



PROSPECTUS

Mad Paws Holdings Limited

ACN 636 243 180



Joint Lead Managers



FOSTER STOCKBROKING

Foster Stockbroking Pty Ltd



CCZ Statton Equities Pty Ltd

Initial Public Offering of up to 60 million Shares at an Offer Price of \$0.20 per Share to raise up to \$12 million. The offer has a Minimum Subscription of \$10 million (50 million Shares).

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Shares being offered under this Prospectus, or any matter relating to an investment in the Company.

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IMPORTANT NOTICES

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Offer Shares being offered under this Prospectus, or any matter relating to an investment in the Company. This Prospectus is issued by Mad Paws Holdings Limited ACN 636 243 180 (Company).

Offer

The offer contained in this Prospectus is an invitation by the Company to acquire fully paid ordinary shares (**Shares**) in the Company (**Offer**). No Shares will be issued under the Offer unless the Minimum Subscription of \$10 million has been raised. This Prospectus also contains the EIP Offer, Cleansing Offer, and JLM Options Offer.

Lodgement and Listing

This Prospectus is dated 12 February 2021 (**Prospectus Date**) and was lodged with ASIC on that date.

The Company will apply to ASX within seven days after the Prospectus Date, for admission of the Company to the Official List and for quotation of its Shares on ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date.

Exposure period

Under the Corporations Act, the Company must not process Application Forms during the seven-day period after the date of lodgement of this Prospectus with ASIC, noting that this period may be extended by ASIC for up to a further seven days (**Exposure Period**).

This exposure period enables the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

Note to Applicants

This Prospectus provides information for investors to decide if they wish to invest in the Company. You should read this document in its entirety. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares offered under this Prospectus. Examine the assumptions underlying the Financial Information and the risk factors that could affect the financial performance of the Company. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest. The Offer is not financial product advice and does not take into account the investment objectives, financial situation or needs of particular investors. The Company is not licensed to provide financial product advice in respect of Shares or other financial products.

Information about the Company

This Prospectus contains certain information about Mad Paws, its directors, senior executives and business. It also contains details of their investment approach, strategy and philosophy. To the extent that this Prospectus includes statements by the Company or includes statements based on any statement of, or

information provided by the Company, the Company has consented to each such statement being included in this Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Disclaimer

No person is authorised by the Company or the Joint Lead Managers to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the Prospectus Date. Neither the Company nor any person associated with the Company or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under this Prospectus, the repayment of capital or the payment of dividends on the Shares.

This Prospectus includes information regarding the Company's past performance. Past performance should not be relied upon as being indicative of future performance.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as 'aim', 'anticipate', 'assume', 'believe', 'could', 'due', 'estimate', 'expect', 'forecasts', 'guidance', 'goal', 'intend', 'may', 'objective', 'outlook', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would' and other similar expressions that are predictions of or indicate future events and future trends. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions.

Any forward-looking statements are subject to various risks, that are in some cases beyond the Company's control, that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These forward-looking statements are provided as a general guide only and are not guarantees of future performance or development. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Sections 1 and 5.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the Prospectus Date. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the Prospectus Date.

Financial information presentation

All references to FY18, FY19 and FY20 appearing in this Prospectus are to the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (as adopted by the Australian Accounting Standards Board (AASB)), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2. The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Section 4.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Investigating Accountant's Report on Historical Financial Information

The provider of the Investigating Accountant's Report on Historical Financial Information is the Investigating Accountant. The Investigating Accountant's Report is provided in Section 8.

Industry and Market Data

This Prospectus, including the Chair letter, Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market segments, market positions and other industry data pertaining to Mad Paws' business and markets (**Industry Data**). The Company has obtained significant portions of this information from market research prepared by third parties. Investors should note that Industry Data is inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company, nor the Joint Lead Managers, has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data. Industry assumptions, forecasts and estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Selling restrictions

The Offer is available to Australian and New Zealand residents in each state and territory of Australia and each provincial district of New Zealand. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus outside Australia and New Zealand (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such

restrictions may constitute a violation of applicable securities laws. The Company is entitled to refuse an application for Shares under this Prospectus if it believes that Applicant received the Offer outside Australia in non-compliance with the laws of the relevant foreign jurisdiction.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. The Shares being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (the 'US Securities Act') or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving these Shares may not be conducted unless in compliance with the US Securities Act.

For details of selling restrictions that apply to the Offer and the sale of Shares in certain jurisdictions outside of Australia and New Zealand, please refer to Section 7.21.

Notice to New Zealand residents

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 (NZ) and Part 9 of the Financial Markets Conduct Regulations 2014 (NZ).

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products

through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at <https://www.madpaws.com.au>. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus will be available to investors in electronic form at <https://www.madpaws.com.au>. Any person accessing the electronic version of this Prospectus, for the purpose of making an investment in the Company, must only access the Prospectus from within Australia or New Zealand, or any jurisdiction outside Australia or New Zealand where the distribution of the electronic version of this Prospectus is not restricted by law, except certain Institutional Investors.

The Application Form attached to the electronic version of this Prospectus must be used within Australia or New Zealand only other than by certain Institutional Investors. Electronic versions of this Prospectus should be downloaded and read in their entirety. You may, before the end of the Offer Period, obtain a paper copy of the Prospectus (free of charge) by calling the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Applications for Offer Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from <https://www.madpaws.com.au> or in respect of the Customer Offer, by completing complete the online Customer Offer Application Form in accordance with the instructions provided in your Customer Offer Invitation and on the website containing the Application Form.

The Corporations Act prohibits any person from passing the Application Form to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. If the Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

No cooling off rights

Cooling off rights (whether provided at law or otherwise) do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Privacy

By completing an Application Form or authorising a broker to do so on your behalf, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications, and consent to the collection, storage, use and disclosure of that personal information in accordance with these terms. That personal information will be

collected, held, used and disclosed both in and outside of Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company/Share Registry may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's Shareholder register, which will be accessible by the public. This information must continue to be included in the Company's public Shareholder register even if you cease to be a Shareholder.

The Company, and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed following or as otherwise authorised under the *Privacy Act 1988* (Cth): the Share Registry for ongoing administration of the Company's public Shareholder register, printers and other companies for the purpose of preparation and distribution of documents and or handling mail, the Joint Lead Managers in order to assess your Application, market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning and legal and accounting firms, auditors, management consultants and other advisors for the purpose of administering and advising on the Shares and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Currency

Unless otherwise specified, monetary amounts are expressed in Australian dollars. The Financial Information shown in this Prospectus is presented in Australian dollars.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference into this Prospectus.

Photographs and diagrams

Any photographs or diagrams used in this Prospectus and that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents, or that the Company owns or uses any assets shown in such photographs or diagrams. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Defined terms

Some terms used in this Prospectus are defined in the Glossary. All references to time in this Prospectus refer to Australian Eastern Standard Time unless otherwise specified.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

IMPORTANT DATES

Prospectus Date	12 February 2021
Offer Opening Date	22 February 2021
Customer Offer Closing Date	15 March 2021
Broker Firm Offer Closing Date	17 March 2021
Offer Settlement Date (other than the Cleansing Offer)	22 March 2021
Issue and allotment of Shares under the Offer (other than the Cleansing Offer) (Completion)	23 March 2021
Cleansing Offer Closing Date	23 March 2021
Expected date for despatch of holding statements	23 March 2021
Expected commencement of trading of Shares on ASX (on a normal settlement basis)	26 March 2021

The above timetable is indicative only and may change. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Offers early, extend the Customer Offer Closing Date, the Broker Firm Offer Closing Date or the Cleansing Offer Closing Date or accept late Applications, either generally or in particular cases. The Company reserves the right to cancel or withdraw the Offer before Completion, in each case without notifying any recipients of this Prospectus or any Applicants. If the Offer is cancelled or withdrawn before Completion, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

OFFER STATISTICS

KEY OFFER STATISTICS	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Shares offered	Fully paid Shares	Fully paid Shares
Offer Price	\$0.20	\$0.20
Number of New Shares available under the Offer ¹	50 million	60 million
Gross cash proceeds of the Offer	\$10 million	\$12 million
Total number of Shares on issue at Prospectus Date	114,623,825	114,623,825
Total number of Shares on issue at Completion of the Offer ²	204,596,359	214,596,359
Indicative market capitalisation at the Offer Price ³	\$40.92 million	\$42.92 million
Number of Options on issue following Completion ⁴	48,261,495	48,261,495

How to invest

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares are set out in Section 7 and on the reverse of the Application Form.

¹ This excludes the one (1) Share offered under the Cleansing Offer at the Offer Price.

² Based on the Shares on issue at the Prospectus Date plus the New Shares to be issued in the Offer, plus Shares to be issued in the Convertible Note Conversion and following the exercise of Legacy ESOP Options.

³ Market capitalisation at the Offer Price is calculated as the Offer Price multiplied by the total number of Shares expected to be on issue at Completion.

⁴ These represent Options that the Company has resolved to issue prior to Completion, being the IPO Options, and the JLM Options, in addition to the Bombora Options and the Legacy ESOP Options on issue at the Prospectus Date (subject to any exercise of Legacy ESOP Options).

LETTER FROM THE CHAIR

On behalf of the Board, it is my pleasure to offer you the opportunity to become a Shareholder of Mad Paws Holdings Limited (the **Company**).

Mad Paws is an Australia-based pet services business operating in an exciting and growing industry with strong demographic tailwinds.

Mad Paws was largely co-founded in 2014 by Justus Hammer (Group CEO), Alexis Soulopoulos (CEO New business), and myself, with the aspiration to create Australia's number one pet services marketplace, a trusted and valued brand, and to enhance the overall experience of owning a pet in Australia. Mad Paws was acquired by the Company in December 2020 with the purpose of seeking a listing on the ASX in 2021. Shareholders in Mad Paws received shares in the Company as consideration for the acquisition.

With low and falling birth rates, in some households, pets are now seen as a legitimate substitute for children. The 'humanisation' of pets thematic has continued to thrive in Australia with a 2019 report released by Animal Medicines Australia⁵ indicating that there are an estimated 29 million pets in Australia, with around 40% of Australian households owning at least one dog.

Mad Paws has built a proprietary, tech-focussed online marketplace platform that provides pet owners with a unique, user-friendly experience that always has their pet's wellbeing in mind. With a constant focus on pets and their owners, the Mad Paws marketplace offers pet owners easy and convenient access to a range of pet walking, pet sitting, and pet care services via its community of over 19,000 pet service providers registered on the Mad Paws marketplace.

In addition, Mad Paws has plans to build on this by adding additional pet-focussed services, such as our recently launched pet food subscription business, Dinner Bowl, as well as proposed expansion to offer a pet insurance product currently under development, adding further value to our loyal Mad Paws community of over 19,000 pet service providers and over 450,000 registered users in Australia (at 30 June 2020) and allowing pet owners (or 'pet parents' as commonly called) to give their pets the healthy and happy lifestyle they deserve.

Mad Paws' pet services marketplace platform is unique within Australia. We believe the Mad Paws business model provides a compelling proposition for customers and investors by not only offering an existing customer and revenue base with over 180,000 transactions booked on the Mad Paws marketplace to 30 June 2020, but also opportunities for future growth and expansion, by both accelerating customer acquisition amongst existing services and rolling out additional offerings which are complementary to our existing pet care services business.

An offer is being made under this Prospectus to raise between \$10 million and \$12 million from the issue of New Shares, at a per share Offer Price of \$0.20. The Offer is being managed by Foster Stockbroking Pty Ltd and CCZ Statton Equities Pty Ltd as the Joint Lead Managers.

Existing Shareholders⁶ will retain approximately 72.04% of the Shares in the Company upon Completion of the Offer with Shareholders representing approximately 27.96% of the register (assuming the Maximum Subscription of \$12 million is raised).

This Prospectus contains detailed information about the Offer, the industry in which Mad Paws operates, its business, and historical financial performance. The Mad Paws business is subject to a range of risks both inside and outside its control, which are discussed in detail in Section 5. I encourage you to read the Prospectus in full and to consider the Offer carefully.

I am truly excited to be working with Mad Paws as Chair, a business that has strong growth prospects in an attractive and dynamic industry. On behalf of my fellow Directors and the Mad Paws management team, I look forward to welcoming you as a Shareholder.

Yours faithfully,



Jan Pacas

Chair

⁵ Refer to Section 2 for full reference details.

⁶ Including Shares to be held by Noteholders following the Convertible Note Conversion and Shares held following exercise of Legacy ESOP Options but not including any New Shares Existing Shareholders may acquire in the Offer.

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INVESTMENT OVERVIEW

1. INVESTMENT OVERVIEW

The information set out in this Section 1 is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

1.1. Introduction

TOPIC	SUMMARY	MORE INFORMATION
Who is Mad Paws and what is its business?	<p>Mad Paws is an Australia-based pet services business operating in an exciting and growing industry with strong demographic tailwinds.</p> <p>Mad Paws was largely co-founded in 2014 by Justus Hammer (Group CEO), Alexis Soulopoulos (CEO New business) and Jan Pacas (Chair), with a vision to make pet ownership easier and the aspiration to create Australia's #1 pet services marketplace.</p> <p>At the Prospectus Date, Mad Paws' primary business activity is the operation of a pet care services online marketplace. The Mad Paws marketplace matches and connects pet owners seeking pet care services, such as pet sitting, walking, day care and grooming, with pet sitters, walkers and other pet service providers registered on the marketplace.</p> <p>Mad Paws initially launched its pet care services marketplace in 2015, offering holiday pet sitting services to pet owners, with the offerings on the marketplace having since expanded to include additional high frequency pet care services such as pet walking, day care, grooming and house visits to complement the traditional holiday pet sitting services.</p> <p>At 30 June 2020, Mad Paws had a database of over 19,000 pet service providers (pet sitters, walkers and groomers) registered on the marketplace across Australia and over 450,000 user sign ups (pet owners), with more than 180,000 services having been booked through the marketplace since initial launch.</p> <p>In addition to the online marketplace, Mad Paws commenced a new pet food business category in August 2020, with the launch of the Mad Paws Dinner Bowl pet food subscription product. Mad Paws Dinner Bowl is a healthy fresh pet food subscription service providing pet owners with pre-prepared, individually packed meals for their pets.</p> <p>Mad Paws has also entered into arrangements with Pacific Insurance and AI Insurance to provide Mad Paws-branded pet insurance products, with marketing and sales activities expected to commence in the first half of 2021. Further details regarding these arrangements are set out in Section 3.4.3 and 10.11.</p>	Sections 3 and 10.11
What industry does Mad Paws operate in?	<p>Mad Paws operates in the pet services industry. Pet services encompasses a number of sub-categories, including pet care, pet food, pet insurance and pet health.</p> <p>The pet services industry is highly fragmented, and highly driven by the community trend towards humanisation of pets by pet owners, premiumisation of pet products and outsourced services such as grooming, training and obedience and day-care and accommodation.</p> <p>At the Prospectus Date, Mad Paws primarily focuses on the provision of pet care services through its online marketplace (pet sitting, walking, day care and grooming) but has intentions to expand into further sub-categories beyond pet care services, including via the recent launch of its pet food subscription product, and the proposed introduction of a Mad Paws-branded pet insurance product.</p>	Section 2
Who is the Company and what was the Acquisition?	<p>The Company, Mad Paws Holdings Limited ACN 636 243 18,0 is an unlisted Australian public company incorporated in 2019.</p> <p>The Company acquired Mad Paws on 23 December 2020 via the acquisition of 100% of the issued share capital in Mad Paws Pty Ltd ACN 600 835 425. Original Mad Paws Shareholders received Shares in the Company in exchange for their</p>	Section 3.1, 10.4 and 10.5.

	<p>shares in Mad Paws. Certain current and former Mad Paws staff were also granted Legacy ESOP Options in the Company following the Acquisition in exchange for the cancellation of options under a now-expired Mad Paws employee stock option plan.</p> <p>Sections 10.4 and 10.5 include a summary of the Share Purchase Agreement and Legacy ESOP Option exchange relating to the Acquisition.</p> <p>At the Prospectus Date, Original Mad Paws Shareholders hold approximately 80.63% of the Company's issued share capital, with the remaining Shares being held by early investors in the Company, including Bombora Growth Fund.⁷</p> <p>Prior to acquiring Mad Paws, the Company's primary activities were the provision of investment management services. The Company changed its name from Arugam Limited to Mad Paws Holdings Limited on 2 December 2020 in anticipation of its acquisition of Mad Paws.</p> <p>Following the Acquisition, Mad Paws continues to be the primary operating entity for the Mad Paws business under the Company's ownership.</p>	
What is the Offer?	<p>The Offer is an invitation to apply for up to up to 60 million Shares at an Offer Price of \$0.20 per Share to raise up to \$12 million, before Offer costs. The Offer has a Minimum Subscription of \$10 million (50 million Shares).</p> <p>The Offer comprises the Institutional Offer, the Broker Firm Offer and the Customer Offer. The Shares being offered to New Shareholders under the Offer will represent approximately 24.44% of the Shares on issue at Completion of the Offer (assuming the Minimum Subscription is raised) or approximately 27.96% of the Shares on issue at Completion of the Offer (assuming the Maximum Subscription is raised).</p> <p>The Offer also includes the EIP Offer, the Cleansing Offer, and the JLM Options Offer. Refer to Sections 7.2, 7.10, 7.11, and 7.12 for further details regarding these offers.</p> <p>The Offer is being managed by Foster Stockbroking Pty Ltd and CCZ Statton Equities Pty Ltd as the Joint Lead Managers.</p>	Section 7
Why is the Offer being conducted?	<p>The Company is seeking to raise funds and list on ASX to:</p> <ul style="list-style-type: none"> provide access to capital markets in order to provide additional financial flexibility to fund organic growth; cement the company's position in Australia as the dominant pet services marketplace using its proprietary technology platform; achieve a listing on ASX to broaden the Mad Paws shareholder base and provide a liquid market for the shares; and enhance the public profile of Mad Paws. 	Section 7.4

1.2. Key features of the Mad Paws Business Model

TOPIC	SUMMARY	MORE INFORMATION
What is Mad Paws' business model?	<p>Mad Paws' primary business model at the Prospectus Date is an online marketplace that facilitates the sale of pet care services between pet owners and pet service providers via its proprietary technology platform.</p> <p>Mad Paws presently generates revenue from two revenue streams as follows:</p> <ul style="list-style-type: none"> revenue received from pet care service bookings (such as pet sitting, walking, day care, grooming, home visits), made through the Mad Paws marketplace, comprising Service Fees charged to pet service providers and 	Section 3.5 and Section 4.5

⁷ Figures stated are based on current issued capital and exclude Options and Convertible Notes on issue which are described in this Prospectus.

