Directors:							
Justus Hammer *	120,000	-	12,600	(1,796)	123,095	-	253,899
Howard Humphreys	176,250	-	18,506	-	-	-	194,756
Other Key Management Personnel:							
Alexis Soulopoulos *	170,000	-	17,850	5,015	31,034	-	223,899
Graham Mason *	217,814	-	23,568	(447)	38,786	134,028	413,749
	805,734	-	85,300	2,772	345,078	134,028	1,372,912

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* The FY22 STI for Justus Hammer, Alexis Soulopoulos and Graham Mason was expected to be settled in shares of Mad Paws Group. The Nomination and Remuneration committee concluded as part of its review of FY22 STI performance that 50% of the STI should be settled in STI options which vest over 2 years. As a result, FY23 includes an adjustment of \$14,365 to the FY22 STI expense reflecting the final payout terms.

For FY23, the STI due to Justus Hammer, Alexis Soulopoulos and Graham Mason will be settled in STI options with the expense reflected from grant date in FY24 over the 2 year vesting period.

** At the November 2022 AGM, shareholders approved to issue shares to directors in lieu of cash for the period from 15 September 2022 to 14 September 2023. The amount for FY23 includes the value from 15 September 2022 to 30 June 2023. The remainder will be expensed in FY24.

Equity-settled shares include amounts where the shares will be issued after 30 June 2023.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024 *	2023 **	2024	2023
Non-Executive Directors:						
Jan Pacas	100%	100%	-	-	-	-
Joshua May	100%	100%	-	-	-	-
Michael Hill	100%	100%	-	-	-	-
Vicki Aristidopoulos	100%	100%	-	-	-	-
Executive Directors:						
Justus Hammer	90%	52%	10%	-	-	48%
Howard Humphreys	98%	100%	2%	-	-	-
Other Key Management Personnel:						
Alexis Soulopoulos	91%	86%	9%	-	-	14%
Graham Mason	78%	58%	5%	-	17%	42%

* For FY24, the STI due to Justus Hammer and Graham Mason will be settled in STI options with the expense reflected from grant date in FY25 over the 2 year vesting period.

** For FY23, the STI due to Justus Hammer, Alexis Soulopoulos and Graham Mason will be settled in STI options with the expense reflected from grant date in FY24 over the 2 year vesting period.

The proportion of the STI paid/payable or forfeited is as follows:

Name	STI bonus paid/payable		STI bonus forfeited	
	2024 *	2023 **	2024	2023
Executive Directors:				
Justus Hammer	60%	100%	40%	-
Other Key Management Personnel:				
Alexis Soulopoulos	-	100%	-	-
Graham Mason	60%	100%	40%	-

* For FY24, the STI due to Justus Hammer and Graham Mason will be settled in STI options with the expense reflected from grant date in FY25 over the 2 year vesting period.

** For FY23, the STI due to Justus Hammer, Alexis Soulopoulos and Graham Mason will be settled in STI options with the expense reflected from grant date in FY24 over the 2 year vesting period.

**Mad Paws Holdings Limited
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Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Justus Hammer
Title: CEO, Managing Director and Executive Director
Agreement commenced: 23 December 2020
Term of agreement: No fixed term
Details: Mr Hammer will receive a fixed annual remuneration of approximately \$240,000 per annum (exclusive of any statutory superannuation contributions). In addition to base salary, Mr Hammer is eligible to receive other employment benefits in connection with the duties under his employment agreement, including short and long-term incentives, comprising both cash bonuses and equity awards under the Equity Incentive Plan.

Mr Hammer is entitled to annual STI of \$80,000 per annum, subject to the achievement of financial and individual KPI's.

Participation in future short or long-term incentives is at the discretion of the Board.

Mr Hammer's employment is ongoing, with a termination notice period of six months in all cases (where notice is given by Mr Hammer) and three months in all cases (where notice is given by Mad Paws) other than where terminated by Mad Paws for cause in which case Mr Hammer can be terminated without notice. Following cessation of employment, Mr Hammer will be subject to customary non-compete and non-solicit covenants for a maximum restraint period of up to 12 months following cessation of employment within in any country in which the Mad Paws business is carried on, and otherwise within a cascading geographical area within Australia. Mr Hammer's executive services agreement contains other standard terms and conditions expected to be included in contracts of this nature.

Name: Howard Humphreys
Title: Executive Director and CEO of Aussie Pet Meds Pty Ltd
Agreement commenced: 1 April 2022
Term of agreement: No fixed term
Details: Mr Humphreys will receive a fixed annual remuneration of approximately \$180,000 per annum (exclusive of any statutory superannuation contributions).

Mr Humphreys may from time to time be entitled to other incentives and/or remuneration as determined by the Group.

Mr Humphreys employment is ongoing, with a termination notice period of six months in all cases (where notice is given by Mr Humphreys) and three months in all cases (where notices is given by Mad Paws) other than where terminated by Mad Paws for cause in which case Mr Humphreys can be terminated without notice. Following cessation of employment, Mr Humphreys will be subject to customary non-compete and non-solicit covenants for a maximum restraint period of up to 12 months following cessation of employment within any country in which the Mad Paws business is carried on, and other within a cascading geographical area within Australia. Mr Humphreys executive services agreement contains other standard terms and conditions expected to be included in the contracts of this nature.

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Name: Graham Mason
Title: Chief Financial Officer
Agreement commenced: 21 June 2021
Term of agreement: No fixed term
Details: Mr Mason will receive a fixed annual remuneration of approximately \$295,000 per annum (exclusive of any statutory superannuation contributions). In addition to base salary, Mr Mason is eligible to receive other employment benefits in connection with the duties under his employment agreement, including short and long-term incentives, comprising both cash bonuses and equity awards under the Equity Incentive Plan.

Mr Mason is entitled to an annual STI of \$70,000 per annum, subject to the achievement of financial and individual KPI's.

Participation in future short or long-term incentives is at the discretion of the Board.

Mr Mason's employment is ongoing, with a termination notice period of three months in all cases (where notice is given by Mr Mason) and three months in all cases (where notice is given by Mad Paws) other than where terminated by the Mad Paws for cause in which case Mr Mason can be terminated without notice. Following cessation of employment, Mr Mason will be subject to customary non-compete and non-solicit covenants for a maximum restraint period of up to 12 months following cessation of employment within in any country in which the Mad Paws business is carried on, and otherwise within a cascading geographical area within Australia. Mr Mason's executive services agreement contains other standard terms and conditions expected to be included in contracts of this nature.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

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Directors' report
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Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Date	Shares	Issue price	\$
Jan Pacas	8/9/2023	288,045	\$0.080	23,044
	2/2/2024	171,578	\$0.078	13,383
	2/2/2024	84,070	\$0.079	6,642
	2/2/2024	78,217	\$0.085	6,648
	2/2/2024	155,284	\$0.086	13,354
Joshua May	8/9/2023	185,184	\$0.080	14,815
	2/2/2024	128,684	\$0.078	10,037
	2/2/2024	63,052	\$0.079	4,981
	2/2/2024	58,663	\$0.085	4,986
	2/2/2024	116,462	\$0.086	10,016
Michael Hill	8/9/2023	216,048	\$0.080	17,284
	2/2/2024	128,684	\$0.078	10,037
	2/2/2024	63,052	\$0.079	4,981
	2/2/2024	58,663	\$0.085	4,986
	2/2/2024	116,462	\$0.086	10,016
Vicki Aristidopoulos	8/9/2023	216,048	\$0.080	17,284
	2/2/2024	128,684	\$0.078	10,037
	2/2/2024	63,052	\$0.079	4,981
	2/2/2024	58,663	\$0.085	4,986
	2/2/2024	116,462	\$0.086	10,016
Justus Hammer	8/9/2023	740,742	\$0.080	59,259
	2/2/2024	386,039	\$0.078	30,111
	2/2/2024	126,104	\$0.079	9,962
	2/2/2024	58,663	\$0.085	4,986
	2/2/2024	349,389	\$0.086	30,047
Alexis Soulopoulos	8/9/2023	185,184	\$0.080	14,815
	2/2/2024	4,293	\$0.078	336
	2/2/2024	2,103	\$0.079	166
	2/2/2024	1,957	\$0.085	166
	2/2/2024	166,924	\$0.086	14,356
Graham Mason	8/9/2023	237,258	\$0.080	18,981
	2/2/2024	82,435	\$0.078	6,430
	2/2/2024	40,391	\$0.079	3,191
	2/2/2024	37,579	\$0.085	3,194
	2/2/2024	74,606	\$0.086	6,416
Total		4,988,724		404,930

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Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value per options at grant date	Number of options exercised
Jan Pacas ¹	1,482,656	01/07/2020	01/07/2023	Nil expiry date	\$0.018	\$0.18	-
Vicki Aristidopoulos ²	1,950,000	15/11/2021	15/11/2021	04/11/2027	\$0.340	\$0.08	-
Justus Hammer ¹	3,646,707	01/07/2020	01/07/2023	Nil expiry date	\$0.018	\$0.18	-
	113,110	16/11/2022	15/12/2023	19/10/2027	\$0.000	\$0.12	-
	113,110	16/11/2022	15/12/2024	19/10/2027	\$0.000	\$0.12	-
Alexis Soulopoulos ¹	921,233	09/01/2019	01/01/2022	Nil expiry date	\$0.023	\$0.12	-
	63,080	11/11/2022	11/11/2023	19/10/2027	\$0.000	\$0.12	-
	63,081	11/11/2022	11/11/2024	19/10/2027	\$0.000	\$0.12	-
	498,947	20/09/2023		20/09/2028	\$0.000	\$0.07	-
Graham Mason ^{2, 3}	770,600	08/08/2022	08/08/2023	07/08/2026	\$0.284	\$0.06	-
	770,601	08/08/2022	08/08/2024	07/08/2026	\$0.284	\$0.06	-
	770,600	08/08/2022	08/08/2025	07/08/2026	\$0.284	\$0.06	-
	76,132	11/11/2022	11/11/2023	19/10/2027	\$0.000	\$0.12	-
	76,132	11/11/2022	11/11/2024	19/10/2027	\$0.000	\$0.12	-
	788,790	23/08/2022	23/09/2023	23/09/2028	\$0.230	\$0.06	-
	788,790	23/08/2022	23/09/2024	23/09/2028	\$0.230	\$0.06	-
	788,791	23/08/2022	23/09/2024	23/09/2028	\$0.230	\$0.06	-
626,109	20/09/2023		20/09/2028	\$0.000	\$0.07	-	

- All options were granted over unissued fully paid ordinary shares in the Company under the Legacy ESOP which is described above in the section 'Long-term performance incentives'.
- All options were granted over unissued fully paid ordinary shares in the Company under the Group's Equity Incentive Plan which is described above in the section 'Long-term performance incentives'.
- Options granted to Graham Mason as part of his financial year 2022 ('FY22') LTI were approved during the year ended 30 June 2022, however were issued in FY23.

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Justus Hammer *	28,933	-	-	10%
Howard Humphreys *	3,000	-	-	2%
Graham Mason	19,827	-	-	5%
Alexis Soulopoulos	17,500	-	-	9%

* STI options issued to Justus Hammer and Howard Humphries are subject to shareholder approval at the November 2024 AGM.

Mad Paws Holdings Limited
Directors' report
30 June 2024

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other *	Balance at the end of the year
<i>Ordinary shares</i>					
Jan Pacas	7,336,857	777,194	-	-	8,114,051
Justus Hammer	9,560,021	1,660,937	-	-	11,220,958
Joshua May	489,936	552,045	-	-	1,041,981
Michael Hill	2,242,886	582,909	355,000	-	3,180,795
Vicki Aristidopoulos	461,419	582,909	-	-	1,044,328
Alexis Soulopoulos *	3,346,477	360,461	-	-	3,706,938
Howard Humphreys	35,304,348	-	-	-	35,304,348
Graham Mason	438,722	472,269	-	-	910,991
	<u>59,180,666</u>	<u>4,988,724</u>	<u>355,000</u>	<u>-</u>	<u>64,524,390</u>

* Shares held at the resignation date.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ other *	Balance at the end of the year	Vested and exercisable	Unvested
<i>Options over ordinary shares</i>							
Jan Pacas	4,082,656	-	-	-	4,082,656	4,082,656	-
Justus Hammer	10,822,927	-	-	-	10,822,927	10,822,927	-
Joshua May	1,950,000	-	-	-	1,950,000	1,950,000	-
Michael Hill	1,950,000	-	-	-	1,950,000	1,950,000	-
Vicki Aristidopoulos	1,950,000	-	-	-	1,950,000	1,950,000	-
Alexis Soulopoulos *	8,720,197	498,947	-	-	9,219,144	8,783,278	-
Graham Mason	5,330,436	626,109	-	-	5,956,545	2,135,523	-
	<u>34,806,216</u>	<u>1,125,056</u>	<u>-</u>	<u>-</u>	<u>35,931,272</u>	<u>31,674,384</u>	<u>-</u>

* Shares held at the resignation date.

Other transactions with key management personnel and their related parties

There were no transaction with key management personnel and their related parties during the financial year ended 30 June 2024.

This concludes the remuneration report, which has been audited.

Mad Paws Holdings Limited
Directors' report
30 June 2024

Shares under option

Unissued ordinary shares of Mad Paws Holdings Limited under option at the date of this report are as follows:

Grant date	Exercise price	Number under option
01/07/2015	\$0.002	300,036
01/10/2015	\$0.002	1,667,750
15/11/2015	\$0.002	212,837
01/02/2016	\$0.002	212,837
26/04/2016	\$0.093	427,262
01/07/2017	\$0.002	584,665
01/09/2018	\$0.023	207,119
17/09/2018	\$0.023	36,108
09/01/2019	\$0.023	2,763,700
15/01/2019	\$0.023	198,542
01/02/2019	\$0.023	100,647
03/06/2019	\$0.016	103,559
08/07/2019	\$0.016	622,944
01/07/2020	\$0.018	5,127,775
01/10/2020	\$0.018	2,162,514
23/03/2021	\$0.300	2,000,000
23/03/2021	\$0.340	18,150,000
21/06/2021	\$0.340	500,000
15/11/2021	\$0.340	1,950,000
08/08/2022	\$0.290	950,980
11/11/2022	\$0.000	813,632
12/11/2022	\$0.230	5,243,090
15/12/2022	\$0.000	226,220
20/09/2023	\$0.000	4,958,897
		<u>49,521,114</u>

Shares issued on the exercise of options

There were no ordinary shares of Mad Paws Holdings Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Mad Paws Holdings Limited
Directors' report
30 June 2024

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional (including Independence Standards) and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Crowe Audit Australia

There are no officers of the Company who are former partners of Crowe Audit Australia.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Jan Pacas
Chairman

29 August 2024



Justus Hammer
Chief Executive Officer



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 www.crowe.com.au

**Auditor's Independence Declaration Under Section 307c
 of the *Corporations Act 2001* to the Directors of Mad
 Paws Holdings Limited**

As lead engagement partner, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely,



Crowe Audit Australia



Suwanti Asmono
Partner

29 August 2024
Sydney

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

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Financial statements



Mad Paws Holdings Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Revenue	5	27,852,811	24,585,894
Other income	6	9,320	601,712
Interest revenue calculated using the effective interest method		16,942	28,343
Expenses			
Raw materials and consumables used	7	(10,617,151)	(9,782,334)
Delivery expenses		(3,250,456)	(3,309,414)
Employee benefits expense		(6,761,296)	(7,963,887)
Contractors' expense		(945,158)	(557,198)
Depreciation and amortisation expense	7	(2,277,169)	(1,873,629)
Impairment of assets	7	(2,214,401)	(556,884)
Share-based payments expense	7	(1,125,130)	(525,492)
IT expenses		(1,503,552)	(1,553,833)
Marketing expenses		(3,492,431)	(3,810,938)
Merchant fees		(906,997)	(873,039)
Professional and consultancy expenses		(466,149)	(389,999)
Travel expenses		(9,986)	(28,056)
Other expenses		(1,515,450)	(1,660,613)
Finance costs	7	(258,676)	(61,162)
Loss before income tax benefit		(7,464,929)	(7,730,529)
Income tax benefit	8	248,441	251,213
Loss after income tax benefit for the year attributable to the owners of Mad Paws Holdings Limited		(7,216,488)	(7,479,316)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Mad Paws Holdings Limited		(7,216,488)	(7,479,316)
		Cents	Cents
Basic earnings per share	35	(1.93)	(2.26)
Diluted earnings per share	35	(1.93)	(2.26)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of financial position
As at 30 June 2024

	Note	Consolidated	
		2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	9	2,461,577	3,087,340
Trade and other receivables	10	277,612	167,856
Inventories	11	1,832,793	1,492,863
Income tax refund due		1,073	1,073
Other assets	12	4,701,597	746,278
Total current assets		9,274,652	5,495,410
Non-current assets			
Property, plant and equipment	13	118,938	144,949
Right-of-use assets	14	2,085,812	2,585,441
Intangibles	15	21,216,685	23,642,444
Other assets	12	449	10,336
Total non-current assets		23,421,884	26,383,170
Total assets		32,696,536	31,878,580
Liabilities			
Current liabilities			
Trade and other payables	16	5,431,118	4,352,992
Contract liabilities	17	768,361	655,274
Borrowings	18	608,580	186,241
Lease liabilities	19	469,230	356,925
Employee benefits		438,717	497,472
Other liabilities	20	3,411,051	3,005,214
Total current liabilities		11,127,057	9,054,118
Non-current liabilities			
Borrowings	18	6,951	15,819
Lease liabilities	19	1,873,959	2,306,835
Deferred tax	8	1,561,548	1,809,989
Employee benefits		88,278	88,421
Total non-current liabilities		3,530,736	4,221,064
Total liabilities		14,657,793	13,275,182
Net assets		18,038,743	18,603,398
Equity			
Issued capital	21	64,804,457	58,532,038
Reserves	22	110,775	(268,639)
Accumulated losses		(46,876,489)	(39,660,001)
Total equity		18,038,743	18,603,398

The above statement of financial position should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of changes in equity
For the year ended 30 June 2024

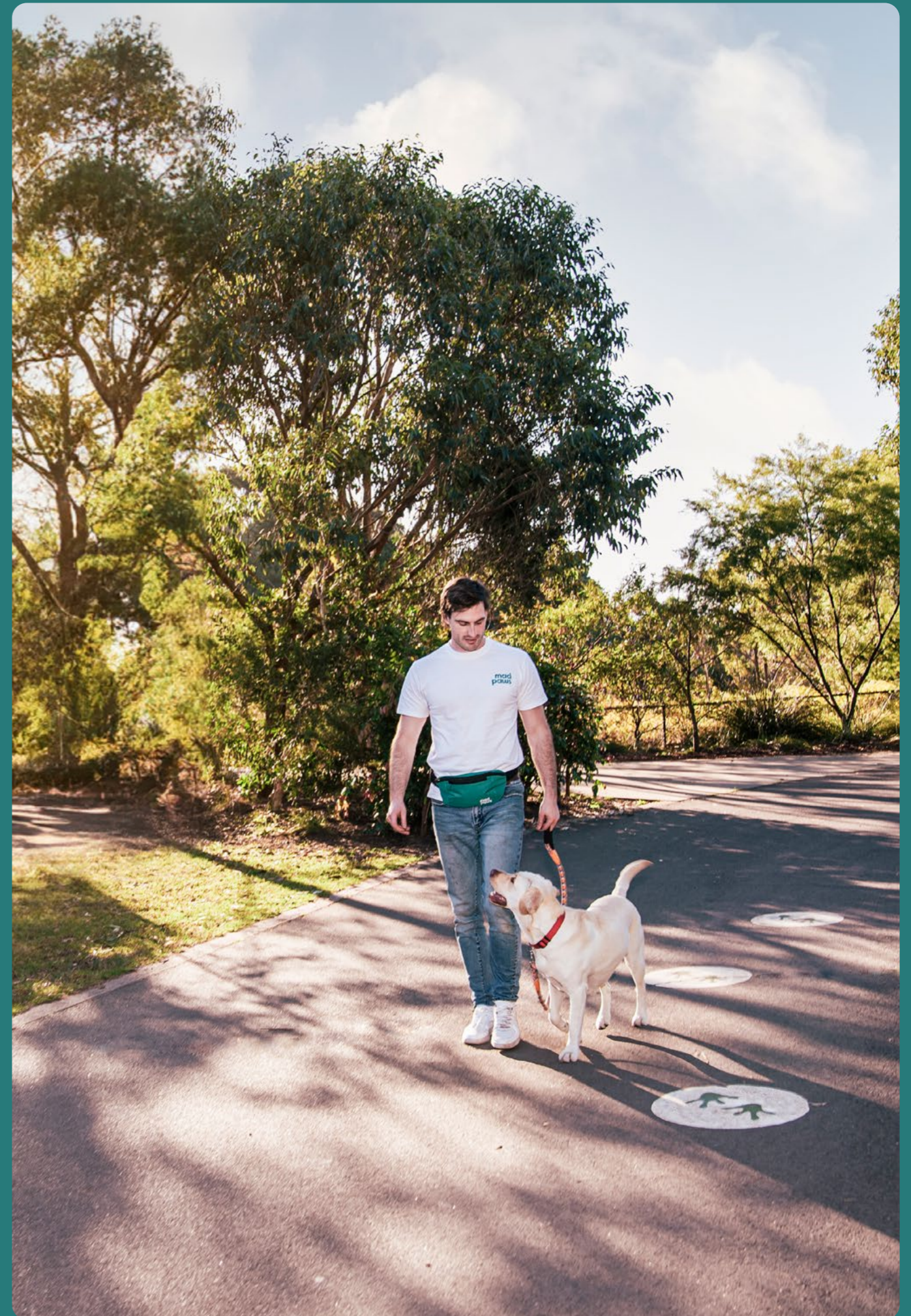
Consolidated	Issued capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2022	54,270,660	(657,868)	(32,180,685)	21,432,107
Loss after income tax benefit for the year	-	-	(7,479,316)	(7,479,316)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,479,316)	(7,479,316)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 21)	4,261,378	-	-	4,261,378
Share-based payments (note 22)	-	389,229	-	389,229
Balance at 30 June 2023	58,532,038	(268,639)	(39,660,001)	18,603,398
Consolidated				
Balance at 1 July 2023	58,532,038	(268,639)	(39,660,001)	18,603,398
Loss after income tax benefit for the year	-	-	(7,216,488)	(7,216,488)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,216,488)	(7,216,488)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 21)	6,272,419	-	-	6,272,419
Share-based payments (note 22)	-	379,414	-	379,414
Balance at 30 June 2024	64,804,457	110,775	(46,876,489)	18,038,743