	<p>Booking Fees charged to pet owners; and</p> <ul style="list-style-type: none"> subscription revenue received from the sale of the Mad Paws Dinner Bowl pet food subscription product, offered by Mad Paws since August 2020. <p>At the Prospectus Date, Mad Paws' primary revenue stream is derived from the pet care services category which has been operated by Mad Paws since 2015. Limited revenue is presently generated from the pet food category, given the recent launch in August 2020.</p> <p>In addition, Mad Paws has recently partnered with Pacific Insurance and AI Insurance to launch a Mad Paws-branded insurance policy product underwritten by Pacific Insurance, with marketing and sales activities for this insurance product expected to commence in the first half of calendar year 2021. Under the proposed insurance distribution arrangements, Mad Paws will be entitled to receive a commission for each Mad Paws-branded pet insurance policy sold, and for each policy that is subsequently renewed.</p> <p>Unless otherwise stated, all financial figures stated in this Prospectus are derived from Mad Paws' FY18, FY19 and FY20 financial results, prior to the launch of the pet food and pet insurance categories, and accordingly do not include any revenue from the pet food or insurance categories.</p>	
How does Mad Paws generate revenue?	<p>Pet care services</p> <p>Mad Paws receives fees from transactional and recurring subscription bookings for pet care services made through its online marketplace. For each booking made through the Mad Paws marketplace, Mad Paws charges pet service providers a 20% Service Fee and pet owners a 7% Booking Fee. Signing up to the marketplace is free of charge for both pet owners and pet service providers. As at 30 June 2020, over 19,000 pet service providers were registered on the marketplace with over 450,000 pet owner sign ups. As at 30 June 2020, more than 180,000 services have been booked through the Mad Paws marketplace since initial launch in 2015.</p> <p>Pet food</p> <p>Revenue from Mad Paws Dinner Bowl pet food offering is generated via a weekly or fortnightly subscription service. Pet owners can pause or cancel their subscription at any time.</p> <p>Mad Paws has received limited subscription revenue from the sale of the Dinner Bowl pet food subscription product to-date given the small scale initial launch, however as stated in Section 3.12, the continued development of the Dinner Bowl pet food subscription service to expand product offering and increase market penetration is one of Mad Paws' key growth strategies. Given Dinner Bowl's recent launch and limited operation, Mad Paws does not have visibility on when, or if, Dinner Bowl's revenues will materially increase.</p> <p>Pet insurance</p> <p>A new Mad Paws-branded pet insurance product is presently expected to be launched in the first half of 2021 in conjunction with Pacific Insurance as underwriter and AI Insurance. Mad Paws expects to receive commission revenue for each Mad Paws-branded pet insurance policy sold to new customers, and for each policy that is subsequently renewed. As this product has not yet launched, Mad Paws does not have visibility on when, or if, revenue will be generated from this insurance product, or its quantum.</p> <p>More details on how Mad Paws' revenue is generated and calculated is detailed in Section 3.5 and Section 4.</p>	Section 3.6, Section 3.11 and Section 4

What is Mad Paws' pro forma historical financial performance?

The table below is extracted from Mad Paws' Pro Forma Historical Income Statements for FY18, FY19 and FY20. Refer to Section 4.2 for the full Pro Forma Historical Income Statements.

Section 4

		PRO FORMA HISTORICAL		
	Notes	FY18 \$	FY19 \$	FY20 \$
Revenue	1	888,624	1,578,651	1,999,614
EBITDA		(3,103,723)	(3,532,867)	(2,943,197)
Profit/(loss) after tax		(3,242,936)	(3,775,643)	(3,175,120)

Notes:

1. Mad Paws achieves Service Fee and Booking Fee revenue from the transaction categories described in Section 4.5. In addition to this revenue, Mad Paws has other income (not stated here) which includes research and development tax incentives and FY2020 government cash boost and job keeper payments.

Gross Merchandise Value or **GMV** is a non-IFRS metric that represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting cancellations, pet service provider payments, refunds, chargebacks, discounts and GST. GMV in absolute value and trend terms is considered by management to be the most important operating metric to manage and predict the overall performance of the business. Mad Paws' GMV was approximately \$10.2 million in FY20, up 19% on FY19.

The table below summarises Mad Paws' historical GMV in FY18, FY19 and FY20.

		PRO FORMA HISTORICAL		
	Notes	FY18 \$	FY19 \$	FY20 \$
GMV	1	5,555,072	8,654,538	10,201,318

Notes:

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

The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.

Investors should read Section 4 for full details of Mad Paws' pro forma and statutory results and the underlying pro forma adjustments made and reconciliations in Section 4.

What are Mad Paws' key costs incurred in generating its revenue?

Mad Paws' key operating expenses include employee and marketing expenses to drive the technology platform and customer acquisition on top of general expenses such as office leases.

Sections 3 and 4

Who are Mad Paws' competitors?

The pet services industry is highly fragmented, and largely driven by the community trend towards humanisation of pets, premiumisation of pet products and outsourced services such as grooming, training and obedience and day-care and accommodation.

Section 2.5

The Australian competitive landscape for dog walking and pet sitting ranges from traditional players such as local kennels to competitors in the online space. The kennel space is fragmented with no one provider having any significant market share. In the online space, Mad Paws competes with local pet service providers as well as companies focused on the pet services market like Pawshake and Pet Cloud. Similar offerings exist in the United States, Rover Inc being one example.

The pet food supply market is traditionally dominated by large players such as GreenCross (via Pet Barn) or Pet Circle and supermarket retailers, providing traditional packaged fresh and dry food products. Other competitors existing within Australia and overseas for online subscription-based services include companies such as Chewy.com, BarkBox and NomNomNow in the United States and Lyka in Australia.

How will Mad Paws seek to generate returns for investors?	<p>The Company will seek to drive growth in earnings through reinvesting cashflows into customer growth using the existing assets to drive additional revenue streams while at the same time reduce customer acquisition cost through cross selling different offerings to its customer base.</p> <p>Mad Paws believes there is significant potential to increase its market share in the pet care services space, as well as opportunities to establish new revenue streams in complementary markets such as pet food, treats, pet insurance and pet health products and services.</p>	Section 3.12																																																									
How does Mad Paws expect to fund its operations?	The Directors believe that the Company's current cash reserves and its cashflow from existing operations, plus the net proceeds of the Offer, will be sufficient to fund the Company's stated business objectives summarised in Sections 3.12 and 7.5.	Sections 3.12 and 7.5																																																									
What will Mad Paws' pro forma financial position at completion of the Offer be?	<p>The table below is extracted from Mad Paws' Pro Forma Historical Statement of Financial Position as at 30 June 2020, as if the Listing had occurred as at 30 June 2020. Certain events, which have occurred since 30 June, including the acquisition of Mad Paws by the Company, the Offer proceeds, the Convertible Note Conversion and Offer costs have been included as pro forma adjustments. Refer to Section 4.4 (Figure 4.10) for the full Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position of Mad Paws, including accompanying notes.</p> <table> <tr> <th></th><th colspan="2">PRO FORMA HISTORICAL</th></tr> <tr> <th></th><th>MINIMUM SUBSCRIPTION</th><th>MAXIMUM SUBSCRIPTION</th></tr> <tr> <td></td><td>\$</td><td>\$</td></tr> <tr> <td>Assets</td><td></td><td></td></tr> <tr> <td>Cash and cash equivalents</td><td>16,444,054</td><td>18,324,054</td></tr> <tr> <td>Other current assets</td><td>253,139</td><td>253,139</td></tr> <tr> <td>Total current assets</td><td>16,697,193</td><td>18,577,193</td></tr> <tr> <td>Right-of-use assets</td><td>215,609</td><td>215,609</td></tr> <tr> <td>Intangible assets</td><td>758,382</td><td>758,382</td></tr> <tr> <td>Total non-current assets</td><td>973,991</td><td>973,991</td></tr> <tr> <td>Total assets</td><td>17,671,184</td><td>19,551,184</td></tr> <tr> <td>Liabilities</td><td></td><td></td></tr> <tr> <td>Trade and other payables</td><td>272,503</td><td>272,503</td></tr> <tr> <td>Other liabilities</td><td>684,874</td><td>684,874</td></tr> <tr> <td>Total current liabilities</td><td>957,377</td><td>957,377</td></tr> <tr> <td>Total non current liabilities</td><td>179,126</td><td>179,126</td></tr> <tr> <td>Total liabilities</td><td>1,136,503</td><td>1,136,503</td></tr> <tr> <td>Net assets</td><td>16,534,681</td><td>18,414,681</td></tr> <tr> <td>Equity and reserves</td><td>16,534,681</td><td>18,414,681</td></tr> </table> <p>The above pro forma historical statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Mad Paws' view of its financial position upon Completion or at a future date. The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.</p>		PRO FORMA HISTORICAL			MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION		\$	\$	Assets			Cash and cash equivalents	16,444,054	18,324,054	Other current assets	253,139	253,139	Total current assets	16,697,193	18,577,193	Right-of-use assets	215,609	215,609	Intangible assets	758,382	758,382	Total non-current assets	973,991	973,991	Total assets	17,671,184	19,551,184	Liabilities			Trade and other payables	272,503	272,503	Other liabilities	684,874	684,874	Total current liabilities	957,377	957,377	Total non current liabilities	179,126	179,126	Total liabilities	1,136,503	1,136,503	Net assets	16,534,681	18,414,681	Equity and reserves	16,534,681	18,414,681	Section 4
	PRO FORMA HISTORICAL																																																										
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Equity and reserves	16,534,681	18,414,681																																																									

How will the proceeds of the Offer be used?

The table below sets out a summary of the anticipated use of the proceeds of the Offer.

Section 7.5

	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	%	\$	%	\$
Marketing / Sales	38.0%	3,800,000	37.5%	4,500,000
Operational team	24.0%	2,400,000	23.3%	2,800,000
Product Development	22.0%	2,200,000	22.5%	2,700,000
Other Working Capital	6.0%	600,000	7.5%	900,000
IPO expenses	10.0%	1,000,000	9.2%	1,100,000
Total	100%	10,000,000	100%	12,000,000

* Above subject to rounding.

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. Considering this, the Board reserves its right to alter the way the funds are applied.

What is the Company's dividend policy?

The Directors have no current intention to pay dividends on shares, as it is their intention to reinvest all cash flow into the business to maximise its growth. Accordingly, no dividends are expected to be paid in the near-term following Listing.

Section 4.6

The payment of dividends by the Company (if any) is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the Company's operating and financial performance and financial position, future funding requirements, the availability of growth opportunities and any other factors the Directors deem relevant. The Directors do not provide any assurance of the future level of dividends paid by the Company.

1.3. Summary of Key Strengths

TOPIC	SUMMARY	MORE INFORMATION
Australian pet ownership rates	<p>Australia has a higher rate of pet ownership than many other countries with around 61% of Australian households estimated to own pets, and 40% of Australian households estimated to have at least one dog, making them the most popular type of pet. In 2019, there were estimated to be around 8,900,000 domesticated dogs and cats in Australia with higher pet ownership rates estimated amongst Generation Z pet owners between 18-24 years (70%), Generation X pet owners between 40-54 years (66%) and families with children aged 6 years or older.⁸</p> <p>Many dog and cat owners consider their pet as a member of the family with many pet owners admitting to adopting 'pet parenting' behaviours that resemble parent-child relationship. This behaviour has led to the rise of the 'pet parent' and 'fur baby' terminology within the pet community.</p>	Sections 2.2 and 2.3

⁸ Estimates based on surveys conducted in 2019 by Animal Medicines Australia and reported in its report, *Pets in Australia: A national survey of pets and people*, released 2019 available for access at https://animalmedicinesaustralia.org.au/wp-content/uploads/2019/10/ANIM001-Pet-Survey-Report19_v1.7_WEB_high-res.pdf (accessed 11 January 2021). As noted in that report, statistics and figures stated in the report (and referred to in this Prospectus) were derived from online surveys conducted among a representative sample of Australian adults, with the data set subject to certain weighting or extrapolations as noted in the report.

Pet services industry is highly fragmented	<p>The pet services industry is highly fragmented, and highly driven by the community trend towards the 'humanisation' of pets by pet owners treating their pets as humans. This has resulted in increased demand for premium-quality pet products and outsourced services such as grooming, training and obedience and day-care and accommodation.</p>	Sections 2.2, 2.3, and 2.5.
Australian pet services industry trends	<p>Mad Paws management believes there are four key trends currently driving growth in the Australian pet services industry:</p> <ul style="list-style-type: none"> • humanisation of pets; • increased focus on pet health and wellness; • premiumisation of pet food and services; and • drive to online marketplaces. <p>Refer to Section 2.4 for further details regarding these trends.</p>	Section 2.4
Humanisation of pets by pet owners	<p>The global trend of humanisation of pets by owners has contributed to the emergence of the 'pet parent' and the 'fur baby' labels within the pet community. This behaviour by owners to treat their pets as humans gives rise to an increased focus on pet welfare with a corresponding increase in attention and awareness of, and consumer expenditure for, on pet welfare and services.</p> <p>Management believes this trend, combined with the increased levels of pet ownership, has contributed to an increased demand for dog walking and sitting services as these services allow pet owners to benefit from the social benefits associated with owning a pet without having to sacrifice work or personal commitments.</p>	
Increased focus on pet welfare and pet care services	<p>Pet services encompasses a number of categories, including pet care services, pet food, pet insurance and pet health.</p> <p>Overall, in 2019, Australian households were estimated to spend over \$13 billion on pet services and products annually (based on self-reporting). Dog owners on average are estimated to spend the most, with an estimated average of \$1,627 spent per animal each year.⁹ Food expenditure is the largest expenditure item for the majority of pet owners. In 2019, pet food expenditure was estimated to comprise 30% of all Australia on-going pet expenditure with an estimated \$3.9 billion spent by pet owners on pet food each year.¹⁰</p>	Sections 2.2, 2.3, and 2.5
Premiumisation of pet food and services	<p>In recent years, management have witnessed the pet food market shifting towards premium and tailored food products, away from the traditional mass-produced products distributed via supermarkets and pet stores. Given the size of the Australian pet food market, Mad Paws management believe there is potential for pet food subscription services, such as Mad Paws Dinner Bowl, to increase market share as a viable competitor to take some of the pet food market away from the traditional players, particularly being attractive to those pet owners valuing higher quality, well balanced and healthy meals for their pet family.</p> <p>Opportunities exist for other products such as pet health and pet insurance, particularly as veterinary and pet medical cost expenses continue to increase.</p>	Sections 2.2, 2.3, and 2.5
Drive to online marketplaces	<p>Whilst dog walking and sitting services have been historically provided by friends and family or third-party individuals engaged via traditional channels such as word of mouth, referral network and advertising services, they are relatively localised and no one player has any significant market share. Mad Paws management believes that there is opportunity for online-based platforms to gain popularity as consumers increasingly move their lives online, particularly when provided with an easy and</p>	Sections 2.2, 2.3, and 2.5

⁹ Animal Medicines Australia *Pets in Australia* Report.

¹⁰ Ibid.

	convenient platform to access a range of pet services in their local area such as Mad Paws' web and mobile marketplace.	
Mad Paws' key strengths and competitive advantages	<p>Mad Paws believes that its key strengths include the following:</p> <ul style="list-style-type: none"> attractive market fundamentals; strong brand; custom built marketplace technology platform; engaged database of pet owners; cross sell ability; pet service provider vetting and on-boarding process; and its partnership with Qantas. <p>Refer to Section 3.8 for further details.</p>	Section 3.8
Mad Paws' growth potential	<p>At the Prospectus Date, Mad Paws' growth strategy is focused on the following key strategies.</p> <ul style="list-style-type: none"> Increasing brand recognition: leading to new customer acquisition and market penetration in the pet care services market; Pet food product development: continued development of the Mad Paws Dinner Bowl pet food subscription service to expand product offering and increase market penetration; Expanding business categories and products: complementing Mad Paws' existing pet care services and pet food product services with a particular focus on pet insurance and pet health products. <p>Refer to Section 3.12 for further details.</p>	Section 3.12
Strong leadership team led by Mad Paws co-founders	<p>The Company has a skilled and experienced leadership team:</p> <ul style="list-style-type: none"> Justus Hammer - Group CEO, Managing Director, Mad Paws co-founder; Alexis Soulopoulos – CEO of New Business, Mad Paws co-founder; and Jan Pacas – Chair and Non-Executive Director, Mad Paws co-founder. <p>Profiles for each have been provided in Section 6.3.</p>	Section 6.3

1.4. Key Risks

A list of the risks associated with an investment in the Company under this Prospectus is provided in Section 5. The following summary, which is not exhaustive, represents some of the major risk factors that Applicants need to be aware of:

TOPIC	SUMMARY	MORE INFORMATION
Mad Paws is an early stage company	<p>Prior to acquiring Mad Paws on 23 December 2020, the Company did not have any previous operations or business activities.</p> <p>Since its establishment in 2014, Mad Paws' activities have principally involved the development and commercialisation of the Mad Paws marketplace, and more recently its Dinner Bowl pet food subscription product, launched in August 2020. As with many</p>	Section 5.1

	early stage companies which have operated for a short timeframe, Mad Paws has incurred losses since its inception. There can be no certainty that Mad Paws will successfully execute on its business plan and strategies.	
Mad Paws may continue to make losses	Mad Paws may or may not achieve the results it is planning for, and the costs to execute its business strategy may be higher than currently anticipated. Mad Paws expects to continue to incur operating losses and generate negative cash flows in the near term and will not pay dividends while it continues to expand and report losses. Mad Paws has been and remains focused on profitability.	Section 5.1
Sufficiency of funding	At the Prospectus Date the Mad Paws business is not cash flow positive, meaning Mad Paws is reliant on raising funds from investors in order to continue its operations. Although the Directors consider that the Company will, on completion of the Offer, have enough working capital to carry out its stated objectives, there can be no assurance that such objectives can be met without further funding.	Section 5.1
Additional capital requirements and dilution risk	The Company's working capital, including from funds raised from the Offer, is expected to be sufficient to fund its current and proposed business activities after ASX Listing and to carry out its stated objectives, after which the Company may require additional funding. There is no assurance that additional finance and/or funding will be available when required or whether the terms of such financing will be favourable to the Company.	Section 5.1
Execution of business strategy and growth objectives	The Company's future growth and financial performance is dependent on its ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to scale up its business profitability which the Company intends to achieve by reinvesting cashflows into customer growth using the existing assets to drive additional revenue streams while at the same time reducing customer acquisition cost through cross selling different offerings to its customer base. In addition, Mad Paws intends to establish new revenue streams in complementary markets such as pet food, treats, pet insurance and pet health products and services.	Section 5.1
Failure to retain existing users and attract new users of Mad Paws' products and services	<p>Mad Paws' financial performance depends on its ability to retain users (both existing pet owners and pet service providers) on the Mad Paws marketplace, its ability to convert those users of the marketplace to users of its other products (including the recently launched Dinner Bowl pet food subscription product) and its ability to generate new business by attracting new users to the marketplace, or to its pet food or other pet industry category products.</p> <p>If Mad Paws is unable to retain existing users (either as pet service providers or pet owners), and/or to attract new users to the marketplace or to its pet food or other pet industry category products 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.</p>	Section 5.1
Growth and profitability depend on an active marketplace 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.	Section 5.1
Transactions outside the Mad Paws marketplace	The Mad Paws marketplace facilitates a transaction between pet owners and pet service providers. Mad Paws is unable to ensure that pet service providers will not develop their own network of pet owners through the marketplace, and therefore, or otherwise, begin to supply their services to pet owners outside of the Mad Paws marketplace. If significant numbers of pet service providers or pet owners elect to	Section 5.1

	discontinue their use of the Mad Paws marketplace, this could adversely impact Mad Paws' operational and financial performance and/or growth.	
Deterioration in macroeconomic conditions	The demand for pet-sitting and other pet care services is impacted by a pet owners' ability or willingness to travel away from home for extended periods of time and by the availability of disposable income. The demand for pet insurance and premium pet-food products is supported by the availability of disposable income. Mad Paws' products and services are therefore exposed to the risk of imposition of travel restrictions (or an unwillingness on the part of users to travel), a decline in discretionary spending and a decline in general economic conditions or changes in certain macroeconomic factors (including rising unemployment, lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions and government intervention, including with respect to changes in interest rates) may adversely impact Mad Paws' operational and financial performance and/or growth.	Section 5.1
Reliance on third parties	The operation of the Mad Paws' marketplace is reliant on the performance and availability of Mad Paws' 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.	Section 5.1
Competition	<p>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.</p> <p>Management believe that Mad Paws' product has a strong competitive advantage, with its marketplace infrastructure and features which are advanced compared to its competitors. Expansion to new products, the recently launched Dinner Bowl pet food subscription product, and the proposed Mad Paws-branded pet insurance product to be underwritten by Pacific Insurance will also ensure the minimisation of competitive trends and its impact on penetration and revenues.</p>	Section 5.1
COVID- 19	<p>The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate.</p> <p>Whilst Mad Paws has taken steps to educate pet service providers on COVID-19 safe practices and to ensure the continuing operation of the business and the delivery of pet care services and pet food products via its marketplace, there is a risk that further lockdowns, travel restrictions or the implementation of further government restrictions in response to COVID-19 could have an impact on the demand for pet care or pet food services purchased through the Mad Paws marketplace or the ability of Mad Paws to continue to provide adequate products and services This could materially affect Mad Paws' operations and financial performance and/or growth.</p>	Section 5.1
Liability to users of the Mad Paws marketplace or consumers of pet food products	<p>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 make it clear 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.</p> <p>Similarly, there is also a risk that pet food supplied to customers of the Mad Paws Dinner Bowl product may not be of an acceptable standard, including where pet food is tainted during production or delivery, resulting in it being unsuitable for consumption by pets.</p> <p>While Mad Paws seeks to manage its exposure to risk by means of insurance, there is a risk that such insurance will not adequately respond to a claim against Mad Paws, or that Mad Paws suffers reputational damage as the result of a claim against it which could adversely impact on Mad Paws' financial performance and/or growth.</p>	Section 5.1