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mad Paws Holdings Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		54,855,293	47,071,760
Payments to suppliers - sitters payment		(24,579,702)	(21,480,687)
Interest received		30,275,591	25,591,073
		16,942	28,343
Payments to suppliers and employees (inclusive of GST)		(30,440,963)	(29,945,697)
Research and development tax incentive		-	410,558
Interest and other finance costs paid		(258,676)	(61,162)
Net cash used in operating activities	32	(407,106)	(3,976,885)
Cash flows from investing activities			
Payments for property, plant and equipment		(57,705)	(110,872)
Payments for intangibles		(1,482,466)	(1,546,758)
Net cash used in investing activities		(1,540,171)	(1,657,630)
Cash flows from financing activities			
Proceeds from issue of shares		1,250,000	3,584,089
Share issue transaction costs	21	-	(177,926)
Proceeds from borrowings		750,000	-
Repayment of borrowings	34	(357,915)	29,726
Repayment of lease liabilities	34	(320,571)	(276,428)
Net cash from financing activities		1,321,514	3,159,461
Net decrease in cash and cash equivalents		(625,763)	(2,475,054)
Cash and cash equivalents at the beginning of the financial year		3,087,340	5,562,394
Cash and cash equivalents at the end of the financial year	9	2,461,577	3,087,340

The above statement of cash flows should be read in conjunction with the accompanying notes



Notes to the financial statements



Mad Paws Holdings Limited Notes to the financial statements 30 June 2024

Note 1. General information

The financial statements cover Mad Paws Holdings Limited as a Group consisting of Mad Paws Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mad Paws Holdings Limited's functional and presentation currency.

Mad Paws Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, 126-130 Phillip Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations have been adopted from 1 July 2023:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023.

This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2021-5 was issued in June 2021 and is applicable to annual periods beginning on or after 1 January 2023.

The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

Going concern

The Group has prepared the financial statements for the year ended 30 June 2024 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the Group recorded a net loss of \$7,216,488 (2023: \$7,479,316) and had net cash outflows from operating activities of \$407,106 (2023: \$3,976,885). At 30 June 2024, the Group had cash and cash equivalents of \$2,461,577 (2023: \$3,087,340); net assets of \$18,038,743 (2023: \$18,603,398) and net current liabilities of \$1,852,405 (2023: \$3,558,708).

The following matters have been considered by the directors when determining the appropriateness of the going concern assumption:

- The directors are of the view the Group will continue to experience revenue growth for the 30 June 2025 financial year. It is expected that, as the monthly revenue levels increase, the Group's operating segments will be in a position to contribute positive cash flows;
- A significant portion of marketing expense and employee benefit expense relates to expenditure on activities to drive future growth in the business, as opposed to maintaining current levels of operations. The Group has the ability to flexibly manage such expenses as and when required.
- The Group has the ability to conduct future capital raises as and when required to meet operational and investment requirements.
- The cashflow forecast for the Group for the next 12 months demonstrates the ability of the Group to continue as a going concern.

Based on these considerations, the directors are of the view that the Group will be able to pay its debts as and when they fall due for at least 12 months following the date of these financial statements and that it is appropriate for the financial statements to be prepared on the going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mad Paws Holdings Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Mad Paws Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mad Paws Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Judgment is required in determining whether the Company is the principal or agent in the delivery of the services for the marketplace revenue streams. The Company has determined that it is an agent, and therefore recognises revenue on a net basis, for the following reasons:

- (i) The Company does not pre-purchase or otherwise obtain control of the services prior to the transfer to the end-user.
- (ii) The Company does not direct the pet sitters to perform the service on the Company's behalf, and the pet sitters have the sole ability to decline a transaction request.
- (iii) The Company does not set the price for the services.

Booking fee

Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee

Service fee revenue is recognised at the point in time of commencement of the sitting service.

e-Commerce & Subscription revenue

e-Commerce & Subscription revenue from the sale of goods, related to the sale of pet food, toys, accessories and non prescription products, is recognised at the point in time when the customer obtains control of the goods, which is generally when the products are received by the customer.

Pet medication order management fees

Pet medication order management fees are recognised at the point in time when the medication has been dispatched to the customer, as this is where all the Company's contractual service conditions to the third party pharmacy are satisfied.

Judgment is required in determining whether the Company is the principal or agent in the delivery of the services. The Company has determined that it is an agent, and therefore recognises revenue on a net basis, for the following reasons:

- (i) The Company does not own or control the medication products inventory.
- (ii) The Company does not set the selling price for the products.
- (iii) All regulatory matters in relation to the medication products is the responsibility of the Pharmacy.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Research and development tax incentive

The Group has adopted the income approach to accounting for research and development tax incentive pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the Group recognises the eligible expenses. Where the research and development costs are capitalised as an intangible asset, the Group recognises the incentive as income in profit or loss on a systematic basis matching the useful life of the asset.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Mad Paws Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

The entities within the tax consolidated group do not have a tax sharing agreement nor a tax funding agreement, therefore all members of the tax consolidated group are jointly and severally liable for any unpaid tax liability.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Stock in transit comprises stock that has been despatched but not yet received by the end customer. Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 years
Plant and equipment	3 years
Computer equipment	3 years
Office equipment	3 years

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and it is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Brand, domain and trademarks

Brand, domain and trademarks acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being the finite life of 10 years.

Customer relationships

Customer relationships acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit, being the finite life of 5 years.

Website and software development

Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Product listings

Product listings acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit, being the finite life of 3 years.

Pharmacy supply agreement

Pharmacy supply agreement acquired in a business combination is amortised on a straight line basis over the period of its expected benefit, being the finite life of 10 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Sitter deposit accounts

Sitter deposit accounts represent liabilities to sitters comprising the following:

- Payments for bookings made where the sitting event has not yet occurred; or
- Amounts due to sitters post the sitting event, which have not yet been redeemed.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and other parties in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees and other parties to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee/other parties, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee/other parties and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mad Paws Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard requires income and expenses to be classified into five categories: 'Operating' (residual category if income and expenses are not classified into another category), 'Investing', 'Financing', 'Income taxes' and 'Discontinued operations'. The standard introduces two mandatory sub-totals: 'Operating profit' and 'Profit before finance and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 2. Material accounting policy information (continued)

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. The Group does not expect these amendments to have a material impact.

AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements
AASB 2023-1 was issued in June 2023 and is applicable for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted.

This standard makes amendments to AASB 7 'Financial Instruments: Disclosures' and AASB 107 'Statement of Cash Flows' to require an entity to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. The amendments require an entity to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non cash changes. The Group does not expect these amendments to have a material impact.

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
AASB 2023-5 was issued in October 2023 and is applicable for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted.

This standard makes amendments to AASB 121 'The Effects of Changes in Foreign Exchange Rates' and AASB 1 'First-time Adoption of Australian Accounting Standards' to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency. The Group does not expect these amendments to have a material impact.

AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture
AASB 2014-10 was issued in December 2014 and is applicable for annual reporting periods beginning on or after 1 January 2025 (as extended by AASB 2021-7). Early adoption is permitted.

This standard makes amendments to AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures' to clarify the extent to which gains or losses are recognised when accounting for sales or contributions of assets between an investor and its associate or joint venture. The standard requires that a full gain or loss is recognised when the transaction involves a business whilst a partial gain or loss is recognised when the transaction involves assets that do not constitute a business. The Group does not expect these amendments to have a material impact.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The \$4.0 million in advertising media services received as a result of the SWM investment falls within AASB 2 Share Based Payments, whereby the Group has recognised the fair value of services as a direct increase in equity at the time the shares were issued. There is a corresponding increase to prepayment of \$4.0 million to recognise the future services to be provided by SWM. As of 30 June 2024 none of the advertising media services were used and no expense relates to these services were recognised.

There is no significant financing component as the timing of the advertising media services is at the discretion of the Group. The Group intends to fully utilise the services within the next twelve months. Refer to notes 12 and note 21 for further details.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on the higher value-in-use and fair value less cost to sell calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, growth rates of the estimated future cash flows for value-in-use calculations and revenue multiples and cost to sell for fair value less costs of disposal ('FVLCD') calculations.

Capitalised development software

Capitalised development software costs have been capitalised on the basis that the software project to which they relate will be a success considering its commercial and technical feasibility, from which time the costs will be amortised. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered through the successful commercialisation of the software assets. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Research and development tax incentives

The Group determines the estimated research and development tax incentive. These calculations incorporate a number of key assumptions and estimates to determine the expenditure that is eligible for the research and development tax incentive including project eligibility for R&D tax incentives, estimation of employee time and overhead allocations.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments, being marketplace and e-commerce & subscription. The operating segment is identified based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Other segments represent the activities of the corporate headquarters and central costs.

The CODM reviews operational EBITDA (earnings before interest, tax, depreciation, amortisation and non-operating income and costs).