Key management personnel	An investment in the Company 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 the Company's operations, including its relationships with suppliers, developers, builders and residents.	Section 5.1
Other risks	<p>A number of other key risks relating specifically to an investment in the Company are outlined in Section 5.1.</p> <p>There is also a number of risks relating generally to an investment in the Shares that are included in Section 5.2.</p>	Sections 5.1 and 5.2

1.5. Other Details about the Company

TOPIC	SUMMARY	MORE INFORMATION
What is the capital structure of the Company?	<p>At the Prospectus Date there are 114,623,825 Shares on issue.</p> <p>The Company also has 5.85 million Convertible Notes on issue with a face value of approximately \$5.85 million. The Convertible Notes are convertible into Shares in the manner set out in the Convertible Note terms of issue. Refer to Section 10.8 for a summary of the terms of the Convertible Notes. As set out below and in Section 10.8, it is intended that all of the Convertible Notes held by Noteholders will convert on the Offer Shares Allotment Date to approximately 37.4 million Shares in the manner set out in that section (Convertible Note Conversion).</p> <p>In addition to the above, the Company has on issue:</p> <ul style="list-style-type: none"> 17,576,176 Legacy ESOP Options. Refer to Section 10.5 for a summary of the terms of the Legacy ESOP Options; and 10,000,000 Bombora Options. Refer to Section 10.7 for a summary of the terms of the Bombora Options. <p>In addition to Shares to be issued in the Offer and Convertible Note Conversion, the Company has also agreed to issue:</p> <ul style="list-style-type: none"> 17,050,000 IPO Options to Jan Pacas, Mike Hill and Joshua May, Justus Hammer and Alexis Soulopoulos on completion of the ASX Listing, with up to a further 4.2 million IPO Options to be allocated to other senior Mad Paws employees and consultants at the Company's discretion. Refer to Section 6.4.3.1 for further details regarding the IPO Options; and 2,000,000 JLM Options to the Joint Lead Managers or affiliated nominees as part consideration for their services as Joint Lead Managers (the JLM Options). Refer to Section 6.4.3.1.4 and Section 10.2 for further details regarding the JLM Options. <p>At the Prospectus Date, there are no other classes of securities (including Options) currently on issue.</p>	Sections 6.4.3, 10 and 11
What is the Convertible Note Conversion?	<p>Pursuant to the terms of the Convertible Notes, all principal and interest amounts under the Convertible Notes will be automatically converted into Shares on Completion of the Offer (Conversion Shares) at a conversion price of \$0.16 (being a 20% discount to the IPO Price). The conversion is expected to take effect on the Offer Shares Allotment Date. There will be no Convertible Notes on issue after Listing.</p> <p>Entities associated with Mike Hill and Joshua May (Non-Executive Directors) hold Convertible Notes and will receive Conversion Shares in the Convertible Note Conversion on the same terms as all other Convertible Note holders.</p>	Sections 10 and 11

	Refer to Section 10.8 for further details of the terms of the Convertible Notes.																	
What significant benefits and interests are payable to the Directors and other persons connected with the Offer?	<p>Executive remuneration is described in Section 6.4.2.</p> <p>Advisors and other service providers will receive fees for services on the terms set out in Section 6.4.2.</p> <p>Non-Executive Directors will receive remuneration and fees on ordinary commercial terms as described in Section 6.4.2.3.</p> <p>Jan Pacas, Mike Hill, Joshua May and Justus Hammer will be granted IPO Options on completion of the ASX Listing as mentioned above.</p> <p>The Company will pay Justus Hammer and Alexis Soulopoulos a cash payment of \$25,000 on completion of the ASX Listing. The Company has agreed to pay a \$160,000 transaction support fee to Bombora Investment Management Pty Limited, a company associated with Mike Hill and Josh May, Non-Executive Directors of the Company, for various transaction support and capital raising services provided in connection with the Company’s Convertible Note capital raising and Acquisition.</p> <p>Further details of the significant interests of key people, related party transactions and advisor and service provider fee entitlements are set out in Sections 6 and 11.</p>	Sections 6 and 11																
Who are the Company's substantial shareholders at the Prospectus Date and what interests will they have after the Offer?	<p>Substantial holders of the Company (being those parties with relevant interests in more than 5% of the Company's voting shares) following Completion of the Offer, will be as follows:</p> <table><tr><th></th><th></th><th>MINIMUM SUBSCRIPTION</th><th>MAXIMUM SUBSCRIPTION</th></tr><tr><th>Name of substantial holder</th><th>Number of Shares held at Listing</th><th>% of share capital at Listing</th><th>% of share capital at Listing</th></tr><tr><td>Bombora Growth Fund¹</td><td>23,930,581</td><td>8.77%</td><td>8.36%</td></tr><tr><td>Pruval Investments Pte. Ltd</td><td>13,317,467</td><td>6.51%</td><td>6.21%</td></tr></table> <p>Notes:</p> <p>1. Includes Shares held by Bombora Investment Management Pty Ltd as trustee and Shares held by National Nominees Limited and Mainstream Fund Services Pty Ltd as custodians for Bombora Special Investments Growth Fund on an aggregated basis.</p> <p>The above table does not reflect any Shares which either the above holders, or any new investors may subscribe for under the Offer.</p>			MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION	Name of substantial holder	Number of Shares held at Listing	% of share capital at Listing	% of share capital at Listing	Bombora Growth Fund ¹	23,930,581	8.77%	8.36%	Pruval Investments Pte. Ltd	13,317,467	6.51%	6.21%	Section 11.7
		MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION															
Name of substantial holder	Number of Shares held at Listing	% of share capital at Listing	% of share capital at Listing															
Bombora Growth Fund ¹	23,930,581	8.77%	8.36%															
Pruval Investments Pte. Ltd	13,317,467	6.51%	6.21%															

1.6. Directors and Key Management

TOPIC	SUMMARY	MORE INFORMATION
Who are the directors of the Company?	<p>The Board comprises experienced directors based in Australia with a broad and diverse range of business experience.</p> <p>The Directors of the Company are:</p> <ul style="list-style-type: none"> Jan Pacas – Chair and Non-Executive Director, Mad Paws co-founder; Justus Hammer – Group CEO and Managing Director, Mad Paws co-founder; Mike Hill – Non-Executive Director; and Josh May – Non-Executive Director. 	Section 6

	Refer to Section 6 for further details regarding the background of the Directors.	
Who are the key senior executives of the Company?	<p>The executive team is experienced in business development and growing early stage companies.</p> <p>The executive team is comprised of:</p> <ul style="list-style-type: none"> • Justus Hammer – Group CEO, Managing Director, Mad Paws co-founder; • Alexis Soulopoulos – CEO of New Business, Mad Paws co-founder; • Vinicius Rosa – Head of Engineering; • Karim Mouahbi – Head of Marketing; • Martim Valle Teixeira – Head of Product; • Tahnee Claeys – Head of Strategy and Operations; and • Taimoor Khan – Head of Customer Experience. <p>Refer to Section 6.3 for further details regarding the background of the executive team.</p>	Section 6.3

1.7. Significant Interests of Key Shareholders and Related Party Transactions

TOPIC	SUMMARY	MORE INFORMATION
What interests do the Directors hold in the Company and what interests will they hold on Completion?		Section 6.4

	<div>6. Mr Hill's interests are held indirectly through a related entity. Refer to Section 6.4.3.2 for further details.</div> <div>7. Mr May's interests are held indirectly through a related entity. Refer to Section 6.4.3.2 for further details.</div>																													
<div>Who are the Existing Shareholders and what will their interest in the Company be at Completion of the Offer?</div>	<div>The ownership of Shares immediately prior to Completion of the Offer and following Completion of the Offer is summarised below.</div> <table><tr><th></th><th>Shares held at Prospectus Date</th><th>MINIMUM SUBSCRIPTION</th><th>MAXIMUM SUBSCRIPTION</th></tr><tr><th></th><th></th><th>Shares held at Listing</th><th>Shares held at Listing</th></tr><tr><td>Original Mad Paws Sellers</td><td>92,423,825</td><td>94,988,506</td><td>94,988,506</td></tr><tr><td>Other initial Company investors</td><td>22,200,000</td><td>22,200,000</td><td>22,200,000</td></tr><tr><td>Noteholders¹</td><td></td><td>37,407,853</td><td>37,407,853</td></tr><tr><td>New investors</td><td></td><td>50,000,000</td><td>60,000,000</td></tr><tr><td>Total</td><td>114,623,825</td><td>204,596,359</td><td>214,596,359</td></tr></table> <div>Notes:</div> <div>1. Based on assumed interest calculations. Actual number of shares may change depending on the date the Convertible Note Conversion occurs.</div>		Shares held at Prospectus Date	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION			Shares held at Listing	Shares held at Listing	Original Mad Paws Sellers	92,423,825	94,988,506	94,988,506	Other initial Company investors	22,200,000	22,200,000	22,200,000	Noteholders ¹		37,407,853	37,407,853	New investors		50,000,000	60,000,000	Total	114,623,825	204,596,359	214,596,359	<div>Section 11.6</div>
	Shares held at Prospectus Date	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION																											
		Shares held at Listing	Shares held at Listing																											
Original Mad Paws Sellers	92,423,825	94,988,506	94,988,506																											
Other initial Company investors	22,200,000	22,200,000	22,200,000																											
Noteholders ¹		37,407,853	37,407,853																											
New investors		50,000,000	60,000,000																											
Total	114,623,825	204,596,359	214,596,359																											

1.8. About the Offer

TOPIC	SUMMARY	MORE INFORMATION
Who is the issuer of this Prospectus?	Mad Paws Holdings Limited ACN 636 243 180.	Section 3
What will happen on Completion of the Offer?	On Completion of the Offer, the Company will issue Shares to investors under the Offer.	Section 7
How is the Offer structured and who will be eligible to participate?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and New Zealand; the Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their broker to participate; the Customer Offer, which is open to Eligible Customers who have a registered address in Australia and who have received a Customer Offer Invitation; the Cleansing Offer, which is an offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act and is only open to applicants invited by the Company; and the JLM Options Offer, which is an offer of the JLM Options to the Joint Lead Managers or affiliated nominees, and is only open 	Section 7.2

	to the Joint Lead Managers or affiliated nominees. No general public offer of Shares will be made under the Offer.																																		
What will the capital structure of the Company be at Completion of the Offer?	<p>At the Prospectus Date the following securities are on issue:</p> <ul style="list-style-type: none"> • 114,623,825 Shares; • 27,576,176 Options (comprising 17,576,176 Legacy ESOP Options and 10,000,000 Bombora Options). <p>The Company also has approximately 5.85 million Convertible Notes on issue with a face value of approximately \$5.85 million which will be converted prior to Listing.</p> <p>On Completion of the Offer, the Company will have the following securities on issue:</p> <ul style="list-style-type: none"> • approximately 204.60 million Shares (assuming Minimum Subscription) or 214.60 million Shares (assuming Maximum Subscription); • approximately 48.26 million Options (comprising 16.01 Legacy ESOP Options (after the Legacy Option Conversion), 10 million Bombora Options, 2 million JLM Options, 21.25 million IPO Options). <p>A breakdown of the share capital structure of the Company at Listing will be as set out below:</p> <table> <tr> <th></th><th>MINIMUM SUBSCRIPTION</th><th>MAXIMUM SUBSCRIPTION</th></tr> <tr> <td>Shares on issue at the Prospectus Date</td><td>114,623,825</td><td>114,623,825</td></tr> <tr> <td>Options on issue at the Prospectus Date</td><td>27,576,176</td><td>27,576,176</td></tr> <tr> <td>Shares issued in Convertible Note Conversion¹</td><td>37,407,853</td><td>37,407,853</td></tr> <tr> <td>Shares issued on exercise of Legacy ESOP Shares²</td><td>2,564,681</td><td>2,564,681</td></tr> <tr> <td>New Shares issued under the Offer</td><td>50,000,000</td><td>60,000,000</td></tr> <tr> <td>Options issued under EIP Offer³</td><td>21,250,000</td><td>21,250,000</td></tr> <tr> <td>JLM Options issued</td><td>2,000,000</td><td>2,000,000</td></tr> <tr> <td>Total Shares on issue at Completion of the Offer</td><td>204,596,359</td><td>214,596,359</td></tr> <tr> <td>Total Options on issue at Completion of the Offer</td><td>48,261,495</td><td>48,261,495</td></tr> <tr> <td>Total securities (Shares and Options) on issue at Completion of the Offer</td><td>252,857,854</td><td>262,857,854</td></tr> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1. Based on assumed interest calculations. Actual number of shares may change depending on the date the Convertible Note Conversion occurs. 2. The number of Legacy ESOP Options on issue will reduce by 2,564,681 options following the exercise. 3. Assumes all IPO Options are allocated and taken up by those parties who receive an EIP Offer Invitation prior to Listing in the EIP Offer. Refer to Section 11.5 for further details. 		MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION	Shares on issue at the Prospectus Date	114,623,825	114,623,825	Options on issue at the Prospectus Date	27,576,176	27,576,176	Shares issued in Convertible Note Conversion ¹	37,407,853	37,407,853	Shares issued on exercise of Legacy ESOP Shares ²	2,564,681	2,564,681	New Shares issued under the Offer	50,000,000	60,000,000	Options issued under EIP Offer ³	21,250,000	21,250,000	JLM Options issued	2,000,000	2,000,000	Total Shares on issue at Completion of the Offer	204,596,359	214,596,359	Total Options on issue at Completion of the Offer	48,261,495	48,261,495	Total securities (Shares and Options) on issue at Completion of the Offer	252,857,854	262,857,854	Section 11.5
	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION																																	
Shares on issue at the Prospectus Date	114,623,825	114,623,825																																	
Options on issue at the Prospectus Date	27,576,176	27,576,176																																	
Shares issued in Convertible Note Conversion ¹	37,407,853	37,407,853																																	
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New Shares issued under the Offer	50,000,000	60,000,000																																	
Options issued under EIP Offer ³	21,250,000	21,250,000																																	
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Total Shares on issue at Completion of the Offer	204,596,359	214,596,359																																	
Total Options on issue at Completion of the Offer	48,261,495	48,261,495																																	
Total securities (Shares and Options) on issue at Completion of the Offer	252,857,854	262,857,854																																	
Are there any escrow	Yes.	Sections 10.3 and																																	

arrangements?	<p>Subject to the Company being admitted to the Official List, the Company anticipates that certain Shares and Options on issue prior to the Listing (including those held by Shareholders associated with Jan Pacas, Justus Hammer, Mike Hill, Josh May, Alexis Soulopoulos and Bombora Growth Fund and the JLM Options) will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the Listing Date.</p> <p>Certain Shares held by certain Existing Shareholders on Completion are expected to be subject to voluntary escrow arrangements. Each Shareholder who will subject to voluntary escrow restrictions will enter into a voluntary escrow deed in respect of their escrowed shares, which will prevent them from disposing of their respective escrowed Shares for the escrow period.</p> <p>Refer to Section 10.3 for details of the likely restrictions. The escrow requirements will be confirmed with the ASX prior to quotation and the Company will announce details of what (if any) restrictions are applied before official quotation commences.</p>	11.9
What is the minimum application size?	<p>Broker Firm Offer</p> <p>The minimum application is \$2,000 for 10,000 Offer Shares in aggregate, with incremental multiples of 5,000 Offer Shares (i.e. incremental multiples of at least \$1,000). There is no maximum Application size under the Broker Firm Offer, however, the Company and the Joint Lead Managers reserves the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for.</p> <p>The Company reserves the right to aggregate any Applications that it believes may be multiple Applications from the same person.</p> <p>Customer Offer</p> <p>The minimum application is \$2,000 for 10,000 Offer Shares in aggregate, with incremental multiples of 5,000 Offer Shares (i.e. incremental multiples of at least \$1,000).</p> <p>Institutional Offer</p> <p>There is no minimum or maximum value of Shares that may be applied for under the Institutional Offer.</p> <p>Cleansing Offer</p> <p>As the Cleansing Offer is an offer of up to 1 Share, the minimum and maximum value of Shares that may be applied for under the Cleansing Offer is \$1.00, being the Offer Price payable for 1 Share.</p>	Section 7.7
How do I apply?	<p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus and lodging it with the broker who invited them to participate in the Offer.</p> <p>Customer Offer Applicants</p> <p>Applicants under the Customer Offer may apply for Shares by following the instructions on how to apply in the Customer Offer Invitation.</p> <p>Institutional Offer Applicants</p> <p>The Joint Lead Managers will separately advise Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>JLM Offer Applicants</p> <p>The JLM Options Offer is only made to and is capable of acceptance by the Joint Lead Managers. The Company will notify the Joint Lead Managers as to how Applications for the JLM Options under the JLM Options Offer must be made.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable.</p>	Sections 7.7, 7.8, and 7.9