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements, except for the presentation of promotion discounts on subscription products. In the statement of profit or loss and other comprehensive income, revenue is presented net of promotion discounts on subscription products. For internal reporting purposes, promotion discounts on subscription products are presented as an expense.

The information reported to the CODM is on a monthly basis. The geographic region all segments operate in is Australia.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Marketplace	An Australian based pet services marketplace that matches and connects pet owners seeking pet care services, such as walking, day care and grooming with pet sitters, walkers and other pet services providers, vetted and registered by Mad Paws.
e-Commerce & Subscription	Represents the groups of various pet product verticals including medication, over the counter pet related products, pet food and toys and treats.

Major customers

During the years ended 30 June 2024 and 30 June 2023, no customer contributed more than 10% to the Group's external revenue.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 4. Operating segments (continued)

	Marketplace \$	e-Commerce & Subscription \$	Other segments \$	Total \$
Consolidated - 2024				
Revenue				
Sales to external customers	7,819,204	19,970,392	-	27,789,596
Promotion discounts on subscription products	-	-	-	-
Total sales revenue	7,819,204	19,970,392	-	27,789,596
Rent-sub lease income	-	63,215	-	63,215
Interest revenue	-	-	16,942	16,942
Total revenue	7,819,204	20,033,607	16,942	27,869,753
Operational EBITDA				
Acquisition/capital raising costs	2,635,805	(592,256)	(3,323,174)	(1,279,625)
Share-based payments	-	-	-	(51,926)
Depreciation and amortisation	-	-	-	(1,125,130)
Deferred consideration - linked to remuneration	-	-	-	(2,277,169)
Impairment of assets	-	-	-	1,916
Restructuring costs	-	-	-	(2,214,401)
Other non-operating items	-	-	-	(205,870)
Interest revenue	-	-	-	(70,990)
Finance costs	-	-	-	16,942
Loss before income tax benefit				(258,676)
Income tax benefit				(7,464,929)
Loss after income tax benefit				248,441
				(7,216,488)

	Marketplace \$	e-Commerce & Subscription \$	Other segments \$	Total \$
Consolidated - 2023				
Revenue				
Sales to external customers	6,516,262	18,096,176	-	24,612,438
Promotion discounts on subscription products	-	(26,544)	-	(26,544)
Total sales revenue	6,516,262	18,069,632	-	24,585,894
Interest revenue	-	-	28,343	28,343
Total revenue	6,516,262	18,069,632	28,343	24,614,237
Operational EBITDA				
Research and development rebate	1,332,403	(2,553,018)	(3,540,840)	(4,761,455)
Acquisition costs	-	-	-	68,638
Share-based payments	-	-	-	(145,717)
Depreciation and amortisation	-	-	-	(525,856)
Deferred consideration - linked to remuneration	-	-	-	(1,873,629)
Impairment of assets	-	-	-	121,521
Other non-operating items	-	-	-	(556,884)
Interest revenue	-	-	-	(24,328)
Finance costs	-	-	-	28,343
Loss before income tax benefit				(61,162)
Income tax benefit				(7,730,529)
Loss after income tax benefit				251,213
				(7,479,316)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 5. Revenue

	Consolidated	
	2024	2023
	\$	\$
<i>Revenue from contracts with customers</i>		
Rendering of services - booking fee	2,758,777	1,953,732
Rendering of services - service fee	5,060,427	4,562,530
Subscription revenue	2,510,077	4,046,302
e-Commerce revenue	15,653,431	12,750,389
Pet Medication order management fees	1,547,117	1,263,101
Other	259,767	9,840
	<u>27,789,596</u>	<u>24,585,894</u>
<i>Other revenue</i>		
Rent - sub lease income	63,215	-
Revenue	<u>27,852,811</u>	<u>24,585,894</u>

Disaggregation of revenue

Revenue from contracts with customers is derived from:

- booking fees;
- service fees;
- sale of goods; and
- Pet Medication order management fees.

Booking fee

Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee

Service fee revenue is recognised at the point in time of commencement of the sitting service.

e-Commerce & Subscription revenue

e-Commerce & Subscription revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of the goods are received by the customer.

Pet medication order management fees

Pet medication order management fees are recognised at the point in time when the medication has been dispatched to the customer, as this is where all the Group's contractual service conditions to the third party pharmacy are satisfied.

All revenue from contracts with customers is generated in Australia.

Note 6. Other income

	Consolidated	
	2024	2023
	\$	\$
Remeasurement of contingent consideration (note 25)	-	294,000
Surrendering of lease liabilities (note 34)	-	239,074
Research and development rebate	-	68,638
Insurance recoveries	9,320	-
Other income	<u>9,320</u>	<u>601,712</u>

Mad Paws Holdings Limited
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Note 7. Expenses

	Consolidated	
	2024	2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales *	10,617,151	9,782,334
<i>Depreciation</i>		
Leasehold improvements	4,747	3,534
Plant and equipment	49,825	52,957
Computer equipment	24,217	35,146
Office equipment	4,585	4,292
Buildings right-of-use assets	493,626	206,397
Plant and equipment right-of-use assets	6,003	5,003
Total depreciation	<u>583,003</u>	<u>307,329</u>
<i>Amortisation</i>		
Brand, domain and trademarks	442,710	442,710
Customer relationship	187,717	197,800
Website and software development	699,895	562,453
Product listing	30,774	30,267
Pharmacy supply agreement	333,070	333,070
Total amortisation	<u>1,694,166</u>	<u>1,566,300</u>
Total depreciation and amortisation	<u>2,277,169</u>	<u>1,873,629</u>
<i>Impairment of assets</i>		
Impairment of Pet Food property, plant and equipment (note 13)	-	112,775
Impairment of Pet Food right-of-use assets (note 14)	-	235,357
Impairment of Pet Food intangible assets (note 15)	-	208,752
Impairment of Waggly goodwill (note 15)	2,114,400	-
Impairment of Waggly platform (note 15)	100,001	-
Total impairment	<u>2,214,401</u>	<u>556,884</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	115,332	14,119
Interest and finance charges paid/payable on lease liabilities	143,344	47,043
Finance costs expensed	<u>258,676</u>	<u>61,162</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	80,730	54,189
<i>Leases</i>		
Short-term lease payments	144,089	206,437
<i>Superannuation expense</i>		
Defined contribution superannuation expense	610,917	714,859
<i>Share-based payments expense</i>		
Share-based payments - employee share option plan	379,414	275,228
Share-based payments - to employees in lieu of cash remuneration	478,882	250,628
Share-based payments - to third party service provider in lieu of services provided	266,834	-
Deferred consideration linked to remuneration - equity settled	-	172,842
	<u>1,125,130</u>	<u>698,698</u>

Mad Paws Holdings Limited
Notes to the financial statements
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Note 7. Expenses (continued)

* Includes a write off of inventories of \$nil related to the Dinner Bowl closed product lines (2023: \$125,096).

Note 8. Income tax

	Consolidated	
	2024	2023
	\$	\$
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	(248,441)	(251,213)
Aggregate income tax benefit	<u>(248,441)</u>	<u>(251,213)</u>
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities	(248,441)	(251,213)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(7,464,929)	(7,730,529)
Tax at the statutory tax rate of 25%	(1,866,232)	(1,932,632)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	1,403,698	457,869
	(462,534)	(1,474,763)
Current year tax losses not recognised	214,093	1,223,550
Income tax benefit	<u>(248,441)</u>	<u>(251,213)</u>

	Consolidated	
	2024	2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	25,251,154	24,394,781
Potential tax benefit @ 25%	6,312,789	6,098,695

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	128,700	146,473
Total deferred tax assets not recognised	<u>128,700</u>	<u>146,473</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

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Note 8. Income tax (continued)

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer contracts	-	27,729
Intangibles acquired on business combinations	1,561,548	1,782,260
Deferred tax liability	<u>1,561,548</u>	<u>1,809,989</u>
Movements:		
Opening balance	1,809,989	2,061,202
Credited to profit or loss	(248,441)	(251,213)
Closing balance	<u>1,561,548</u>	<u>1,809,989</u>

Note 9. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash on hand	177	177
Cash at bank	2,461,400	3,087,163
	<u>2,461,577</u>	<u>3,087,340</u>

Note 10. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	266,973	140,124
Other receivables	10,639	27,732
	<u>277,612</u>	<u>167,856</u>

Allowance for expected credit losses

The Group has recognised a loss of \$nil (2023: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

All receivables are current (within 30-60 days) and not overdue. (2023: 2% of the total receivable is overdue).

Mad Paws Holdings Limited
Notes to the financial statements
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Note 11. Inventories

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Stock in transit - at cost	340,463	212,805
Stock on hand - at cost	1,492,330	1,280,058
	<u>1,832,793</u>	<u>1,492,863</u>

Note 12. Other assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Prepayments	4,701,597	746,278
	<u>4,701,597</u>	<u>746,278</u>
<i>Non-current assets</i>		
Other deposits	449	10,336
	<u>449</u>	<u>10,336</u>

Prepayments includes \$4.0 million of advertising media services provided by Seven West Media ('SWM') in exchange for the issue of equity in Mad Paws Holdings Limited (refer note 21).

Note 13. Property, plant and equipment

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	38,787	31,810
Less: Accumulated depreciation	(28,659)	(23,911)
	<u>10,128</u>	<u>7,899</u>
Plant and equipment - at cost	510,269	478,444
Less: Accumulated depreciation	(297,088)	(264,817)
Less: Impairment	(112,775)	(112,775)
	<u>100,406</u>	<u>100,852</u>
Computer equipment - at cost	119,142	118,134
Less: Accumulated depreciation	(114,457)	(90,240)
	<u>4,685</u>	<u>27,894</u>
Office equipment - at cost	28,769	28,769
Less: Accumulated depreciation	(25,050)	(20,465)
	<u>3,719</u>	<u>8,304</u>
	<u>118,938</u>	<u>144,949</u>

Mad Paws Holdings Limited
Notes to the financial statements
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Note 13. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements	Plant and equipment	Computer equipment	Office equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	1,785	159,341	60,950	8,425	230,501
Additions	9,648	107,243	2,090	4,171	123,152
Impairment of assets*	-	(112,775)	-	-	(112,775)
Depreciation expense	(3,534)	(52,957)	(35,146)	(4,292)	(95,929)
	<u>7,899</u>	<u>100,852</u>	<u>27,894</u>	<u>8,304</u>	<u>144,949</u>
Balance at 30 June 2023	7,899	100,852	27,894	8,304	144,949
Additions	6,976	49,379	1,008	-	57,363
Depreciation expense	(4,747)	(49,825)	(24,217)	(4,585)	(83,374)
	<u>10,128</u>	<u>100,406</u>	<u>4,685</u>	<u>3,719</u>	<u>118,938</u>
Balance at 30 June 2024	10,128	100,406	4,685	3,719	118,938

* Refer to note 15 for impairment details.