What do Applicants pay when applying under the Offer?	<p>All Applicants under the Institutional Offer, Broker Firm Offer, Customer Offer, and Cleansing Offer will pay an Offer Price of \$0.20 per Share.</p> <p>No amounts will be paid by applicants under the EIP Offer or JLM Options Offer.</p>	Section 7
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Customer Offer, will be determined by the Joint Lead Managers in consultation with the Company having regard to the allocation policy outlined in Sections 7.7.3, 7.8.4, 7.9.2, and 7.15.</p> <p>The allocation of Shares among applicants in the Institutional Offer will be determined by agreement between the Joint Lead Managers and the Company.</p> <p>In respect of the Broker Firm Offer, it is a matter for the broker (and not the Company or the Joint Lead Managers) to determine how they will allocate Shares among their eligible retail clients.</p> <p>Up to \$1 million worth of Shares are available under the Customer Offer. The final allocation of Shares under the Customer Offer and Customer Offer Shortfall Bookbuild (if any) will be determined by the Company, in consultation with the Joint Lead Managers.</p> <p>There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply. The Company reserves the right in its absolute discretion to not issue Offer Shares to Applicants under the Offer and may reject any Application or allocate a lesser amount of Offer Shares than those applied for at its absolute discretion.</p> <p>Applications under the EIP Offer, Cleansing Offer and JLM Option Offer may only be made in response to an invitation to participate made by the Company.</p>	Sections 7.7.3, 7.8.4, 7.9.2, and 7.15
When will I receive confirmation whether my Application has been successful?	The Company expects that holding statements confirming Applicants' allocations under the Offer will be sent to successful Applicants by standard post on or around 23 March 2021.	Section 7.15
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on the ASX will commence on or about 26 March 2021, subject to ASX confirmation.</p> <p>It is the responsibility of each Applicant to confirm their own holdings before trading on ASX, and any Applicant who sells their Shares before they receive an initial holding statement does so at its own risk.</p>	Section 7.19
Who are the Joint Lead Managers of the Offer?	Foster Stockbroking Pty Ltd and CCZ Statton Equities Pty Ltd have been appointed as Joint Lead Managers to the Offer.	Section 10.1
Is the Offer underwritten?	No.	Section 10.1
What are the fees and costs of the Offers?	<p>The Company will pay to the Joint Lead Managers a maximum distribution fee equal to 5% (excluding GST) of the total amount raised by the Company under the Offer and a management fee of 1% of the total amount raised by the Company under the Offer (6% in total on the Offer) subject to stated exceptions as noted in Section 10.1.</p> <p>The Company has also agreed to issue an aggregate of 2,000,000 JLM Options to the Joint Lead Managers or affiliated nominees as part consideration for their services as joint lead managers to the Offers under the JLM Option Offer. The JLM Options will have an exercise price of \$0.30 per share, a five year expiry date and will have no vesting or exercise conditions. Terms of the JLM Options are summarised in Section 10.2.</p> <p>Other costs of the Offers are disclosed in Section 11.13.</p>	Sections 7.13, 10.2, and 11.13

Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage or stamp duty is payable by Applicants on the acquisition of Offer Shares under the Offer.	Section 7.13
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the Offer Shares Allotment Date. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any refunded Application Monies.	Section 7.22
Can the Offer period be closed early or extended?	The Company reserves the right to close the Offer early, extend the Offer Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Any change to the Offer Closing Date (including if closed early or extended) will have a consequential effect on the date for the issue of the Shares. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.	Section 7.22
Is there a cooling-off period?	No.	Not applicable
Will the Company's Shares be listed?	The Company will apply within seven days of the Prospectus Date to be admitted to the Official List and will seek quotation of the Shares on ASX. The Company expects to be listed under the proposed ASX code 'MPA'.	Section 7.19
What are the tax implications of investing in the Shares?	The tax consequences for an investor of any investment in the Shares will depend upon the investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest. A summary of the general tax implications of participating in the Offer for Australian and New Zealand resident investors is set out in Section 9 below.	Sections 7.23 and 9
How can I obtain further information?	If you would like more information or have any questions relating to the Offer, please call the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.	Important notices

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INDUSTRY OVERVIEW

2. INDUSTRY OVERVIEW

2.1. Australian Pet Services Industry

Mad Paws is an Australian-based pet services company operating in a dynamic and growing industry with strong demographic tailwinds. This section is intended to provide an overview of the size and industry trends for the Australian pet services market.

2.2. Industry Overview

Australia has a higher rate of pet ownership than many other countries with around 61% of Australian households estimated to own pets, and 40% of Australian households estimated to have at least one dog in 2019, making them the most popular type of pet (based on surveys conducted in 2019).¹¹ In 2019 it was estimated that there were around 8,900,000 domesticated dogs and cats in Australia.¹²

Based on figures published by Animal Medicines Australia in its 2019 report, *Pets in Australia: A national survey of pets and people*, approximately 64% percent of Australian pet owners are female, and approximately 65% of all pet owners are from households with incomes of \$50,000 or more.¹³ Pet ownership rates appear particularly high amongst Generation Z pet owners between 18-24 years (70%) and Generation X pet owners between 40-54 years (66%).¹⁴ In addition, over three-quarters of families with children aged 6 years or older are pet owners.

Many dog and cat owners consider their pet as a member of the family with many pet owners admitting to adopting 'pet parenting' behaviours that resemble parent-child relationships – including speaking to their pets as though they understand what they are saying, and letting pets sleep in their bed with them.¹⁵ Many pet owners have reported a focus on the welfare of the pet, including focus on the type of food it is fed and general pet wellbeing and comfort.

2.3. Pet Services Opportunity

The pet services industry is highly fragmented, and highly driven by the community trend towards the humanisation of pets by owners. This has led to the premiumisation of pet products and outsourced services such as grooming, training and obedience and day-care and accommodation.

The global trend of humanisation of pets has contributed to the emergence of the 'pet parent' and the 'fur baby' labels within the pet community. This behaviour by owners to treat their pets as humans gives rise to an increased focus on pet welfare with a corresponding increase in attention and awareness of, and consumer expenditure for, on pet welfare and services.

Overall, in 2019, Australian households were estimated to spend over \$13 billion on pet services and products annually (based on self reporting). Dog owners on average are estimated to spend the most, with an estimated average of \$1,627 spent per animal each year.¹⁶

Pet services encompasses a number of categories, including pet care, pet food, pet insurance and pet health.

2.3.1. Pet Care Services Market

For the purposes of this Prospectus, management have considered the pet care services market to encompass care services such as pet sitting, walking, day care, grooming and similar services, with a particular focus in this section on dog walking and sitting, as the most common services.

Dogs remain Australia's most popular pet, with Animal Medicines Australia estimating there were over 5 million dogs owed by Australian households in 2019, and approximately 40% of Australian households surveyed having at least one dog. Although the average number of dogs per dog owning household was estimated at 1.3 (which has remained relatively steady over the recent years), there has been a noticeable shift towards single dog households, in part likely attributable to a shift towards smaller dwellings associated with urbanisation.¹⁷

Owning a dog in urban areas adds extra responsibilities on pet owners to ensure adequate exercise and activity. Dog owners are encouraged by many pet health providers and industry bodies to take their dogs for two 30-minute walks a day, including Guide Dogs Australia through its Pawgust campaign. In its report, Animal Medicines Australia noted

¹¹ Animal Medicines Australia *Pets in Australia* Report.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

19% of current pet owners have admitted they are worried about not giving their pets enough attention and 18% find exercising the pets regularly a challenge.¹⁸

The demand for dog walking and sitting services has increased over time as dog ownership rates have increased with many pet owners seeking assistance from pet service providers such as Mad Paws to assist busy Australia to benefit from all the social benefits associated with owning a pet without having to sacrifice work or personal commitments to care for their pet.

2.3.2. Pet Food Market

Food expenditure is the largest expenditure item for the majority of pet owners. Pet food expenditure in 2019 was estimated to comprise 30% of all Australian on-going pet expenditure with estimated \$3.9 billion spent by pet owners on pet food each year, closely followed by veterinary services (\$2.6 billion) and pet healthcare products (\$1.4 billion).¹⁹ In recent years, management have witnessed the pet food market shifting from mass produced generic pet food products, historically sold in supermarkets and pet stores, to a more premium tailored food product, with a focus on premium, human grade ingredients.

Consistent with trends across retail categories as a whole, online sourcing of pet food is also increasing in popularity as an alternative to supermarket sourcing and management believe that pet owners will continue to seek out high quality, premium food products for their pets, including signing up to online subscription services delivering conveniently to the customer's door, such as Mad Paws' recently launched Dinner Bowl product.

2.3.3. Pet Insurance

Australia's pet insurance market is less advanced than international markets however it is gaining increased recognition and acceptance in Australia, particularly with the continued increase in veterinary and pet medical costs expenses.

Approximately 30% of Australian households with dogs and 21% of households with cats were reported as having taken out pet insurance in 2019 (based on self-reporting). In 2019, pet insurance was estimated by Animal Medicines Australia as being one of the highest categories for household spend across all pet services.²⁰

Mad Paws management believes that demand for pet insurance will only increase as pet ownership increases, pet insurance becomes more accepted in the Australian market and owners look for ways to manage the rising costs of pet healthcare services.

2.4. Australian Pet Services Industry Trends

Mad Paws management believes there are four key trends currently driving growth in the Australian pet industry.

2.4.1. Humanisation of pets

Many dog and cat owners consider their pet as a member of the family with many pet owners admitting to adopting 'pet parenting' behaviours that resemble parent-child relationship. This behaviour by owners to treat their pets as humans is often referred to as 'humanisation' of pets and has contributed to the emergence of the 'pet parent' and the 'fur baby' labels within the global pet community.

This behaviour can be partly contributed to the positive impact pet ownership has on the physical and mental health of pet owners. In their Pets in Australia report, Animal Medicines Australia reported that an overwhelming majority (88%) of pet owners felt positive about their experience owning a pet with approximately 71% of pet owners believing that pet ownership has had a very positive impact on their lives. Animal Medicines Australia notes that this anecdotal evidence is supported by academic research linking pet ownership to improved owner cardiovascular health, physical fitness, immune system development, psychological health and child development. Pets also act as social enablers and companions, offering calming influences to their owners and promoting physical exercise. Pets are also seen to promote optimism, with many pet owners reporting that caring for another living being brings a sense of purpose to their lives and have direct positive impact on their experiences of depression and anxiety.²¹

The top five benefits of pet ownership described by pet owners are:

- relational benefits (love, affection and companionship);
- life being better in general;
- happiness, joy, pleasure and fun;
- improvement to mental health and wellbeing; and

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

- sense of purpose, responsibility, and opportunity to care.²²

The continued humanisation of pets and adoption of 'pet parenting' behaviours is a super trend that has accelerated the pet industry and presents significant growth opportunities.

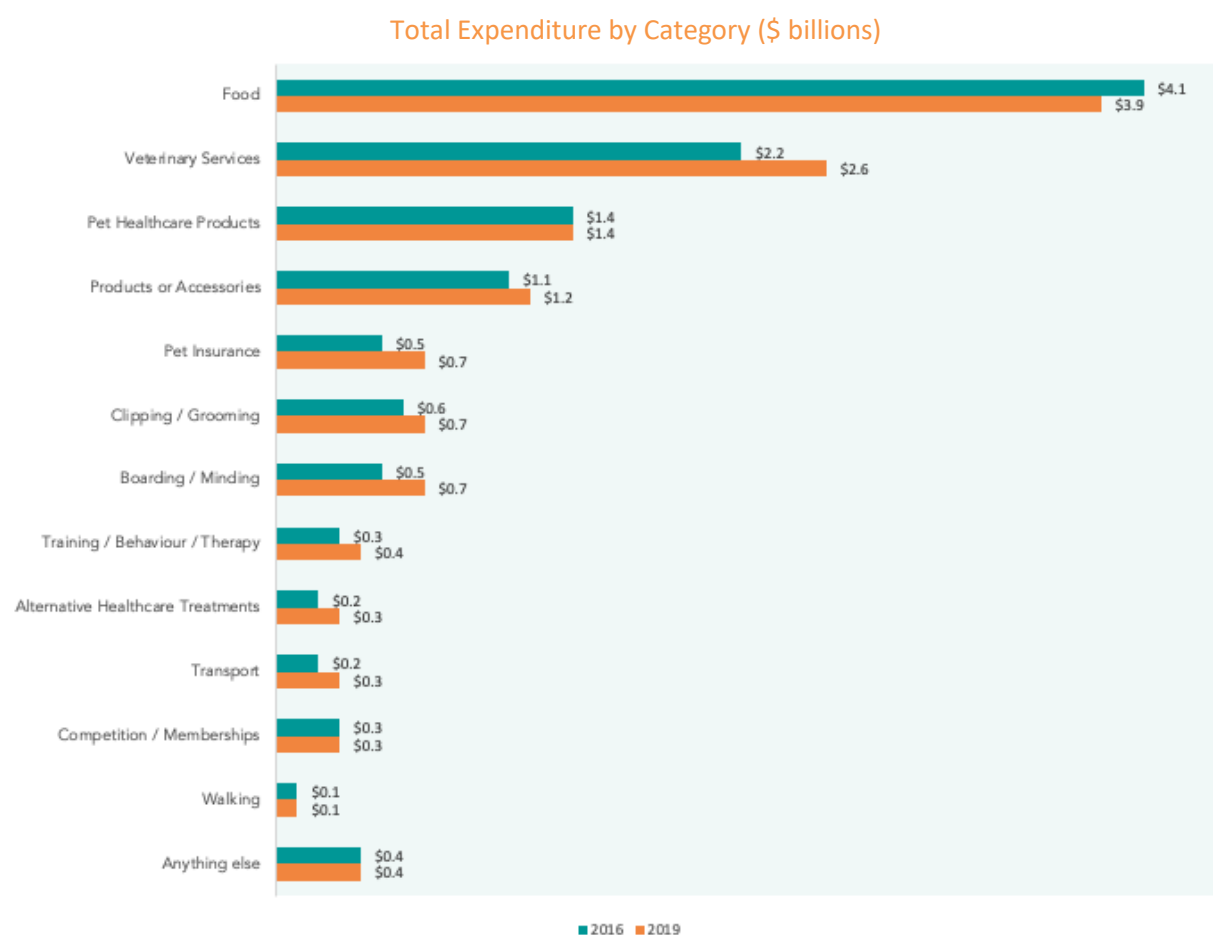
Mad Paws management believes that this trend is only set to increase following the COVID-19 pandemic with lockdown isolation causing many pet owners to spend more time with their pets than before. In many cases, Mad Paws management believe this is likely to result in an increased focus on pet health and welfare, driving an increase in consumer expenditure on pet services.

2.4.2. Increased focus on pet health and wellness

Consumer spending on pets continues to see significant increases both globally and within Australia.

Data taken from the Animal Medicines Australia *Pets in Australia* Report shows that in 2019, self-reported expenditure on pet food, veterinary services, pet healthcare products, products and accessories and pet clipping and grooming were the sixth largest categories of on-going expenditure by pet owners, representing approximately \$10.5 billion of the total \$13 billion estimated to be spent annually.

Figure 2.1 Total expenditure by category (\$ billions)



Extracted from Animal Medicines Australia Pets in Australia Report. Includes only expenditure on dogs, cats, fish, birds, small mammals and reptiles.

2.4.3. Premiumisation of pet food and services

Pet owners are increasingly demanding higher quality, less processed food for their dogs and cats, moving away from the conventional pet food offerings historically sold through supermarkets and pet food stores (such as dry kibble or wet canned food).

When coupled with the pet humanisation trend, where many pet owners now see themselves as 'pet parents' and

²² Ibid.

their pets as 'fur babies', Mad Paws management believes that there will be an increasing segment of pet owners who will spare no expense in maintaining the health and wellbeing of their pets and continue to seek out higher quality and premium pet food and care services.

2.4.4. Drive to online marketplaces

Consistent with the trends seen across many retail and consumer service industries globally, Mad Paws management believe that the purchase of pet products and services will also increasingly move away from traditional retail outlets to online marketplaces as pet owners seek convenience and greater product offerings.

Dog walking and sitting services have been historically provided by friends and family or third party individuals engaged via traditional channels such as word of mouth, referral network and advertising services. However, they are relatively localised and no one player has any significant market share. Mad Paws management believes that there is opportunity for change as greater awareness of alternative online-based platforms arises and consumers continue to move their lives online. Mad Paws' marketplace platform allows pet owners to conveniently access a range of pet service providers in their local area via its online web and mobile platform, addressing this trend.

2.5. Competitive Landscape

The pet services industry is highly fragmented with most market participants focussed on a particular area of pet care services.

Dog walking and pet sitting

Traditional solutions such as kennels and pet hotels provide pet sitting services in most geographical regions, however these traditional solutions are relatively localised and present as a very fragmented market. With the recent focus on the humanisation of pets, management have witnessed a preference from an increasing number of pet owners to move from traditional kennels and pet hotels to a more personalised and individual care option.

The industry is further fragmented by the 'grey market' of friends and family of pet owners, who are often tapped on the shoulder to care for pet owners' pets when in need.

In recent years, a limited number of online offerings (such as , Mad Paws, Paw Shake and Pet Cloud) have entered the Australian market seeking to provide an alternative to the traditional solution. Similar offerings exist in the United States, Rover Inc being one example. However, management believe there is no clear market leader in Australia providing online pet services and/or having a strong local community of pet service providers and pet owners. Compared to the total potential addressable Australian dog and cat market of over 8.6 million in 2019, Mad Paws has acquired a comparatively small proportion of customers and share of wallet with approximately 450,000 sign-ups to its marketplace, indicating potential for further customer acquisition and increased market share, particularly as Mad Paws continues to build strong local communities of pet service providers and owners.

Pet food

The pet food supply market is traditionally dominated by large players such as GreenCross (via Pet Barn) or Pet Circle and supermarket retailers, providing traditional packaged fresh and dry food products. Recent years have also seen an emergence of online offerings for online subscription-based services, most notably internationally with the likes of Chewy.com, BarkBox and NomNom in the United States, but also in Australia with Lyka.

Management believes there are presently limited offerings in Australia for fresh, homemade, healthy food subscription services, similar to the Mad Paws Dinner Bowl product.

With over \$3.9 billion estimated to be spent on pet food each year, management believe there is potential for pet food subscription services, such as Mad Paws Dinner Bowl, Lyka and other entrants to take some of the pet food market away from the traditional players, particularly being attractive to those pet owners valuing higher quality, well balanced and healthy meals for their pet family.

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COMPANY OVERVIEW

3. COMPANY OVERVIEW

3.1. Company Background and Structure

The Company, Mad Paws Holdings Limited ACN 636 243 180 is an unlisted Australian public company incorporated in 2019.

The Mad Paws business is operated by Mad Paws Pty Ltd ACN 600 835 425, which was incorporated in 2014 as an Australian-based pet services company.