Note 14. Right-of-use assets

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	3,026,530	3,026,530
Less: Accumulated depreciation	(724,371)	(230,745)
Less: Accumulated impairment losses	(235,357)	(235,357)
	<u>2,066,802</u>	<u>2,560,428</u>
Plant and equipment - right-of-use	30,016	30,016
Less: Accumulated depreciation	(11,006)	(5,003)
	<u>19,010</u>	<u>25,013</u>
	<u>2,085,812</u>	<u>2,585,441</u>

The Group leases a warehouse space under an agreement for 4 years and 4 months, which includes a 3 year option to extend. This option has been assumed as likely to be taken up and has therefore been incorporated into the value of the right-of-use asset.

During the year ended 30 June 2023, the Group entered into a lease for additional warehouse space for its Pet Chemist business for 5 years. The lease includes a 5 year option to extend. The option has not been assumed to be taken up as it is currently uncertain if the warehouse space will continue to meet the Group's space needs in the future.

Mad Paws Holdings Limited
Notes to the financial statements
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Note 14. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Buildings right-of-use \$	Plant and equipment right-of-use \$	Total \$
Consolidated			
Balance at 1 July 2022	1,251,990	-	1,251,990
Additions	1,750,192	30,016	1,780,208
Impairment of assets *	(235,357)	-	(235,357)
Depreciation expense	(206,397)	(5,003)	(211,400)
Balance at 30 June 2023	2,560,428	25,013	2,585,441
Depreciation expense	(493,626)	(6,003)	(499,629)
Balance at 30 June 2024	2,066,802	19,010	2,085,812

* Refer to note 15 for impairment details.

For other lease related disclosures refer to:

- note 7 for details of interest on lease liabilities;
- note 19 for lease liabilities at the end of the reporting period;
- note 24 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities.

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Note 15. Intangibles

	Consolidated	
	2024 \$	2023 \$
Non-current assets		
Goodwill - at cost	14,250,043	14,250,043
Less: Impairment	(2,114,400)	-
	12,135,643	14,250,043
Brand, domain and trademarks - at cost	4,431,793	4,431,793
Less: Accumulated amortisation	(998,588)	(555,878)
	3,433,205	3,875,915
Customer relationships - at cost	747,000	747,000
Less: Accumulated amortisation	(535,800)	(348,083)
	211,200	398,917
Website and software development - at cost	5,238,560	3,808,397
Less: Accumulated amortisation	(2,098,796)	(1,449,404)
Less: Impairment	(308,753)	(208,752)
	2,831,011	2,150,241
Product listings - at cost	92,434	90,800
Less: Accumulated amortisation	(68,100)	(37,834)
	24,334	52,966
Pharmacy supply agreement - at cost	3,330,700	3,330,700
Less: Accumulated amortisation	(749,408)	(416,338)
	2,581,292	2,914,362
	21,216,685	23,642,444

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$	Brand, domain and trademarks \$	Customer relationships \$	Website and software development \$	Product listings \$	Pharmacy supply agreement \$	Total \$
Consolidated							
Balance at 1 July 2022	14,250,043	4,318,625	596,717	1,347,743	83,233	3,247,432	23,843,793
Additions	-	-	-	1,573,703	-	-	1,573,703
Impairment of assets *	-	-	-	(208,752)	-	-	(208,752)
Amortisation expense	-	(442,710)	(197,800)	(562,453)	(30,267)	(333,070)	(1,566,300)
Balance at 30 June 2023	14,250,043	3,875,915	398,917	2,150,241	52,966	2,914,362	23,642,444
Additions	-	-	-	1,480,666	2,142	-	1,482,808
Impairment of assets **	(2,114,400)	-	-	(100,001)	-	-	(2,214,401)
Amortisation expense	-	(442,710)	(187,717)	(699,895)	(30,774)	(333,070)	(1,694,166)
Balance at 30 June 2024	12,135,643	3,433,205	211,200	2,831,011	24,334	2,581,292	21,216,685

Mad Paws Holdings Limited
Notes to the financial statements
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Note 15. Intangibles (continued)

- * During FY 2023, the Mad Paws Group performed a strategic review of its Dinner Bowl pet food operations within the e-Commerce segment. As a result, the Group closed its raw and lightly cooked product lines, resulting in an impairment of website software development costs of \$208,752. Other non-current assets were impaired as part of this review including building right-of-use asset of \$235,357 and plant and equipment of \$112,775. Refer to note 14 and note 13.
- ** During FY 2024, the Mad Paws Group performed a review of the Waggly technology platform resulting in the in housing of software development activities for this platform and the impairment of previously capitalised software development costs of \$100,001. There was also an impairment on Waggly's goodwill by \$2,114,400, refer below for further details.

Goodwill acquired through business combinations have been allocated to the following CGU:

	Consolidated	
	2024	2023
	\$	\$
Waggly	445,195	2,559,595
Sash	106,927	106,927
Pet Chemist	10,528,821	10,528,821
Marketplace	1,054,700	1,054,700
	<u>12,135,643</u>	<u>14,250,043</u>

Goodwill and the CGU to which it belongs is tested annually in May for impairment or earlier when indicators of impairment have been identified. At 30 June 2024, management re-assessed the recoverable amount of all CGUs. An impairment exists when the carrying amount of each CGU at the balance sheet date exceeds its recoverable amount. In accordance with AASB 136 *Impairment of Assets*, the recoverable amount of an asset is the greater of fair value less costs of disposal or value in use.

All CGUs presented represent individual businesses within the Mad Paws Group.

Impairment testing - Sash CGU

An impairment test was not performed as Sash goodwill is not material to the Group. Sash CGU had profit of \$0.2 million for the year ended 30 June 2024 (2023: profit of \$0.1 million).

Impairment testing - Marketplace CGU

The recoverable amount of the Marketplace CGUs has been determined based on the value-in-use ("VIU") methodology. The VIU calculations use cash flow projections based on a five-year discounted cash flow model, with a terminal value applied to the discounted cash flows after year five. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

- 16.7% (2023: 18.4%) pre-tax discount rate;
- Revenue growth in year 1 as per the next financial year budget approved by the board;
- Revenue growth in years 2 to 5 is calculated using historical growth rates (adjusted for expected changes) across key drivers such as marketing spend growth, customer acquisition costs, customer retention curve, average price per booking and take rate;
- Gross margins in years 2 to 5 reference historical performance adjusted for expected scale and volume benefits. Gross margins range between 94% to 96% (2023: 94% to 96%); and
- 3% (2023: 3%) terminal growth rate based on the estimated long term market growth rate.

Impairment test results:

Based on the VIU calculation methodology and assumptions stated above, the carrying amount of the Marketplace CGU at balance sheet date does not exceed its recoverable amount. No impairment existed at 30 June 2024.

Impact of possible changes in assumptions:

No reasonable change in assumptions would result in impairment to the CGU.

Mad Paws Holdings Limited
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Note 15. Intangibles (continued)

Impairment testing - Waggly CGU

The recoverable amount of the Waggly CGU has been determined on the basis of the of Fair Value less costs of disposal. Fair Value was determined using a revenue multiple peer group of pet related and comparable e-Commerce companies. Due to the specific nature of the Waggly products and offering a narrow peer group was identified and a revenue multiple of 0.3 inclusive of a small company discount. Costs of disposal were estimated at 2.5% of the fair value. The Revenue multiple was then applied to Waggly revenue for the last 12 months ended May 24.

The revenue multiples applied in the testing of the Waggly CGU are classified as level 2 on the fair value hierarchy (refer to note 25).

Impairment test results:

Based on the Fair Value less costs of disposal calculation and assumptions stated above, the carrying amount of the Waggly CGU at the reporting date exceed its recoverable amount and therefore an impairment expense has been recognised of \$2.114 million within impairment of assets in the statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

The impairment was due to an increase in risk free rates since the date out acquisition as well as the Group's focus on profitability which reduced marketing investment in the Waggly CGU reducing longer term growth expectations.

Impact of possible changes in assumptions:

With all other variables held constant, a 0.025 decrease in the revenue multiple used in the Fair value less cost of disposal calculation would result in an additional impairment expense of \$0.1 million for the Waggly CGU calculation.

Impairment testing – Pet Chemist CGU

The recoverable amount of the Pet Chemist CGU has been determined on the basis of the of Fair Value less costs of disposal. Fair Value was determined using a revenue multiple peer group of pet related and comparable e-Commerce companies. A revenue multiple of 1.0x revenue inclusive of a small company discount was used. Costs of disposal were estimated at 2.5% of the fair value. The Revenue multiple was then applied to FY25 Budgeted revenue.

The revenue multiples applied in the testing of the Pet Chemist CGU are classified as level 2 on the fair value hierarchy (refer to note 25).

Impairment test results:

Based on the Fair Value less cost of disposal calculation and assumptions stated above, the carrying amount of the Pet Chemist CGU at the reporting date does not exceed its recoverable amount. No impairment charge is recognised for the year ended 30 June 2024

Impact of possible changes in assumptions:

A 0.05 decrease in the revenue multiple used in the Fair value less cost of disposal calculation would result in an impairment of \$0.956 million for the Pet Chemist CGU calculation.

Note 16. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
Current liabilities		
Trade payables	3,861,359	2,547,400
Accrued expenses and other payables	1,389,785	1,636,253
GST payable	179,974	169,339
	<u>5,431,118</u>	<u>4,352,992</u>

Refer to note 24 for further information on financial instruments.

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Note 16. Trade and other payables (continued)

Accrued expenses and other payables

Included in accrued expenses and other payables is deferred consideration of \$nil (2023: \$325,975) associated with the acquisition of Pet Chemist, Sash and Waggly which is payable subject to the vendors continuing employment with Mad Paws for a specified period of time after the acquisition. Due to its link to employment services, it is recorded as an employee benefit expense over the specified employment period.

Note 17. Contract liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	768,361	655,274
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	655,274	451,236
Payments received in advance	27,902,683	23,516,792
Transfer to revenue - included in the opening balance	(655,274)	(451,236)
Transfer to revenue (service) - performance obligations satisfied in current year	(27,134,322)	(22,861,518)
Closing balance	768,361	655,274

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$768,361 as at 30 June 2024 (\$655,274 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024	2023
	\$	\$
Within 6 months	768,361	655,274

Note 18. Borrowings

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Bank loan - asset finance	9,657	8,430
Debt facility - Kashcade	399,727	-
Insurance premium funding	199,196	177,811
	608,580	186,241
<i>Non-current liabilities</i>		
Bank loan - asset finance	6,951	15,819

Refer to note 24 for further information on financial instruments.