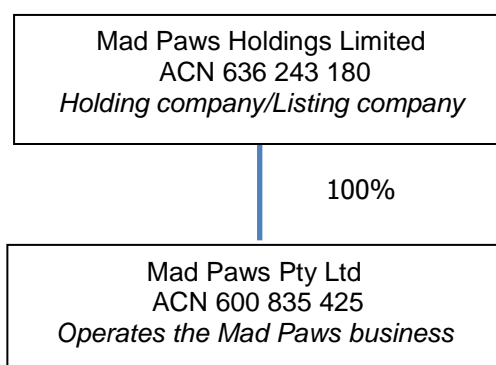
On 23 December 2020, the Company acquired 100% of the issued share capital in Mad Paws from the Original Mad Paws Shareholders in exchange for Shares in the Company. Immediately following the Acquisition, the Company also issued a number of Options (referred to in this Prospectus as 'Legacy ESOP Options') to individuals who held share options in Mad Paws under its now expired employee stock option plan in exchange for the cancellation of the previous employee share options.

Refer to Sections 10.4 and 10.5 of this Prospectus for a summary of the key terms of the Share Purchase Agreement and the arrangements regarding the Legacy ESOP Options.

Prior to acquiring Mad Paws, the Company's primary activities were the provision of investment management services. Following the Acquisition, Mad Paws continues to be the primary operating entity for the Mad Paws business under the Company's ownership.

The Company changed its name from Arugam Limited to Mad Paws Holdings Limited on 2 December 2020 in anticipation of its acquisition of Mad Paws.

At the Prospectus Date, the corporate structure of the Mad Paws Group is as follows:



At the Prospectus Date, Original Mad Paws Shareholders hold approximately 80.63% of the Company's issued share capital, with the remaining Shares being held by early investors in the Company, including Bombora Growth Fund.²³ The Company also completed a convertible note raising in December 2020 and has approximately 5.8 million Convertible Notes on issue which will be all converted prior to Listing, as summarised in Section 10.8.

3.2. Introduction to Mad Paws

Mad Paws was largely co-founded in 2014 by Justus Hammer, Alexis Soulopoulos and Jan Pacas as an Australian-based pet services business with a vision to make pet ownership easier and the aspiration to create Australia's #1 pet services marketplace.

Mad Paws initially launched its pet care services marketplace in 2015, offering holiday pet sitting services to pet owners, and since that time, Mad Paws has created a trusted and valued brand, established distribution channels, proven customer acquisition and developed a highly engaged database of over 19,000 pet service providers and over 450,000 registered users (pet owners) across Australia (as at 30 June 2020), with more than 180,000 services having been booked through the marketplace since initial launch until 30 June 2020.

In 2020, Justus Hammer, one of the original founders of the Mad Paws business, returned as Group CEO, supporting the long-standing executive team, including co-founder Alexis Soulopoulos (who remains CEO of New Business).

²³ Figures stated are based on current issued capital and exclude Options and Convertible Notes on issue which are described in this Prospectus.

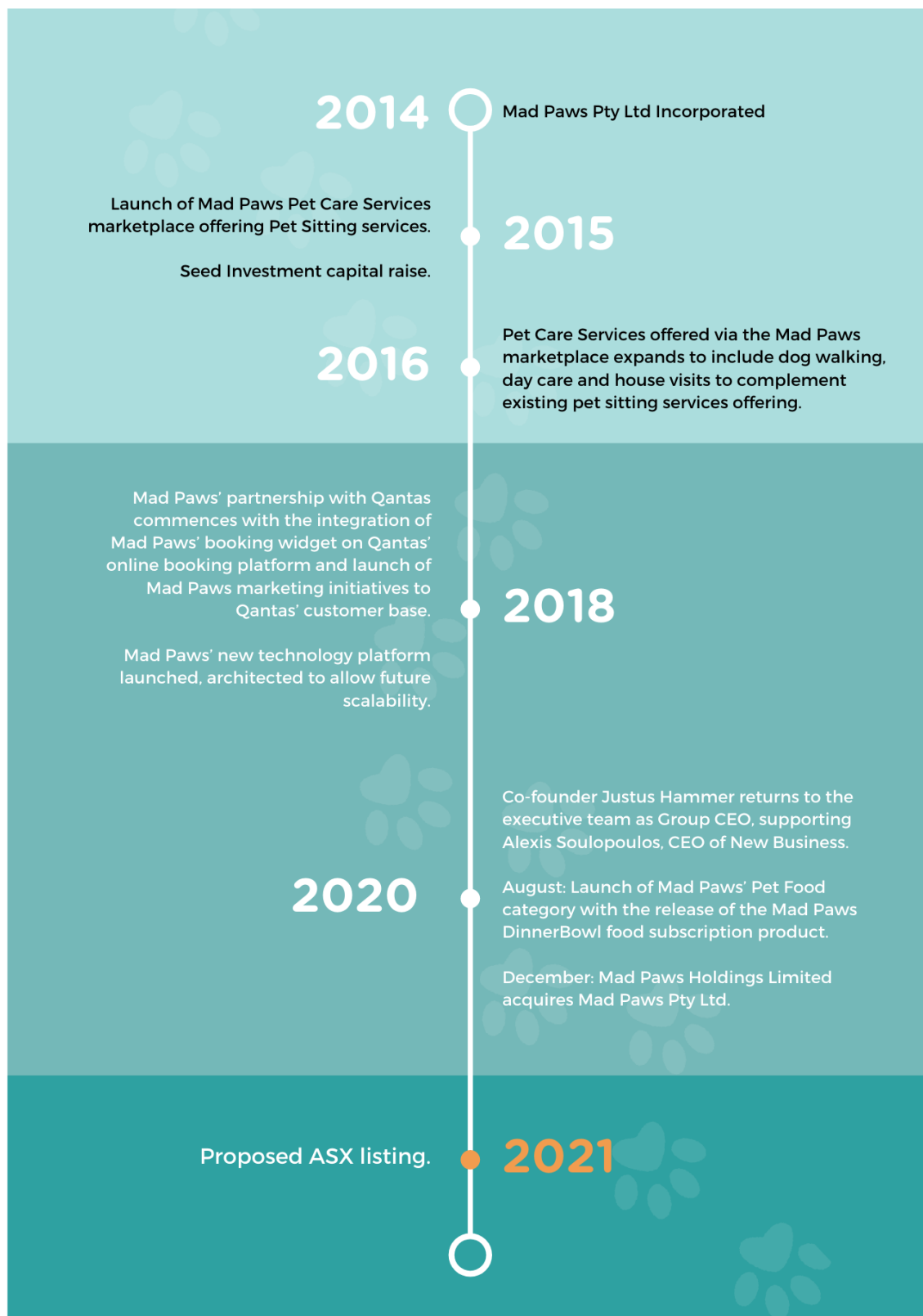
Mad Paws presently employs 26 employees and is headquartered in Sydney, Australia.

At the Prospectus Date, Mad Paws generates transaction, recurring and subscription revenue from two revenue streams:

- pet care services – sitting, walking, day care, grooming - generated since 2015 via the Mad Paws online marketplace; and
- pet food – generated since August 2020 following the launch of the Mad Paws Dinner Bowl pet food subscription product.

Refer to Section 3.5 for more details regarding Mad Paws' business model and revenue generation.

3.3. Mad Paws History and Corporate Timeline



3.4. Mad Paws' Product Offerings

3.4.1. Pet care services marketplace

Mad Paws' pet care services online marketplace matches and connects pet owners seeking pet care services such as pet sitting, walking, day care and grooming, with pet sitters and walkers and other pet service providers. The underlying marketplace platform technology includes matchmaking algorithms, booking and scheduling functionality, communication tools, payment processing, reviews and recommendations. It is available via mobile application (iOS and Android) and via website (desktop and mobile web).

At initial launch in 2015, Mad Paws' marketplace offered pet owners' access to pet sitting services. This was expanded in 2016 to include dog walking, pet day care and house visits. These services provided a logical complement to the existing pet sitting offering, and introduced higher frequency use of the marketplace, and decreased seasonal impacts of the pet sitting services which were aligned with busy travel periods.

At 30 June 2020, Mad Paws had a database of over 19,000 pet service providers (pet sitters, walkers and groomers) and over 450,000 user sign ups to its marketplace in Australia. At 30 June 2020 more than 180,000 services have been booked through the Mad Paws marketplace since initial launch.

Mad Paws charges pet service providers a 20% Service Fee on each booking and charges pet owners a 7% Booking Fee on each booking made through the Mad Paws marketplace. Further details on how these fees are calculated is detailed in sections 3.6 and 4.

The following sections provide an overview of the experience for the Mad Paws marketplace consumers - pet owners and pet providers.

3.4.1.1. Pet owners' experience

Mad Paws' pet owner customers access the Mad Paws pet services marketplace primarily for the following services:

- pet hosting (pet service provider takes pet in their home);
- pet sitting (pet service provider stays at pet owner's home);
- dog walking;
- day care; and
- house visits (the service provider visits the owner's home and looks after the pet for an agreed duration of time usually each day but does not stay there overnight).

For dog walking, day care and house visits (recurring needs), pet owners can choose to book weekly recurring bookings (subscription) or make one-off bookings with pet service providers each time they require the service.

Figure 3.1 below shows the evolution of the proportion of new pet owner customers of total customers over FY18, FY19 and FY20s. Figure 3.2 below shows the lifetime cumulative number of paying pet owner customers (by number) over the same period.

Despite significant growth of new customers each year, the proportion of new customers to total customers has reduced as existing customers are retained. With customer retention being a key focus, Mad Paws sees this trend as a positive evolution.

Figure 3.1: Proportion New Pet Owner Customers of Total Pet Owner Customers (FY18 - FY20)

% New Customers of Total Customers

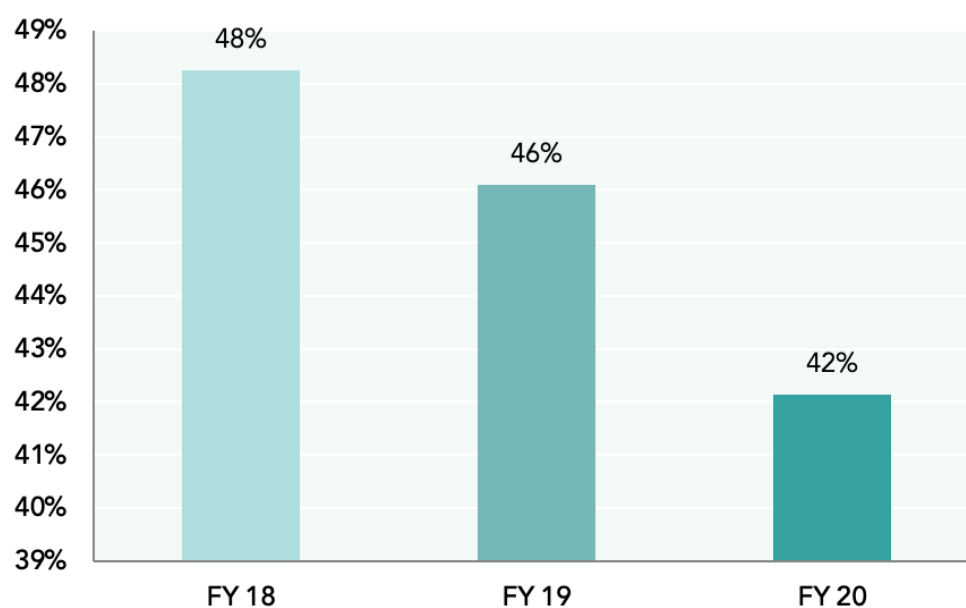
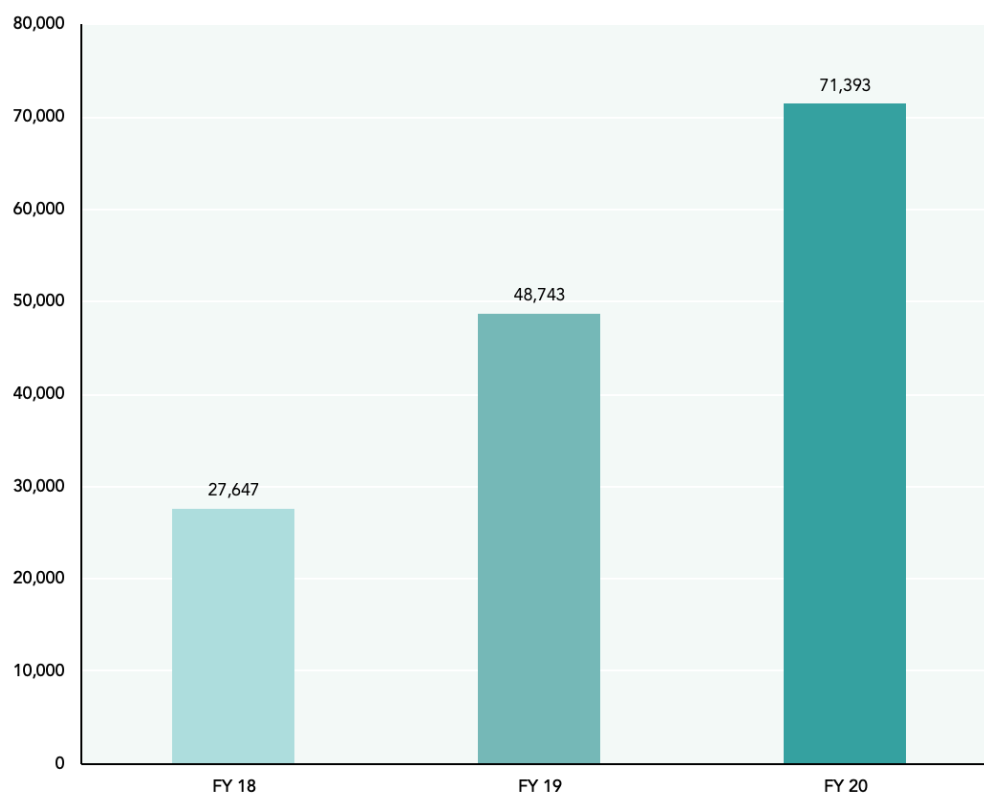


Figure 3.2 Lifetime Cumulative Number of Paying Pet Owner Customers (FY18 - FY20)

Cumulative Lifetime Paying Customers



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Benefits of the Mad Paws' Pet Care Services Marketplace for Pet Owners

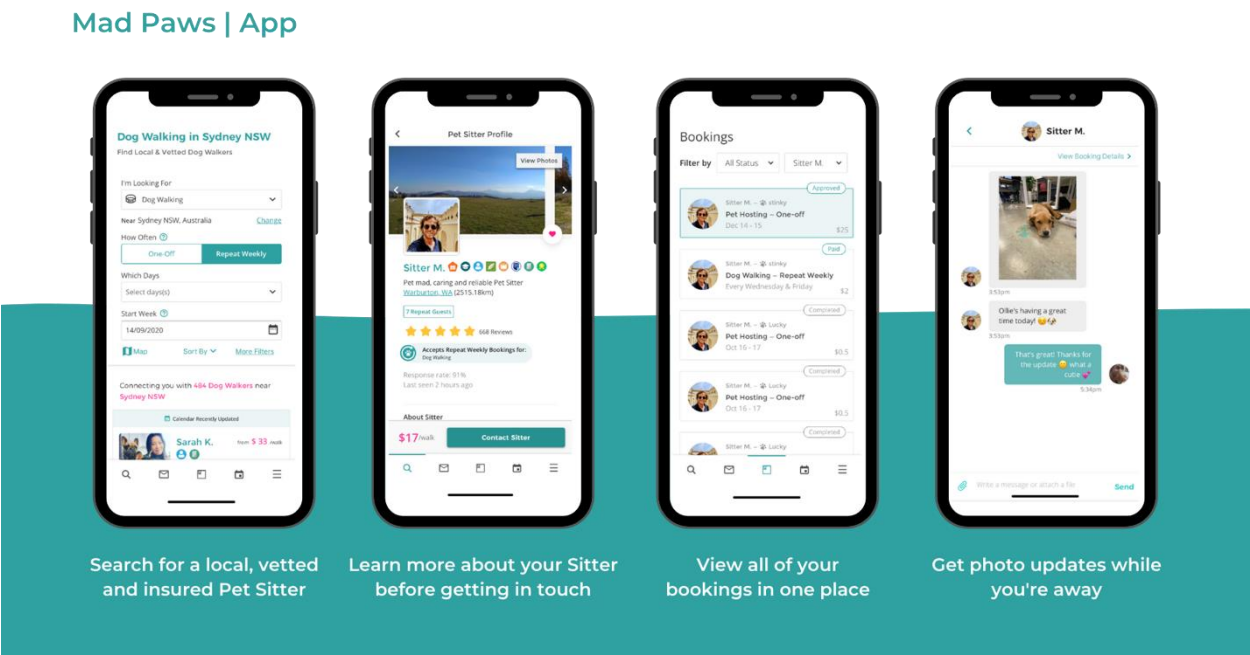
For pet owners, the Mad Paws marketplace offers a simplified process to find a pet service provider to care or provide services for their pet when they are unable or unavailable to provide this themselves.

The pet service providers registered on Mad Paws' pet care services marketplace offer pet owners a range of pet sitting, dog walking, day care and pet grooming services. When searching for pet service providers on the Mad Paws marketplace, pet owners are prompted to include details such as the service they are looking for, their location, their pet type and timing. Mad Paws' proprietary algorithm matches those inputs with available pet service providers in the nominated location.

Pet owners have the ability to browse through the matched pet service provider profiles which include photos, a description of the pet service provider's experience and reviews from past customers. Upon selecting a preferred pet service provider, pet owners send their preferred pet service provider a booking inquiry and can communicate with the provider via the marketplace through real time chat functionality. Once pet owners are satisfied with their selected pet service provider (which can often include a physical meet and greet between the pet owner, pet and selected pet service provider), the pet owner proceeds to confirm and pay for the booking through the Mad Paws marketplace.

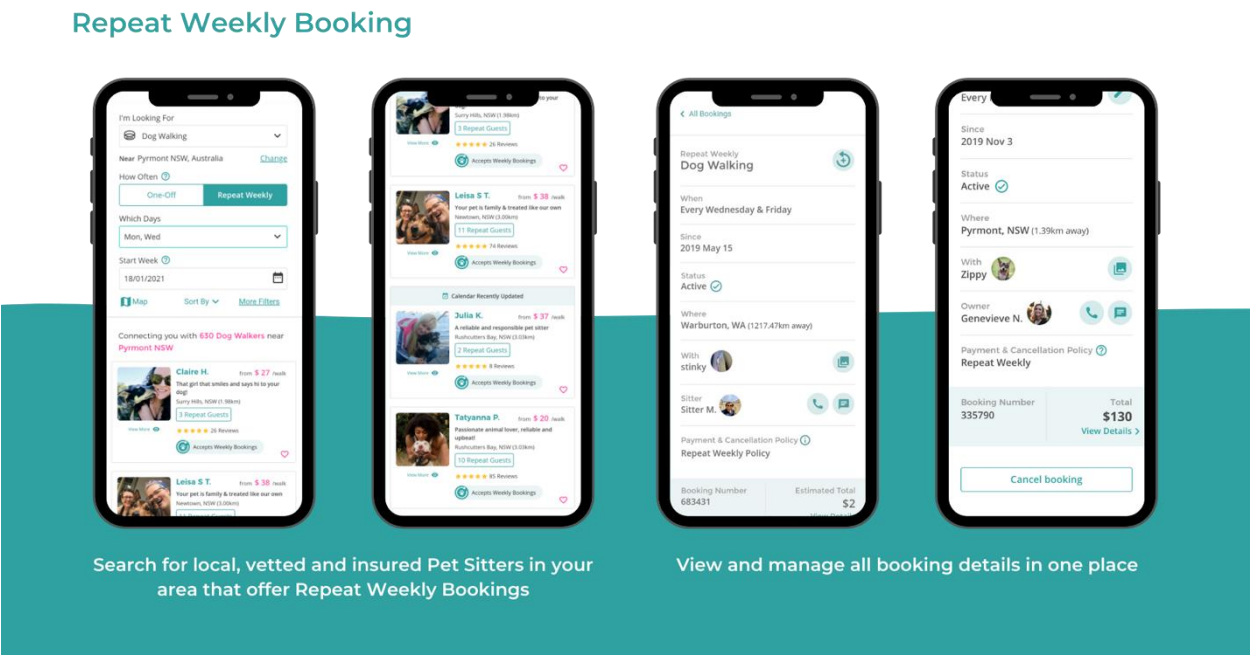
During the pet stay or dog walk, pet service providers are expected to provide photo updates for the pet owner uploaded to the Mad Paws marketplace. After the booking, pet owners are prompted to leave a review on the pet service provider's profile. A snapshot of the pet owner booking process via the mobile application is shown in Figure 3.3 below.

Figure 3.3 Snapshot pet owner booking process via the mobile application.



Pet owners can either book one-off bookings or recurring (typically weekly) repeated bookings for dog walking, day care and house visits. Figure 3.4 below shows a snapshot view of the recurring booking functionality in the mobile application.

Figure 3.4 Snapshot views of the recurring booking functionality via the mobile application.



Mad Paws understands the importance of trust and safety for pet owners when entrusting their pets with pet service providers and requires all pet service provider applications to complete a prescribed vetting process before allowing them on the marketplace. From over 180,000 pet service provider applications Mad Paws has received since establishment in 2015, only approximately 19,000 pet service providers were featured on the marketplace at 30 June 2020. As part of the vetting process:

- pet service provider applicants are required to fill out their profile with information such as their experience with pets;
- pet service provider applicants are provided online learning material on how to be a great pet service provider and are required to pass an online test;
- pet service providers are required to upload photo identification to the marketplace. Pet services providers are also encouraged to provide an (optional) police check;
- prior to paying for a booking through the marketplace, Mad Paws recommends a physical meet and greet between pet service provider and the pet owner and their pet;
- after a booking is completed the pet owner is prompted to leave a review on the pet service provider's profile; and
- in the event of a low review and / or a complaint, Mad Paws' team will investigate and take appropriate measures, which may include removing the pet service provider from the marketplace. However, to-date, such measures have been rarely required.

Key benefits of the Mad Paws pet care services marketplace for pet owners

Personal love and attention for their pet when they are unable or unavailable to provide this themselves

Pets are taken care of in the pet owner's own home or the pet service provider's home

Affordable

Safe and secure payments, with booking funds held by Mad Paws until the booking is successfully completed

Vetted pet service providers, with reviews from previous customers

3.4.1.2. Pet service providers' experience

Pet service providers with profiles on the Mad Paws marketplace offer a variety of services: pet sitting (away from home and at the pet owner's home), dog walking, day care and house visiting.

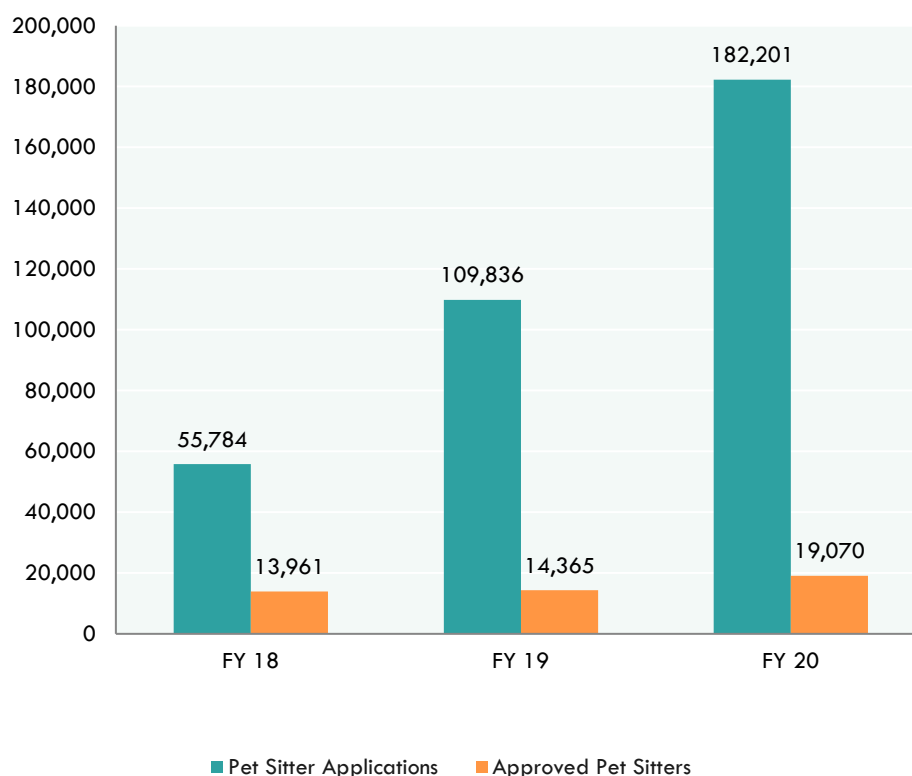
An 'approved' pet service provider means the provider has been vetted, is bookable on the marketplace and has an active listing (however they could have temporarily blocked out their calendars). Pet service providers who may have been previously approved but have had their listing deactivated are not counted as approved. Refer to 3.4.1.1 for further detail regarding the on-boarding and vetting process undertaken in relation to pet service providers on the Mad Paws marketplace.

As at 30 June 2020, Mad Paws had over 19,000 vetted pet service providers on its marketplace located across Australia, compared with over 180,000 applications.

Figure 3.5. provides an overview of the evolution of pet service provider applicants and approved pet service providers since the marketplace first commenced in 2015. Applicants scaled faster over the years compared to approved pet service providers primarily due to the Mad Paws team imposing stricter requirements for the vetting and quality assurance process.

Figure 3.5: Approved pet service providers and total cumulative pet service provider applicants (FY18 - FY20)

Cumulative pet service provider applications and approved pet service providers
(FY18-FY20)



Benefits of the Mad Paws' pet care services marketplace for pet service providers.

For pet service providers, the Mad Paws marketplace offers tools to run their individual pet service businesses by offering a simplified forum to connect pet service providers with pet owners looking to book pet care services such as pet sitting, dog walking, day care, pet grooming and house visits.

The Mad Paws marketplace platform allows pet service providers to create a profile for upload to the online marketplace, including their experience with pets and photos. In their profiles, pet service providers indicate the pet care services they offer and the applicable pet types and sizes they do and do not choose to care for. Once onboarded, pet service providers will start to receive booking inquiries from pet owners. Mad Paws' proprietary algorithm uses the information provided in the pet service provider's profile as well the pet service provider's booking

history and other data to match pet owners searching for pet services with suitable pet service providers in their local area.

As noted above, the pet service provider on-boarding process is an important part of Mad Paws' quality assurance process. The pet service provider on-boarding process includes online training with tips and tricks on how to be a great pet service provider and use the Mad Paws marketplace. Upon joining the Mad Paws marketplace, pet service providers will be required to complete an on-boarding call with a member of the Mad Paws onboarding team.

Once successfully on-boarded, pet service providers will start to receive booking inquiries from pet owners matched via the platform's proprietary algorithm. The Mad Paws marketplace platform provides calendar functionality so that pet service providers will only show up as available to pet owners for the dates the pet service provider has marked as being available. Pet service providers respond to inquiries using the Mad Paws real time chat functionality, and following a meet and greet with the pet owner (if the parties so choose), the pet owner completes the booking inquiry by paying for the booking through the marketplace. Booking funds are held by Mad Paws until the booking is successfully completed, after which Mad Paws releases the funds into the pet service provider's balance on the marketplace, with the funds paid to the pet service provider after the pet service provider redeems their balance.

Pet service providers choose their own availability and set their own rates for the services they offer. Prices vary depending on pet service provider and location. Table 3.6 below shows the average prices per service type for FY20.

Table 3.6: Average prices per service type (based on rates set by pet service providers)

SERVICE TYPE	AVERAGE PRICE (FY20)*
Pet hosting (away from home)	\$37 per night
Pet sitting (at the pet owner's home)	\$41 per night
Dog walking	\$21 per walk
House visiting	\$26 per visit
Pet day care	\$33 per day

*Numbers are rounded up to the nearest whole number.

Mad Paws allows pet service providers to access its public and products liability insurance cover in the event of certain claims against the pet service provider, subject to stated exceptions. This is known as "Mad Paws Accident Cover". The terms on which Mad Paws Accident Cover is provided are set out on the Mad Paws website at <https://www.madpaws.com.au/about/mad-paws-accident-cover/>.

Key benefits of the Mad Paws' pet care services marketplace for pet service providers

Make money for doing something they love; looking after pets

Flexibility: pet service providers can set their own availability, choose their prices, and decide which services to offer and for what types of pets

Mad Paws' marketplace platform provides the tools to assist pet service providers to run their individual pet services businesses such as real time chat functionality and calendar and scheduling functionality

Risk free payments, with money collected by Mad Paws in advance of the booking

Access to accident cover insurance for bookings (public and products liability insurance coverage for certain claims against pet service providers)

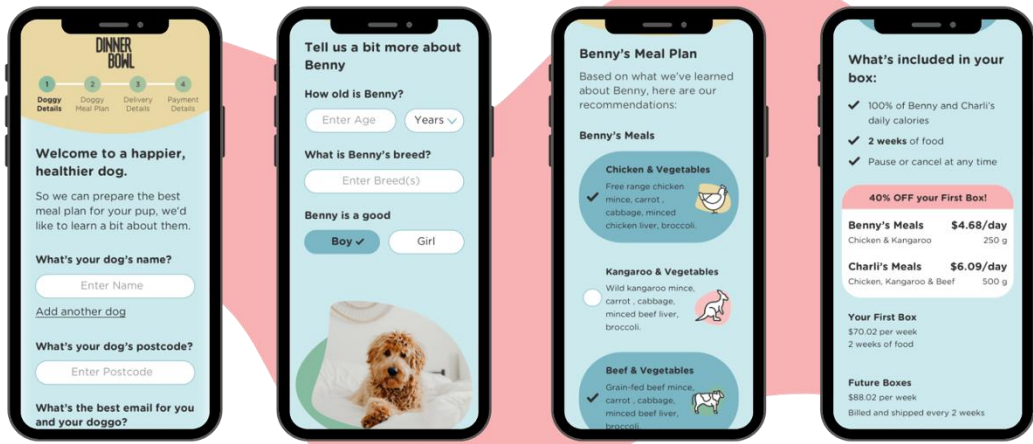
3.4.2. Pet food products

Mad Paws commenced its pet food business category in August 2020, with the launch of the Mad Paws Dinner Bowl pet food subscription product. Mad Paws Dinner Bowl is a healthy, fresh pet food subscription service providing pet owners with pre-prepared, individually packed meals for their pets.

Pet owners can sign up for the Mad Paws Dinner Bowl subscription service via the Mad Paws online marketplace and at the Dinner Bowl website (www.madpawsdinnerbowl.com.au). The Dinner Bowl platform includes a meal planner

service which asks pet owners for details about their pet such as breed, age, weight, body shape and activity level and calculates an optimised daily meal plan. Dinner Bowl meals are delivered to the pet owner's home weekly or fortnightly (based on the owner's preferred subscription frequency).

Figure 3.7: Screenshots of the Dinner Bowl meal planner online experience



As at October 2020, the majority of Dinner Bowl subscriptions are fortnightly subscriptions. The subscription is flexible: pet owners can pause or cancel their subscription at any time as well as change the order and delivery frequency.

For orders over \$100, no delivery fee is charged. Where possible, Mad Paws optimises delivery frequency to ensure orders are over \$100 to avoid charging the delivery fee.

The pet food is raw premium quality, human grade food, and is delivered frozen so customers can keep it in their freezers. At the Prospectus Date, Dinner Bowl offers 3 different meals, one chicken, one beef and one kangaroo option.

Figure 3.8: Dinner Bowl box and example meals



As noted elsewhere in this Prospectus, limited revenue is presently generated from Mad Paws' pet food products given the recent, small scale launch in August 2020, however as stated in Section 3.12, the continued development of the Dinner Bowl pet food subscription service to expand product offering and increase market penetration is one of Mad Paws' key growth strategies. Given Dinner Bowl's recent launch and limited operation, Mad Paws does not have visibility on when, or if, its Dinner Bowl revenues will materially increase.

3.4.3. Pet Insurance

At the Prospectus Date, Mad Paws has entered into an Insurance Distribution Agreement with Pacific Insurance and AI Insurance. Under these arrangements, Pacific Insurance will act as issuer and underwriter of Mad Paws-branded insurance policies, while AI Insurance will provide authorisation under its Australian Financial Services Licence for Mad Paws to deal in and distribute Mad Paws' insurance products (AI Insurance has appointed Mad Paws as an 'authorised representative' for this purpose).

Pursuant to the Insurance Distribution Agreement, Mad Paws is entitled to receive a commission for each Mad Paws-branded pet insurance policy sold, and for each policy that is subsequently renewed.

At this stage, marketing and sales activities for this pet insurance product are expected to commence in the first half of 2021. As this product has not yet launched, Mad Paws does not have visibility on when, or if, revenue will be generated from this product, or its quantum.

Refer to section 10.11 for a summary of the Insurance Distribution Agreement.

3.5. Business Model

3.5.1. Summary of Mad Paws' Business Model

At the Prospectus Date, Mad Paws' primary business model is an online marketplace that facilitates the sale of pet care services between pet owners and pet service providers via its proprietary technology platform.

Mad Paws presently generates revenue from the two revenue streams set out below.

- Revenue received from pet care service bookings made through the Mad Paws marketplace (pet sitting, walking, day care, grooming, home visits), comprising Service Fees charged to pet service providers and Booking Fees charged to pet owners and generated since 2015. This is Mad Paws' primary revenue stream.
- Subscription revenue received from the sale of the Mad Paws Dinner Bowl pet food subscription product, offered by Mad Paws since August 2020. Limited revenue is presently generated from this category.

In addition to the above, Mad Paws has recently partnered with Pacific Insurance and AI Insurance in relation to the launch of a Mad Paws-branded insurance policy product underwritten by Pacific Insurance. Marketing and sales activities with regards to this product are expected to commence in the first half of calendar year 2021 following product launch. Under the proposed insurance distribution arrangements, Mad Paws will be entitled to receive a commission for each Mad Paws-branded pet insurance policy sold, and for each policy that is subsequently renewed. No revenue has been generated from this category to-date.

Unless otherwise stated, all financial figures stated in this Prospectus are derived from Mad Paws' FY18, FY19 and FY20 financial results, prior to the launch of the pet food and pet insurance categories, and accordingly do not include material revenue from the pet food or insurance categories.

3.5.2. Revenue

The below table shows the historical revenue of Mad Paws in FY18, FY19 and FY20 from the Mad Paws' Historical Income Statements shown in Figure 4.6. .

Table 3.9 Historical revenue FY18 – FY20

		HISTORICAL		
	Notes	FY18	FY19	FY20
		\$	\$	\$
Revenue	1	888,624	1,578,651	1,999,614
Other income	2	267,350	337,493	354,594

Notes:

1. Mad Paws achieves Service Fee and Booking Fee revenue from the transaction categories described in Section 4.5.
2. Mad Paws has other income which includes research and development tax incentives and FY2020 government cash boost and job keeper payments.

Mad Paws generated 85% of its FY20 revenue from revenue received from pet care service bookings (pet sitting, walking, day care, grooming, home visits), made through the Mad Paws marketplace, comprising Service Fees charged to pet service providers and Booking Fees charged to pet owners.

3.5.2.1. Pet Care Services Marketplace Revenue Generation

Mad Paws offers transactional bookings for all pet care services and offers weekly recurring subscription for dog walking day care and house visits. Mad Paws charges pet service providers a 20% service fee on each booking and charges pet owners a 7% booking fee on each booking made through the Mad Paws marketplace. Signing up to the Mad Paws marketplace is free of charge for both pet owners and pet service providers.

Figure 3.10 shows the proportion of revenue generated via the marketplace for each type of service booked in FY20.

Figure 3.10: FY20 revenue contribution by service type

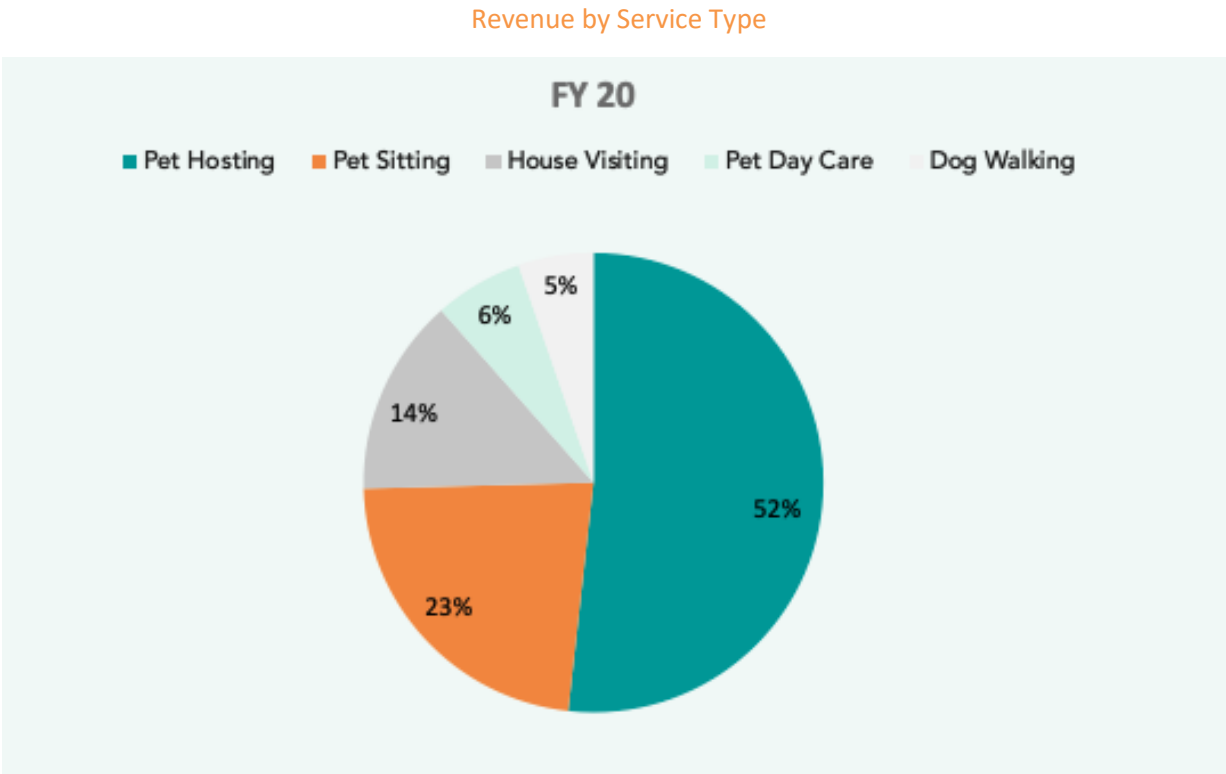


Figure 3.11 shows revenue generation for both one-off transactional and recurring subscription services.