Mad Paws Holdings Limited
Notes to the financial statements
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Note 18. Borrowings (continued)

Bank loans

The bank loan - asset finance has a term of 5 years and is secured over the financed assets. Interest is charged at 5.5% per annum. The principal and interest are repaid in monthly instalments.

Debt facility - Kashcade

The Debt facility has a facility limit of \$1.0 million and can be used for working capital purposes. A maximum of \$250,000 per month can be drawn down with a minimum draw down of \$100,000 per month. Each draw down has a repayment term of 12 months from the draw down date. A loan fee is charged of 14.5% at the time of drawdown, future loan fees will be 14.50% plus any change in the RBA cash rate since 30 September 2023, with principal and the loan fee repaid in monthly instalments. The facility is secured over the assets of the Group.

On 25 July 2024, the Group refinanced its existing debt facility with Kashcade, replacing it with a \$2.0 million facility with Partners for Growth VII, L.P. ('PFG'). Refer to note 37.

The structure and duration of the facility is intended to enhance Mad Paw's financial position and provide the Company with resources to support its business objectives, including Mad Paws' upcoming brand and customer acquisition efforts and general working capital. In addition, funds from the new facility will also be used to repay the pre-existing \$1.0 million growth working capital facility with Kashcade that will be discharged in full following PFG drawdown (repayment amount of remaining drawn funds of \$0.4 million).

Loan refinanced facility details are:

- The facility interest rate is pegged at BBSW plus 8.6975%, with a minimum rate of 12.00%.
- Other fees include:
 - an establishment fee of 2.00% (being \$40,000);
 - pre-payment fees for any early voluntary prepayment; and
 - back-end fee of up to A\$315,000 payable upon maturity.
- Mad Paws is required to adhere to certain financial covenants during the facility term, including maintaining minimum levels of profitability, gross margin, and liquidity, in addition to other undertakings and covenants, which are customary for facilities of this nature.
- The loan facility contains typical events of default on which the facility becomes repayable, including for breach of covenants or misrepresentations.
- PFG will be granted a first-ranking security interest over all assets of the Company and its subsidiaries.

Insurance premium funding

The facility, used to fund the Group's insurance premiums, has a term of 12 months and is repaid in monthly instalments.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$	\$
Total facilities		
Bank loan - asset finance	16,608	24,249
Debt facility - Kashcade	649,727	-
	666,335	24,249
Used at the reporting date		
Bank loan - asset finance	16,608	24,249
Debt facility - Kashcade	399,727	-
	416,335	24,249
Unused at the reporting date		
Bank loan - asset finance	-	-
Debt facility - Kashcade	250,000	-
	250,000	-

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Note 19. Lease liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Lease liabilities	469,230	356,925
<i>Non-current liabilities</i>		
Lease liabilities	1,873,959	2,306,835

Refer to note 24 for the contractual maturity of lease liabilities.

Note 20. Other liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Sitter deposit accounts	3,411,051	3,005,214

Note 21. Issued capital

	2024	Consolidated		2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	406,079,055	351,662,572	64,804,457	58,532,038

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Note 21. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	318,094,577		54,270,660
Issue of shares	1 July 2022	342,713	\$0.138	47,500
Issue of shares	4 July 2022	54,113	\$0.138	7,500
Issue of shares	27 October 2022	551,001	\$0.139	76,920
Issue of shares	27 October 2022	75,000	\$0.250	18,750
Issue of shares	27 October 2022	29,158	\$0.155	4,547
Issue of shares	28 October 2022	28,846	\$0.130	3,750
Issue of shares	14 December 2022	3,383,459	\$0.133	450,000
Issue of shares	15 December 2022	205,673	\$0.139	28,712
Issue of shares	21 December 2022	1,328,476	\$0.160	217,536
Issue of shares	7 March 2023	4,492,632	\$0.130	584,089
Issue of shares	17 February 2023	23,076,924	\$0.130	3,000,000
Less: share issue transaction costs, net of tax		-		(177,926)
Balance	30 June 2023	351,662,572		58,532,038
Issue of shares	4 September 2023	2,272,727	\$0.110	250,000
Issue of shares	8 September 2023	2,106,065	\$0.081	170,592
Issue of shares	2 February 2024	378,900	\$0.250	94,725
Issue of shares	2 February 2024	963,088	\$0.090	84,834
Issue of shares	2 February 2024	3,226,543	\$0.081	264,268
Issue of shares *	19 February 2024	43,750,000	\$0.120	5,250,000
Issue of shares	7 May 2024	1,000,000	\$0.086	86,000
Issue of shares	11 June 2024	719,160	\$0.100	72,000
Balance	30 June 2024	406,079,055		64,804,457

* On 16 February 2024, the Group secured an investment from Seven West Media ('SWM') totalling \$5.25 million, with \$1.25 million paid in cash and the equivalent of \$4.0 million advertising media services to be utilised prior to 31 December 2026 (refer note 12). The agreement resulted in the issuance of 43.75 million shares to SWM.

In addition to the initial \$5.25 million investment, the Group has a 24-month discretionary option to acquire further advertising placements from SWM to the value of \$4 million. If exercised by Mad Paws, the purchase will be settled through the issue of ordinary shares to SWM at an issue price equal to Mad Paws' 30 day volume-weighted average price at the exercise date, capped at a minimum issue price of \$0.12 and a maximum issue price of \$0.25, and conditional on the receipt of requisite shareholder approvals. In the event the 30 day VWAP is below \$0.10, exercise of the option is also subject to Seven's prior approval. The share price at the reporting date was below the floor. At the reporting date, the Group had not exercised the option and no accounting entries were made.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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Note 21. Issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 22. Reserves

	Consolidated	
	2024	2023
	\$	\$
Share-based payments reserve	5,233,978	4,854,564
Other capital reserve	(5,123,203)	(5,123,203)
	<u>110,775</u>	<u>(268,639)</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other capital reserve

The other capital reserve is used to recognise the difference between the historical carrying value of the issued capital immediately prior to the acquisition of Mad Paws Pty. Ltd. and the issued capital of the Mad Paws Holdings Limited at the date of acquisition.

Consolidated	Share-based payments	Other capital reserve	Total
	\$	\$	\$
Balance at 1 July 2022	4,465,335	(5,123,203)	(657,868)
Share-based payments - employee share option plan	389,229	-	389,229
Balance at 30 June 2023	4,854,564	(5,123,203)	(268,639)
Share-based payments - employee share option plan	379,414	-	379,414
Balance at 30 June 2024	<u>5,233,978</u>	<u>(5,123,203)</u>	<u>110,775</u>

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

Financial risk management objectives

The Group's principal financial liabilities comprise trade and other payables derived directly from its operations. The Group's principal financial assets include cash and short-term deposits that derive directly from its operations.

The Group is primarily exposed to liquidity risk. The current activities of the Group do not expose it to any significant market risk (including foreign currency risk, price risk and interest rate risk) or credit risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the financial performance and financial position of the Group. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use cash deposits, capital raisings, lease contracts and through the issue of shares. The Group uses different methods to measure its liquidity risk including cash flow analysis.

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Note 24. Financial instruments (continued)

Risk management is carried out by senior executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

Market risk

The Group is not exposed to any significant foreign currency risk, price risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Due to the nature of the Group's activities, the Group does not have any financial assets that are susceptible to credit risk (such as trade receivables) therefore, the Group is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	\$	\$
Debt facility - Kashcade	250,000	-

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	Remaining contractual maturities				Remaining contractual maturities \$
		1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	
Non-derivatives						
Non-interest bearing						
Trade payables	-	3,861,359	-	-	-	3,861,359
Accrued expenses and other	-	1,389,785	-	-	-	1,389,785
Sitter deposit accounts	-	3,411,051	-	-	-	3,411,051
Interest-bearing - fixed rate						
Bank loan - asset finance	5.05%	10,251	7,097	-	-	17,348
Debt facility - Kashcade	25.98%	430,104	-	-	-	430,104
Insurance premium funding	6.11%	199,196	-	-	-	199,196
Lease liability	5.58%	595,676	617,269	1,424,966	-	2,637,911
Total non-derivatives		<u>9,897,422</u>	<u>624,366</u>	<u>1,424,966</u>	<u>-</u>	<u>11,946,754</u>

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Note 24. Financial instruments (continued)

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,547,400	-	-	-	2,547,400
Accrued expenses and other	-	1,636,253	-	-	-	1,636,253
Sitter deposit accounts	-	3,005,214	-	-	-	3,005,214
<i>Interest-bearing - fixed rate</i>						
Bank loan - asset finance	5.05%	9,462	9,462	7,097	-	26,021
Insurance premium funding	6.11%	177,811	-	-	-	177,811
Lease liability	5.65%	500,269	587,744	1,890,540	123,273	3,101,826
Total non-derivatives		7,876,409	597,206	1,897,637	123,273	10,494,525

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

There are no contingent consideration balances as at 30 June 2024 and 2023. There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Contingent consideration has been valued using a probability weighted average payout approach.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration \$
Balance at 1 July 2022	294,000
Amounts not used (note 6)*	(294,000)
Balance at 30 June 2023	-
Balance at 30 June 2024	-

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Note 25. Fair value measurement (continued)

* Corresponds to the Pet Chemist earnout not paid as it was unlikely to achieve the minimum levels required.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	Expected revenue	FY23: \$12.0 million - \$22.8 million FY24: \$22.0 million - \$33.0 million	If expected revenue were 10% higher or lower the fair value would be unchanged.

Note 26. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2024 \$	2023 \$
Short-term employee benefits	639,579	805,734
Post-employment benefits	69,708	85,300
Long-term benefits	(17,513)	2,772
Share-based payments	572,351	479,106
	<u>1,264,125</u>	<u>1,372,912</u>

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Crowe Audit Australia, the auditor of the Company:

	Consolidated	
	2024 \$	2023 \$
<i>Audit services - Crowe Audit Australia</i>		
Audit or review of the financial statements	169,300	171,500
<i>Other services - Crowe Audit Australia</i>		
Tax - compliance	15,000	17,600
Tax - advisory	11,630	-
	<u>26,630</u>	<u>17,600</u>
	<u>195,930</u>	<u>189,100</u>

Note 28. Contingent liabilities

There are no contingent liabilities as at 30 June 2024 and 30 June 2023.