Pet hosting and pet sitting services are mostly used when pet owners are away from home and are typically made as one-off bookings. Subsequent bookings (where the pet owner again goes away on holidays) are made as separate one-off bookings. On the left-hand side of Figure 3.11 is an example of a 5-night one-off booking is shown.

Dog walking, day care and house visiting are usually needed at higher frequency than pet hosting and pet sitting. For that reason, Mad Paws offers both the one-off booking functionality as well as a 'Repeat Weekly Booking' functionality (i.e. subscription). An example of a subscription for 3 walks per week is shown on the right-hand side of Figure 3.11.

Figure 3.11: Example Revenue generation for one-off and recurring services

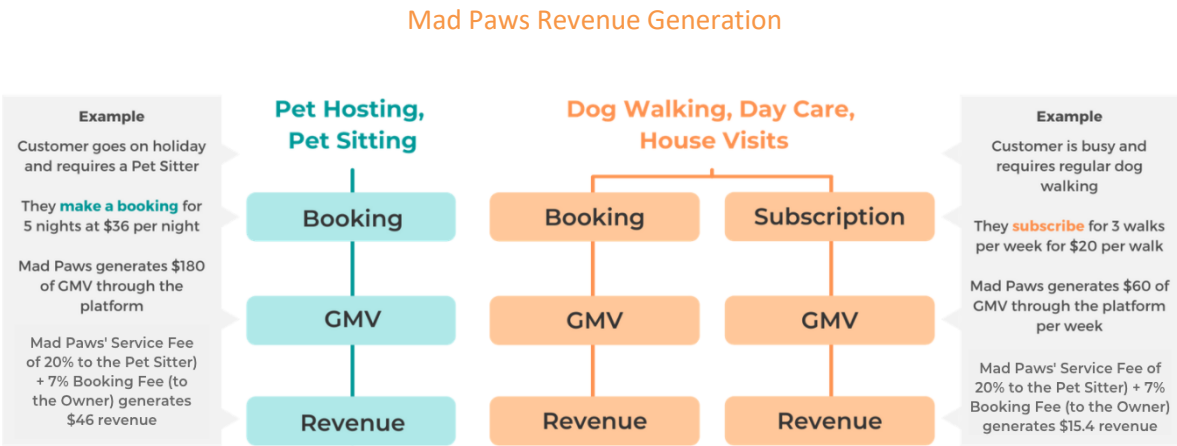


Table 3.12 provides a revenue breakdown for the 5-night one-off booking shown on the left hand side of Figure 3.11 above. Mad Paws' revenue generated from the booking is the sum of the Booking Fee charged to the pet owner (i.e. 7% of the booking amount that the pet owner customer pays) and the Service Fee charged to the pet service provider (i.e. 20% on the booking amount that the pet owner customer pays excluding the Booking Fee). GMV (or Gross Merchandise Value) is the total value of the booking transaction processed by Mad Paws (i.e. the booking amount the customer pays).²⁴

Table 3.12: Detailed revenue calculation for an example one-off booking

(1) GMV (pet owner customer booking amount)	\$180
(2) Booking Fee charged to pet owner (7%) 7% x (1)	\$12.6
(3) GMV excluding Booking Fee (1) - (2)	\$167.4
(4) Service Fee charged to pet service provider (20%) 20% x (3)	\$33.5
Mad Paws revenue generated from the booking (2) + (3)	\$46.0
Total Mad Paws revenue as a % of GMV	25.6%

Table 3.13 below shows the average:

- booking value for each service type;
- number of days (for day care bookings) or nights (for pet hosting and pet sitting bookings);
- walks and visits for dog walking and house visiting bookings;
- booking counts; and
- price per day, night, walk or visit for the average booking for each service type.

Table 3.13: Average Booking Value, Average days / nights / walks, Average price per night / day / walk (FY20).

FY 20	Average Booking Value	Average Days / Nights / Walks / Visits	Average Price per Day / Night / Walk / Visit
Pet Hosting	\$182	5	\$37
Pet Sitting	\$186	4	\$41
House Visiting	\$101	4	\$26
Pet Day Care	\$53	2	\$33
Dog Walking	\$56	3	\$21

*Averages are calculated based on internal management data for the period 1 July 2019 to 30 June 2020

*Numbers are rounded up until nearest whole number.

Gross Merchandise Value

Gross Merchandise Value (**GMV**) is a non-IFRS metric that represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting cancellations, pet service provider payments, refunds, chargebacks, discounts, and GST.

GMV in absolute value and trend terms is considered by management to be the most important operating metric to manage and predict the overall performance of the business.

GMV is based on the following categories of transactions:

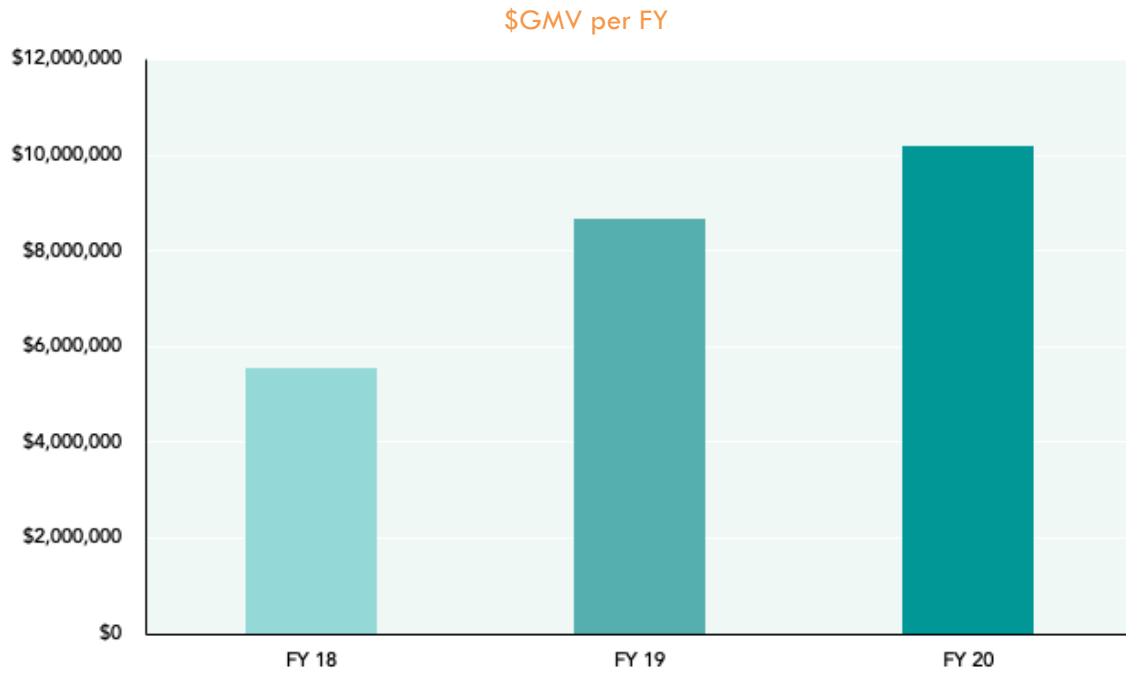
- pet sitting at the pet service provider's home or at the pet owner's home (pet hosting);

²⁴ GMV is calculated on a cash basis, before deducting cancellations, pet service provider payments, refunds, chargebacks, discounts and GST.

- dog walking;
- dog day care; and
- house visiting.

Figure 3.14 below represents the GMV that occurred on the Mad Paws marketplace over FY18, FY19 and FY20.

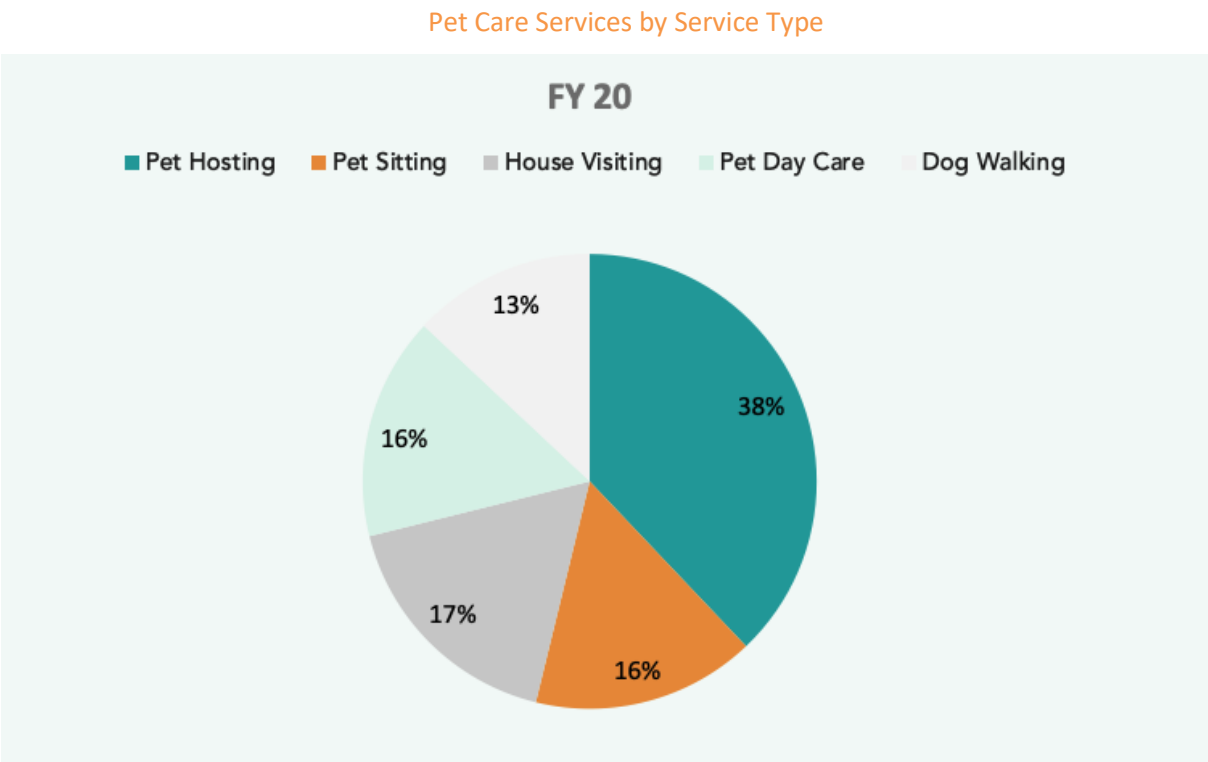
Figure 3.14: Mad Paws Marketplace GMV (FY18-FY20)



GMV growth is dependent on website traffic levels, conversion rates of traffic to sales and the average booking value.

Figure 3.15 illustrates the split of pet care services across pet sitting, dog walking, house visits, pet hosting (away from home) and day care services booked through the Mad Paws marketplace for FY20.

Figure 3.15: Pet Care Services Split by Service Type FY20



3.5.2.2. Pet Food Revenue Generation

The Mad Paws pet food subscription business was launched in August 2020 as set out in Section 3.5.2 above. Presently Mad Paws offers its Dinner Bowl pet food subscription product to pet owners ordering through the Mad Paws marketplace and online from the Dinner Bowl website. Once on the Dinner Bowl marketplace, pet owners are taken through the Dinner Bowl meal planner flow during which they provide their pet’s details such as weight and activity level and are then presented with a proposed meal plan consisting of healthy raw meals.

At present, Dinner Bowl only offers a subscription option; with meals delivered to the pet owner’s home weekly or fortnightly (at their option) and the pet owner’s payment method is billed at the same frequency. The pet owner can pause or cancel their subscription at any time.

Since launch, Mad Paws has received limited subscription revenue from the sale of the Dinner Bowl pet food subscription product given the small-scale initial launch however as stated in Section 3.12, continued development of the Dinner Bowl pet food subscription service to expand product offering and increase market penetration is one of Mad Paws’ key growth strategies. Given Dinner Bowl’s recent launch and limited operation, Mad Paws does not have visibility on when, or if, Dinner Bowl’s revenues will materially increase.

3.6. Distribution and Customers

Mad Paws has proven its ability to attract pet owners and pet service providers to its marketplace, evidenced by having over 19,000 vetted pet service providers on the marketplace and over 450,000 registered sign ups (as at 30 June 2020). In a marketplace, it is crucial to ensure the right balance between demand (pet owners) and supply (pet service providers). This balancing act, otherwise known as liquidity management, is one of Mad Paws’ core competences and relies on analytics set up to measure demand and supply on a geographical basis as well as marketing capabilities to scale up both demand and supply. A summary of Mad Paws’ marketing activities is provided in the following sections.

3.6.1. Consumer Marketing

In FY20, Mad Paws generated 58% of its pet services care revenue from existing customers with the remaining 42% of revenue generated by new customers. To acquire new customers Mad Paws uses both paid and unpaid marketing channels, including:

- Direct and Branded Search
 - Word of mouth;
 - Branded search;
 - direct contact from advertising or PR activity
- Organic (non-brand)
 - Search engine optimization, also referred to as organic search
- Owned
 - Email, push and SMS marketing
- Partnerships
 - Qantas
- Performance (paid)
 - Non-brand search engine marketing (“SEM”), predominantly Google;
 - Digital display advertising;
 - Social media advertising, predominantly Facebook and Instagram
- Online PR (Public Relations)
 - Online news articles

At a high level, Mad Paws’ marketing strategy consists of the below principles:

- Mad Paws focuses on expanding unpaid marketing channels over time by investing in its brand (see Section 3.8.2) and organic search. Organic search, like for most online marketplaces, is inherently important for the success of the business and is supported by internal as well as external experts.
- Mad Paws creates a lot of pet content on its blog and distributes this content frequently via e-mail to its user base. Mad Paws is building on the authority the brand has built over the last couple of years when it comes to all things pet.

3.6.2. Qantas Promotion Agreement

Mad Paws is party to a promotion agreement with Qantas in relation to the promotion of the Mad Paws marketplace via the Qantas and Jetstar website and other marketing materials, and the Qantas Frequent Flyer Program. Qantas is paid a commission when a customer makes a booking for Mad Paws’ services via links supplied in Qantas and Jetstar promotional materials. Qantas also has the opportunity to receive cash payments based on the level of GMV generated by customers introduced via Qantas and Jetstar promotional materials. A summary of the agreements with Qantas is set out in Sections 10.9 and 10.10.

3.7. Mad Paws’ Key Strengths and Competitive Advantages

Mad Paws believes that its key strengths include the following:

- attractive market fundamentals;
- strong brand;
- custom built marketplace technology platform;
- engaged database of pet owners;
- cross sell ability;
- pet service provider vetting and on-boarding process; and
- its partnership with Qantas.

Further detail in relation to these is provided below.

3.7.1. Attractive Market Fundamentals

As noted in Section 2, Australia has a high rate of pet ownership with the Animal Medicines Australia *Pets in Australia*²⁵ 2019 national survey report estimating around 61% of Australian households to have a pet and around 40% of Australian households owning at least one dog, with these pet ownership rights higher in Australia than in

²⁵ Animal Medicines Australia *Pets in Australia* Report.

many other countries around the world.

As noted in Section 2, the pet services industry is highly fragmented, and highly driven by the community trend towards humanisation of pets by pet owners, premiumisation of pet products and outsourced services such as grooming, training and obedience and day-care and accommodation.

The Animal Medicines Australia *Pets in Australia* national survey reported that overall, Australian households are estimated to have spent over \$13 billion on pet services and products in 2019 (based on self-reporting). Dog owners on average spent the most, with an estimated average of \$1,627 spent per animal each year. Management believe that these trends are set to continue as the global trend of humanisation of pets continues to contribute to the emergence of 'pet parent' and 'fur baby' relationships, resulting in corresponding increases in consumer expenditure on pet welfare and services.

3.7.2. Strong Brand

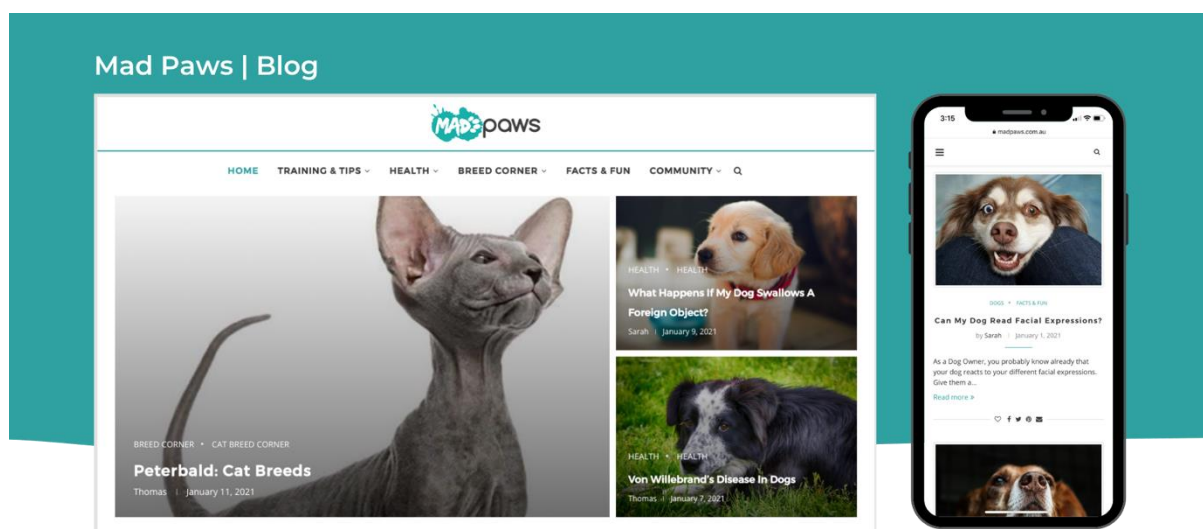
Over the last couple of years Mad Paws has invested heavily to build a strong brand for pet owners as well as pet service providers. Management believe that creating a marketplace that is attractive for both pet owners and pet service providers is essential in order to achieve a working marketplace.