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Note 29. Related party transactions

Parent entity

Mad Paws Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except where stated otherwise.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Profit/(loss) after income tax	(2,868,292)	162,368
Total comprehensive loss	(2,868,292)	162,368

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	26,717,517	20,660,520
Total assets	62,369,626	58,427,029
Total current liabilities	694,771	535,714
Total liabilities	694,771	535,714
Equity		
Issued capital	64,804,457	58,532,038
Share-based payments reserve	4,014,155	3,634,741
Accumulated losses	(7,143,757)	(4,275,464)
Total equity	61,674,855	57,891,315

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Note 30. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Mad Paws Pty. Ltd.	Australia	100.00%	100.00%
Gassett Group Pty Ltd	Australia	100.00%	100.00%
Animal Magnetism Pty Ltd	Australia	100.00%	100.00%
Aussie Pet Meds Pty Ltd	Australia	100.00%	100.00%
Natures Paw Supplements Pty Ltd *	Australia	100.00%	-

* This company was established on 13 October 2023.

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Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax benefit for the year	(7,216,488)	(7,479,316)
Adjustments for:		
Depreciation and amortisation	2,277,169	1,873,629
Impairment of assets	2,214,401	556,884
Share-based payments - employee share option plan	379,414	275,228
Share-based payments - to employees in lieu of cash remuneration	478,882	250,628
Share-based payments - to third party service provider in lieu of services provided	266,834	-
Deferred consideration linked to remuneration - equity settled	-	172,842
Non-cash expenses/income	-	(10,192)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(126,849)	(43,864)
Increase in inventories	(339,930)	(571,489)
Decrease/(increase) in prepayments	44,681	(349,644)
(Increase)/decrease in research and development tax incentive receivable	-	341,920
Decrease/(increase) in other operating assets	17,093	(21,616)
Increase in trade and other payables	1,791,939	975,700
Increase in contract liabilities	113,087	204,038
Decrease in deferred tax liabilities	(248,441)	(251,213)
Increase/(decrease) in employee benefits	(58,898)	99,580
Net cash used in operating activities	(407,106)	(3,976,885)

Note 33. Non-cash investing and financing activities

	Consolidated	
	2024	2023
	\$	\$
Additions to the right-of-use assets	-	1,780,208
Shares issued under employee share plan	434,860	-
Shares issued in relation to business combinations	344,725	564,650
Shares issued to employees as in lieu of cash remuneration	-	373,188
Shares issued to third party service provider in lieu of services provided	4,242,834	3,750
	5,022,419	2,721,796

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Note 34. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities	Bank loan	Insurance premium funding	Total
	\$	\$	\$	\$
Balance at 1 July 2022	1,307,210	48,116	148,085	1,503,411
Net cash used in financing activities	(276,428)	(23,867)	-	(300,295)
Settlement of expenses by means of loan	-	-	29,726	29,726
Acquisition of leases	1,780,208	-	-	1,780,208
Other changes	91,844	-	-	91,844
Surrender of leases (note 6)	(239,074)	-	-	(239,074)
Balance at 30 June 2023	2,663,760	24,249	177,811	2,865,820
Net cash from/(used in) financing activities	(320,571)	392,086	-	71,515
Settlement of expenses by means of loan	-	-	21,385	21,385
Balance at 30 June 2024	2,343,189	416,335	199,196	2,958,720

Note 35. Earnings per share

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax attributable to the owners of Mad Paws Holdings Limited	(7,216,488)	(7,479,316)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	373,200,836	331,508,690
Weighted average number of ordinary shares used in calculating diluted earnings per share	373,200,836	331,508,690
	Cents	Cents
Basic earnings per share	(1.93)	(2.26)
Diluted earnings per share	(1.93)	(2.26)

Share options have been excluded from the above calculations as they were anti-dilutive.

49,684,317 (2023: 55,317,368) options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2024.

Note 36. Share-based payments

Employee share options plan

Under the existing employee share options plan ('ESOP'), employee share options have been granted to certain employees as part of their remuneration package under Long Term Incentives ('LTI') and Short Term Incentives ('STI') arrangements.

LTI options

Under the LTI plan options vest over 3 years, subject to the employees satisfying the vesting condition, which is an employment condition. There are no other vesting conditions attaching to the share options. Options vest as follows: one third over 12 months after start date, one third over 24 months after start date and one third over 36 months after start date. The options have a 6 year expiration.

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Note 36. Share-based payments (continued)

STI options

Under the STI plan, employees will receive a minimum of 50% of their total eligible STI in STI options. STI options have a zero exercise price and vest in two equal tranches, with 50% vesting on the first anniversary after the date of grant, and the remaining 50% vesting on the second anniversary after the date of grant, subject to the participant's continued employment at the applicable vesting date. The options have a 5 year expiration.

Salary sacrifice scheme

The Company offers eligible directors and employees the option to sacrifice a percentage of their salary to be received in shares. Shares issued under the scheme are issued at a 10% discount to Volume Weighted Average Price (VWAP) calculated.

Options granted during the financial year related to the STI plan with 100% of the eligible STI settled in STI options as well as a discretionary option grant in lieu of salary increases for eligible employees, total expense for the -year was \$379,414.

In addition to the STI option expense the Group incurred share-based payment expense to employees/directors in lieu of cash remuneration of \$478,882 and to third parties in lieu of services provided of \$266,834.

Set out below are summaries of options granted as at 30 June 2024:

2024	Grant Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
	01/07/2015	\$0.0022	300,036	-	-	-	300,036
	01/10/2015	\$0.0022	1,667,750	-	-	-	1,667,750
	15/11/2015	\$0.0022	212,837	-	-	-	212,837
	31/01/2016	\$0.0022	212,837	-	-	-	212,837
	26/04/2016	\$0.0929	427,262	-	-	-	427,262
	01/07/2017	\$0.0022	584,665	-	-	-	584,665
	01/09/2018	\$0.0230	207,119	-	-	-	207,119
	17/09/2018	\$0.0230	36,108	-	-	-	36,108
	09/01/2019	\$0.0230	2,763,700	-	-	-	2,763,700
	15/01/2019	\$0.0230	198,542	-	-	-	198,542
	01/02/2019	\$0.0230	100,647	-	-	-	100,647
	03/06/2019	\$0.0159	103,559	-	-	-	103,559
	08/07/2019	\$0.0159	622,944	-	-	-	622,944
	01/07/2020	\$0.0184	5,127,775	-	-	-	5,127,775
	01/10/2020	\$0.0184	2,162,514	-	-	-	2,162,514
	18/12/2020	\$0.2000	10,000,000	-	-	(10,000,000)	-
	23/03/2021	\$0.3000	2,000,000	-	-	-	2,000,000
	23/03/2021	\$0.3400	18,150,000	-	-	-	18,150,000
	21/06/2021	\$0.3400	500,000	-	-	-	500,000
	15/11/2021	\$0.3400	1,950,000	-	-	-	1,950,000
	08/08/2022	\$0.2900	3,056,714	-	-	(137,255)	2,919,459
	23/08/2022	\$0.2300	3,865,072	-	-	(590,461)	3,274,611
	11/11/2022	\$0.0000	841,067	-	-	(27,435)	813,632
	15/12/2022	\$0.0000	226,220	-	-	-	226,220
	20/09/2023	\$0.0000	-	5,904,501	-	(782,401)	5,122,100
			<u>55,317,368</u>	<u>5,904,501</u>	<u>-</u>	<u>(11,537,552)</u>	<u>49,684,317</u>
	Weighted average exercise price		\$0.19	\$0.08	\$0.00	\$0.18	\$0.19

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 36. Share-based payments (continued)

2023

Grant Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	\$0.0022	300,036	-	-	-	300,036
01/10/2015	\$0.0022	1,667,750	-	-	-	1,667,750
15/11/2015	\$0.0022	212,837	-	-	-	212,837
31/01/2016	\$0.0022	212,837	-	-	-	212,837
26/04/2016	\$0.0929	427,262	-	-	-	427,262
01/07/2017	\$0.0022	584,665	-	-	-	584,665
01/09/2018	\$0.0230	207,119	-	-	-	207,119
17/09/2018	\$0.0230	36,108	-	-	-	36,108
09/01/2019	\$0.0230	2,763,700	-	-	-	2,763,700
15/01/2019	\$0.0230	198,542	-	-	-	198,542
01/02/2019	\$0.0230	100,647	-	-	-	100,647
03/06/2019	\$0.0159	103,559	-	-	-	103,559
08/07/2019	\$0.0159	622,944	-	-	-	622,944
01/07/2020	\$0.0184	5,127,775	-	-	-	5,127,775
01/10/2020	\$0.0184	2,162,514	-	-	-	2,162,514
18/12/2020	\$0.2000	10,000,000	-	-	-	10,000,000
23/03/2021	\$0.3000	2,000,000	-	-	-	2,000,000
23/03/2021	\$0.3400	18,150,000	-	-	-	18,150,000
21/06/2021	\$0.3400	500,000	-	-	-	500,000
15/11/2021	\$0.3400	1,950,000	-	-	-	1,950,000
08/08/2022	\$0.2900	-	3,467,701	-	(410,987)	3,056,714
23/08/2022	\$0.2300	-	4,496,104	-	(631,032)	3,865,072
11/11/2022	\$0.0000	-	948,630	-	(107,563)	841,067
15/12/2022	\$0.0000	-	226,220	-	-	226,220
		<u>47,328,295</u>	<u>9,138,655</u>	<u>-</u>	<u>(1,149,582)</u>	<u>55,317,368</u>
	Weighted average exercise price	\$0.19	\$0.22	\$0.00	\$0.23	\$0.19

Mad Paws Holdings Limited
Notes to the financial statements
30 June 2024

Note 36. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	2024 Number	2023 Number
01/07/2015	300,036	300,036
01/10/2015	1,667,750	1,667,750
15/11/2015	212,837	212,837
01/02/2016	212,837	212,837
26/04/2016	427,262	427,262
01/07/2017	584,665	584,665
01/09/2018	207,119	207,119
17/09/2018	36,108	36,108
09/01/2019	2,763,700	2,763,700
15/01/2019	198,542	198,542
01/02/2019	100,647	100,647
03/06/2019	103,559	103,559
08/07/2019	622,944	622,944
01/07/2020	5,127,775	5,127,775
01/10/2020	2,162,514	2,162,514
18/12/2020	-	10,000,000
21/06/2021	500,000	500,000
23/03/2021	2,000,000	2,000,000
23/03/2021	18,150,000	18,150,000
15/11/2021	1,950,000	1,950,000
08/08/2022	973,153	-
23/08/2022	1,279,212	-
11/11/2022	125,303	-
15/12/2022	113,110	-
	<u>39,819,073</u>	<u>47,328,295</u>

The weighted average share price during the financial year was \$0.19 (2023: \$0.19).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Notional expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/09/2023	20/09/2028	\$0.083	\$0.000	61.000%	-	3.840%	\$0.076

Note 37. Events after the reporting period

On 25 July 2024, the Group refinanced its existing debt facility with Kashcade, replacing it with a \$2.0 million facility with Partners for Growth VII, L.P. ('PFG'). Refer to note 18.

The structure and duration of the facility is intended to enhance Mad Paw's financial position and provide the Company with resources to support its business objectives, including Mad Paws' upcoming brand and customer acquisition efforts and general working capital. In addition, funds from the new facility will also be used to repay the pre-existing \$1 million growth working capital facility with Kashcade that will be discharged in full following PFG drawdown (repayment amount of remaining drawn funds of \$0.4 million).

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Mad Paws Holdings Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Mad Paws Holdings Limited	Body Corporate	Australia		Australia *
Mad Paws Pty. Ltd.	Body Corporate	Australia	100.00%	Australia *
Gassett Group Pty Ltd	Body Corporate	Australia	100.00%	Australia *
Animal Magnetism Pty Ltd	Body Corporate	Australia	100.00%	Australia *
Aussie Pet Meds Pty Ltd	Body Corporate	Australia	100.00%	Australia *
Natures Paw Supplements Pty Ltd	Body Corporate	Australia	100.00%	Australia *

* Mad Paws Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Mad Paws Holdings Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Jan Pacas
 Chairman

29 August 2024



Justus Hammer
 Chief Executive Officer



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Independent Auditor's Report to the Members of Mad Paws Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mad Paws Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Revenue Recognition Refer to Notes 2, 5 and 17	
<p>The Group generates revenue from booking fees and service fees for pet sitting services and from the sale of goods through e-Commerce and subscription channels.</p> <p>The Group's accounting policies for the recognition of revenue are outlined in Note 2 to the financial statements.</p> <p>Due to the risk of revenue overstatement and its impact to the financial statements, differing revenue streams and timing of the completion of the respective performance obligations, revenue recognition was considered to be a key audit matter.</p>	<p>We performed the following audit procedures amongst others:</p> <ul style="list-style-type: none"> Assessed whether the revenue recognition policy applied to each revenue stream is in accordance with Australian Accounting Standard AASB 15 <i>Revenue from Contracts with Customers</i>. Selected a sample of booking fee revenue and service fee revenue. Performed substantive testing to determine whether the revenue occurred and was recorded in the appropriate period by tracing through to evidence of booking payment and commencement of sitting service. Assessed the completeness of contract liabilities, being the service fee paid where the sitting service has not yet commenced at 30 June 2024. Performed a recalculation of expected booking fee and service fee revenue. Selected a sample of subscription and e-Commerce transactions. Performed substantive testing to check whether the revenue was recorded in the appropriate period by tracing through to evidence of payment for the goods and delivery to the customer. For e-Commerce sales revenues, checked receipts of funds to supporting documents. For pet medication order management fees, tested the calculation of the fee revenue to the number of orders fulfilled and the rate per the agreement with the third party pharmacy. Evaluated the reasonableness of the Group's disclosures on revenue in light of the requirements of Australian Accounting Standards.
Goodwill Impairment Testing Refer to Notes 2, 3 and 15	
<p>Goodwill is required by Australian Accounting Standards to be tested for impairment, at least annually, at the Cash Generating Unit (CGU) level.</p> <p>The Group performed an impairment assessment of goodwill by calculating the recoverable value for each CGU using value in use (VIU) model or fair value less cost of disposal (FVLCD) model.</p> <p>The impairment assessment was a key audit matter due to the size of the goodwill balance and the judgment involved in determining the recoverable value of each CGU.</p>	<p>We performed the following audit procedures amongst others:</p> <ul style="list-style-type: none"> assessed whether the Group's identification of CGUs was consistent with our knowledge of the operations, internal reporting lines and level of integration of the acquired businesses. discussed and evaluated management's basis for using the significant assumptions and inputs used in the VIU model or FVLCD model, and challenged its appropriateness. for CGUs where a discounted cash flows approach has been used in the VIU model, we considered the appropriateness of discount

	<p>rate, growth rate and terminal growth rate applied. We also considered the reasonableness of the forecasted revenue for year 1 with check points being made to the actual result in the reporting year and historical accuracy of the forecast.</p> <ul style="list-style-type: none"> We checked the mathematical accuracy of the forecasts that were used in the models. for CGUs where a multiple approach has been used in the FVLCD, together with our valuation specialists we considered the appropriateness of the revenue multiples used in the valuation models in relation to observed multiples for comparable businesses. We also considered the reasonableness of the future maintainable revenue with check points being made to the actual result in the reporting year and historical accuracy of the forecast. interrogated the impairment testing models using different inputs as a means to perform sensitivity analysis. evaluated the reasonableness of the note disclosures in light of the requirements of Australian Accounting Standards.
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 46 to 56 of the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Mad Paws Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

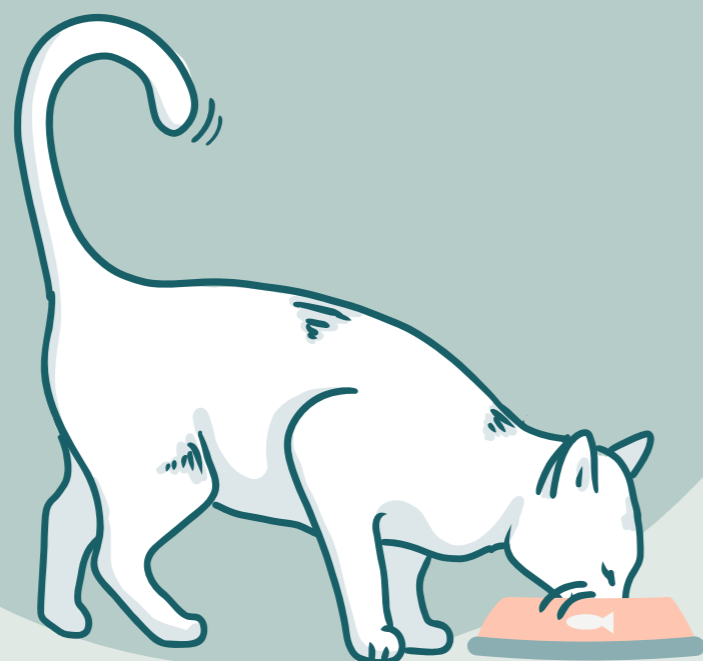
Crowe Audit Australia

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Suwari Asmono
Partner

29 August 2024
Sydney

Shareholder information



Mad Paws Holdings Limited Shareholder information 30 June 2024

The shareholder information set out below was applicable as at 19 August 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	23	-	1	-
1,001 to 5,000	305	0.25	-	-
5,001 to 10,000	359	0.76	1	0.02
10,001 to 100,000	421	3.53	24	2.25
100,001 and over	228	95.46	34	97.73
	1,336	100.00	60	100.00
Holding less than a marketable parcel	424	0.40	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
NATIONAL NOMINEES LIMITED	58,928,879	14.51
SEVEN WEST MEDIA INVESTMENTS PTY LIMITED	43,750,000	10.77
HOWARD HUMPHREYS	35,304,348	8.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,220,761	5.22
PRUAL INVESTMENTS PTE LTD	13,310,859	3.28
MELISSA THERESE MARY CRONIN (NYE PET CHEMIST A/C)	12,737,273	3.14
JUSTUS HAMMER	9,397,605	2.31
TOMANA SUPER PTY LTD (A & T PATSAKOS SUPERFUND A/C)	8,172,588	2.01
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,154,270	2.01
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,000,334	1.97
NEO CAMELOT HOLDINGS NO 2 PTY LTD	7,899,038	1.94
MR JAN PACAS	7,372,723	1.81
BRIDGELANE CAPITAL PTY LTD	5,555,556	1.37
ELYUMA ENTERPRISES PTY LTD (ELYUMA FAMILY A/C)	5,377,224	1.32
QANTAS VENTURES PTY LTD	5,177,648	1.27
SCALEUP MEDIAFUND PTY LTD	5,177,648	1.27
LENMAR NOMINEES PTY LTD (HUMPHREYS FAMILY A/C)	5,042,228	1.24
TLC HOWE PTY LTD (THE HOWE FAMILY A/C)	4,642,500	1.14
CHARBELLU PTY LIMITED (CHARBELLU SUPER FUND A/C)	4,000,000	0.98
ALEXIS SOULOPOULOS	3,706,938	0.91
	272,928,420	67.16

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	49,521,114	60

Mad Paws Holdings Limited
Shareholder information
30 June 2024

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Bombora Special Investments Growth Fund (BIM)	58,928,879	14.51
Seven Group Holdings Limited	43,750,000	10.77
Howard Humphreys	35,304,348	8.69
SG Hiscocks	22,558,037	5.55

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

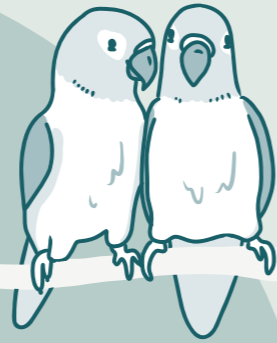
There are no other classes of equity securities.

Securities subject to escrow

Class	Expiry date	Number of shares
Ordinary shares	19 February 2025	43,750,000



Corporate directory



Mad Paws Holdings Limited Corporate directory 30 June 2024

Directors	Jan Pacas Justus Hammer Joshua May Michael Hill Vicki Aristidopoulos Howard Humphreys
Company secretary	Belinda Cleminson
Registered office and principal place of business	Level 5, 126-130 Phillip Street Sydney NSW 2000 Tel: +61 1300 288 664
Share register	Automic Pty Limited Level 5, 126 Philip Street Sydney NSW 2000 Tel: +61 1300 288 664
Auditor	Crowe Audit Australia Level 24, 1 O'Connell Street Sydney NSW 2000
Solicitors	Talbot Sayer Level 27, Riverside Centre 123 Eagle Street Brisbane QLD 4000
Bankers	Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000
Stock exchange listing	Mad Paws Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: MPA)
Website	www.madpaws.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Mad Paws Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. Mad Paws Holdings Limited has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, was approved by the Board of Directors at the same time as the Annual Report and can be found on the Investor Relations page at www.madpaws.com.au/investor-centre/corporate-governance

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