In its early years, Mad Paws' marketing activities focused on online marketing channels and community events such as the Mad Paws Easter Fair. These and many more events helped to build up the brand awareness for Mad Paws by directly connecting with pet service providers and pet owners.

A key strategy to increase brand awareness for Mad Paws is channel partnerships. To date, Qantas is Mad Paws' largest partner, as described in Sections 3.7.2, 10.9 and 10.10.

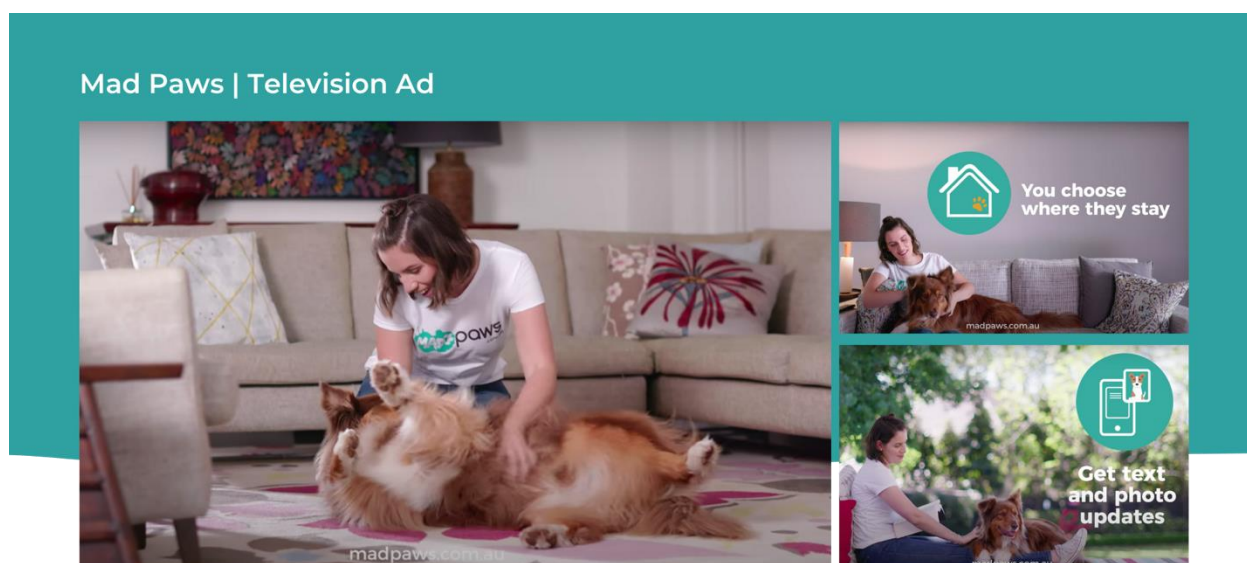
Mad Paws has also invested in becoming an authority for anything pet. The Mad Paws blog has become a trusted source of information for pet owners with over 500 articles and tips published and over 90,000 unique page views every month.

Figure 3.16: Screenshot of Mad Paws' blog



In 2017 and 2018, Mad Paws invested in a free-to-air television advertising campaign, as demonstrated in the below screenshot.

Figure 3.17: Screenshot of Mad Paws' TV advertisement



All the above has resulted in brand recognition and trust that is reflected in over 170,000 reviews on the Mad Paws marketplace with a 4.9 out of 5-star rating.

3.7.3. Custom-Built Marketplace Technology Platform

Mad Paws' key intellectual property asset is its custom-built marketplace software platform. The platform on which the Mad Paws marketplace is based is complex, custom built marketplace software built for usability and scale.

The marketplace platform has been built with Amazon Web Services Well Architected Framework for secure, high-performing, resilient, and cost-efficient infrastructure to allow rapid international scaling.

The Mad Paws marketplace has an average of 4.6 stars from over 8,600 reviews across Apple's App Store, Google Play and ProductReview.com.au.

A key component of Mad Paws' marketplace platform is the proprietary matchmaking algorithms matching demand with supply with the aim to maximise the customer experience. These algorithms are constantly optimised using data points collected by Mad Paws based on usage of the marketplace by pet owners and pet service providers, including pet owner reviews, pet service provider response times, previous booking details, and repeat customers of a pet service provider as a percentage of total customers.

Other custom-built features incorporated within the Mad Paws marketplace platform are:

- communications and responsiveness tools, real time chat and mobile application;
- subscription for pet services functionality, with scheduling, recurring payment, pause and stop functionality, and customer review processes;
- semi-automated service provider onboarding with an on-boarding and vetting process, complemented by Mad Paws' trust and safety team's verification process;
- integration to earn Qantas Frequent Flyer points; and
- the Mad Paws Dinner Bowl pet food subscription service has a customised recommendation engine that processes pet details such as weight, breed, body shape and activity level and calculates the optimal nutrition.

3.7.4. Engaged Database of Pet Owners

Since initial launch in 2015, Mad Paws has built up a database of over 450,000 email addresses. The Mad Paws team sends approximately 2 emails per week to users registered on its database with relevant pet content linking to the Mad Paws blog. These regular updates ensure Mad Paws remains top of mind and positions itself as an authority for all things pet.

3.7.5. Cross Sell Ability

Mad Paws presently offers two categories of products and services via its pet care services and, since August 2020, pet food products. Mad Paws intends to continue expanding its pet food products. In addition, as noted in Section 3.11, Mad Paws' growth strategies also include the introduction of new product offerings in the pet insurance and pet health categories currently under development.

All of these services are intended to address pet owner needs and leverage Mad Paws' brand and database and marketing expertise, putting Mad Paws in a unique position to cross-sell products and services to its database of users, with the potential to increase spend per customer.

3.7.6. Quality Pet Service Provider Vetting and On-Boarding Process

As at 30 June 2020, Mad Paws had over 19,000 pet services providers registered on the Mad Paws pet care services marketplace.

As noted in Section 3.4.1.1, Mad Paws has a vetting and on-boarding process in place to as best as possible ensure pet service providers provide a high-quality reliable service to pet owner customers. Once pet service providers pass the vetting process, which includes passing tests and photo identification verification, they are accepted and on-boarded on the marketplace. In addition, the Mad Paws community review processes such as recommended meet and greets before a first booking is paid through the marketplace, and the ability for pet owners to leave reviews after a pet stay, ensures the quality is maintained as best as possible.

Mad Paws invests heavily in its pet service provider community, including by:

- organising community events, offline and online; and
- providing pet service providers with the tools and tips to promote their pet service businesses; such as public liability insurance, educational content, information on average pet sitting prices in different areas.

3.7.7. Qantas Partnership

As noted above, in December 2017, Mad Paws entered into a partnership arrangement with Qantas, as a result of which Mad Paws' booking widget was integrated on the Qantas.com website. As part of the partnership arrangements, Qantas regularly promotes Mad Paws' offering to its database, on its website, and in Australian airports. This drives brand awareness and trust for the Mad Paws brand.

In addition to offering pet owners the convenience of booking pet sitting services at the same time as they book flights, pet owners can earn Qantas frequent flyer points from making bookings via the Qantas website.

3.8. Technology and software

3.8.1. Proprietary Marketplace Platform

The Mad Paws marketplace operates on a proprietary platform that has been developed in-house over a number of years. As noted in Section 3.7.3 above, a key component of Mad Paws' marketplace platform is the proprietary matchmaking algorithms matching demand from pet owners with supply from pet service providers with the aim to maximise the customer experience.

Mad Paws believes that its proprietary technology has the ability to support growth in product range and transaction volume without the requirement for material capital investment or prohibitive ongoing maintenance expense. 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. Mad Paws protects its proprietary technology by way of internal controls, IT security measures and confidentiality arrangements with employees and third parties.

3.9. Customer and Supplier Contractual Arrangements

Mad Paws has adopted standard terms which govern the use of the Mad Paws marketplace, the supply of Dinner Bowl products, and the issuance of Mad Paws' pet insurance. In particular:

- Mad Paws' platform is governed by a set of standard terms and conditions available on the Mad Paws website (madpaws.com.au);
- the Dinner Bowl subscription service is subject to a separate set of terms and conditions located on the Dinner Bowl website (madpawsdinnerbowl.com.au); and

- the Mad Paws-branded pet insurance policy is issued pursuant to the product disclosure statement and other terms found on the Mad Paws pet insurance website (madpawspetinsurance.com.au).

Mad Paws' key suppliers are:

- a web developer which provides software development and IT services to Mad Paws;
- various third party software suppliers which provide off-the-shelf software solutions to support both the front and back end of the Mad Paws platform (such as payment services (including Stripe and PayPal), data management tools, business analytics, and image and video management tools, among other things). Mad Paws contracts with these suppliers on the applicable supplier's standard terms;
- a commercial butchery (which manufactures and distributes Dinner Bowl products to regional warehousing), and last-mile distributors (which distribute Dinner Bowl products to Mad Paws' customers). Mad Paws has not entered into any long-term agreements with commercial butcheries or distributors, in order to provide the flexibility to switch suppliers if a supplier is offering more competitive terms; and
- Pacific Insurance and AI Insurance, which together supply white-label insurance products sold as Mad Paws pet insurance pursuant to the Insurance Distribution Agreement (summarised in further detail at section 10.11).

3.10. People and Culture

Mad Paws currently has 26 employees across a range of teams: Technology, Product, Marketing, Customer Experience, Strategy. All staff are located in Sydney, Australia.

Mad Paws intends to scale up its resourcing in departments, including customer experience on an as needed basis as and when increased capability is required. Specifically, Mad Paws management envisages the need for marketing, technology and product staff to execute on its growth strategies.

Profiles for the Company's executive management team are provided in Sections 6.1 and 6.3.

Culture is especially important to achieve high performance in Mad Paws' view. To implement a high-performance culture and ensure Mad Paws is a place people enjoy work, Mad Paws has a number of initiatives in place such as:

- the Mad Paws team agrees to live by a set of values, referred to as the 'Pack Mentality'; these are at the forefront of decision making, everyday team behaviour, part of the cultural interview for new candidates and emphasised in end of the month townhalls;
- Mad Paws has a people committee who among other things run a fortnightly survey to measure team culture and action learnings from the team's feedback. The management team also uses the end of the month townhall to answer questions that the team asked in this survey; and
- Mad Paws runs a rigorous hiring process to ensure that the new talent that joins will contribute to the culture in a positive way rather than the opposite.

3.11. Growth Strategies

Mad Paws will seek to drive growth in earnings through reinvesting cashflows into customer growth using the existing assets to drive additional revenue streams while at the same time reduce customer acquisition cost through cross selling different offerings to its customer base. Mad Paws believes there is significant potential to increase its market share in the pet care services space, as well as opportunities to establish new revenue streams in complementary markets such as pet food, treats, pet insurance and pet health products and services.

At the Prospectus Date, Mad Paws' growth strategy is focused on the following key strategies.

- **Increasing brand recognition:** Increasing brand recognition in the pet care services market by continuing distribution and consumer marketing channels as noted in Section 3.6 leading to new customer acquisition and market penetration.
- **Pet food product development:** Continuing development of the Mad Paws Dinner Bowl pet food subscription service to expand product offering and increase market penetration.
- **Expanding business categories and products:** Expanding current business categories beyond pet care services and pet food, with a particular focus on pet insurance and pet health products.

- **Pet insurance:**
As mentioned in Section 3.4.3, in the short-term, Mad Paws expects to launch a Mad Paws-branded insurance policy product underwritten by Pacific Insurance. At the date of this Prospectus, marketing and sales activities for this pet insurance product are expected to commence in the first half of 2021.
- **Pet health:**
Mad Paws sees opportunities to leverage its database of pet owners and pet service providers and transaction data by expanding its product offering to online distribution of pet health products.

3.12. COVID-19

As with many businesses worldwide, Mad Paws' business has been impacted by the COVID-19 pandemic, in particular arising from the government-imposed travel restrictions which severely reduced Australian household travel, both domestic and international.

While Mad Paws' revenue in the period March 2020 to June 2020 was negatively impacted by COVID – 19, the business experienced an uplift in the second half of 2020 with the lessening of Australian domestic travel restrictions and lockdown periods.

As travel restrictions continue to be unwound by the Australian Government, it is expected that this will have a positive impact on revenue growth over the coming months.



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FINANCIAL INFORMATION

4. FINANCIAL INFORMATION

Introduction

The financial information contained in this Section 4 includes the Historical Financial Information and Pro Forma Historical Financial Information for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**), being the **Financial Information** as summarised in Figure 4.1 below.

Figure 4.1: Overview of the Financial Information

Historical Financial Information	Historical Financial Information, which is audited, comprises the following: <ul style="list-style-type: none">• Historical Income Statements for FY18, FY19 and FY20 (Historical Income Statements);• Historical Cash Flows for FY18, FY19 and FY20 (Historical Cash Flows); and• Historical Statement of Financial Position as at 30 June 2020 (Historical Statement of Financial Position).
Pro Forma Historical Financial Information	Pro Forma Historical Financial Information comprises the following: <ul style="list-style-type: none">• Pro Forma Historical Income Statements for FY18, FY19 and FY20 (Pro Forma Historical Income Statements);• Pro Forma Historical Cash Flows for FY18, FY19 and FY20 (Pro Forma Historical Cash Flows); and• Pro Forma Historical Statement of Financial Position as at 30 June 2020 (Pro Forma Historical Statement of Financial Position).

Mad Paws Holdings Limited (the Company) was incorporated on 17 September 2019. On 23 December 2020, the Company acquired 100% of the share capital of Mad Paws Pty Ltd (Mad Paws) via a share exchange transaction (Acquisition). Under the agreement, the existing shareholders of Mad Paws exchanged their shares in Mad Paws for shares in the Company. Prior to the Acquisition, the Company was a non-operating investment vehicle and did not have any material assets (with the exception of cash and cash equivalents).

As explained in Section 3.1, Mad Paws was incorporated on 22 July 2014 and has been operating an online marketplace for pet services since 2015. Under Australian Accounting Standards, while the Company is the “legal acquirer” of Mad Paws, in substance, Mad Paws is the “accounting acquirer” of the Company. The financial statements of the Company will present a continuation of the existing Mad Paws financial statements. Assets and liabilities will be recorded at their existing values in the statement of financial position of the Company. The statement of financial performance going forward will be a continuation of the existing statement of financial performance of Mad Paws.

The Financial Information referred to in this Section is for Mad Paws only. Unless otherwise specified, the Financial Information will not include the Company’s Historical Income Statements or Statement of Cashflows as the Company was an investment vehicle only, and its historical performance is therefore not considered meaningful in the context of assessing Mad Paws’ performance.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (Section 4.1) including the application of Australian Accounting Standards in the preparation of the Historical Financial Information;
- changes in accounting standards (Section 4.1.2.1)
- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (“AASB”) or under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) that are used by Mad Paws and included in this Prospectus to assist investors in understanding the financial performance of Mad Paws’ business (Section 4.1.2.4) (non-IFRS financial measures);
- a summary of Mad Paws’ key pro forma operating and financial metrics (Section 4.2.2);
- the pro forma adjustments to the Historical Financial Information and reconciliations to the Pro Forma Historical Financial Information (Section 4.2, 4.3, 4.4);
- details of Mad Paws’ liquidity and capital resources as at 30 June 2020 (Sections 4.4.2 and 4.4.3);
- Management discussion and analysis of the Pro Forma Historical Financial Information (see Section 4.5);
- a summary of Mad Paws’ proposed dividend policy (see Section 4.6); and

- significant accounting policies (Section 12).

The Financial Information has been reviewed by Crowe Audit Australia (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (refer to Section 8).

All amounts disclosed in the tables are presented in Australian dollars unless otherwise noted.

The Financial Information should also be read in conjunction with Company Overview set out in Section 3, the Risk Factors set out in Section 5, the significant accounting policies of Mad Paws as set out in Section 12 and the other information contained in this Prospectus.

4.1. Basis of Preparation and Presentation of the Financial Information

4.1.1. Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus has been provided by the Directors to potential investors to assist with their understanding of the underlying historical performance, cash flows and financial position of Mad Paws.

Mad Paws operates on a financial year ending 30 June and a half year ending 31 December.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, including the Australian Accounting Interpretations (**AAS**) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB. The Financial Information has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures provided in a general purpose annual financial report prepared in accordance with AAS and the Corporations Act 2001.

All items are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Information is presented in Australian dollars (A\$) which is Mad Paws' functional and presentation currency. Some numerical figures included in this Section have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Section are due to rounding.

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 12.

Mad Paws has one reportable segment under AASB 8: *Operating Segments*, being the Pet Services Market in Australia.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Historical Financial Information, adjusted for the following:

- certain transactions including the impact of the Acquisition; and
- the impact of certain transactions as if they occurred on or before 30 June 2020 in the Historical Financial Information.

The Pro Forma Historical Financial Information does not represent the actual financial position, financial performance or cash flows of Mad Paws. The Company believes that the Pro Forma Historical Financial Information provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

In addition to the Financial Information, Section 4.1.2.4 describes certain non-IFRS financial measures that are used to manage and report Mad Paws' business that are not defined under or recognised by AAS or IFRS.

4.1.2. Preparation of the Historical Financial Information

The 3 years of Historical Financial Information has been extracted from the general purpose financial statements of Mad Paws Pty Ltd for FY19 and FY20 respectively (**Historical Financial Statements**). The Historical Financial Statements have been audited by Crowe Sydney in accordance with Australian Auditing Standards. Crowe Sydney

have issued unmodified audit opinions on the Historical Financial Statements.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus and has been derived from the Historical Income Statements, the Historical Cash Flows and Historical Statement of Financial Position after reflecting the following pro forma adjustments:

- the impact of the Acquisition;
- the impact of the December 2020 convertible note issue, interest expense impact and the expected conversion of the convertible notes to ordinary shares at the timing of the Offer;
- the impact of the Offer, including funds to be raised and the costs directly attributable to the Offer as if it had occurred as at 30 June 2020;
- the estimated incremental costs of being a publicly listed company, including additional Board and governance costs, incremental audit, tax, legal and compliance costs, and ASX listing fees (excluding share options costs);
- the impact of AASB 16: *Leases* as if this standard applied from 1 July 2017; and
- the impact of share options issued in connection with the Offer.

Investors should note that past results are not a guarantee of future performance.

Figure 4.4 and Figure 4.5 set out the pro forma adjustments made to the Historical Income Statements and a reconciliation of the Historical Income Statements to the Pro Forma Historical Income Statements. Figure 4.7 and Figure 4.8 set out the pro forma adjustments made to the Historical Cash Flows and a reconciliation of the Historical Cash Flows to the Pro Forma Historical Cash Flows.

The Pro Forma Historical Statement of Financial Position is derived from the Historical Statement of Financial Position, and is adjusted to reflect the impact of the Offer, including:

- the impact of the Acquisition;
- the impact of the December 2020 convertible note issue, interest impact and the expected conversion of the convertible notes to ordinary shares;
- the impact of the Offer, including fund to be raised and costs directly attributable to the Offer as if it had occurred as at 30 June 2020; and
- the impact of share options issued in connection with the Offer.

Figure 4.10 sets out the pro forma adjustments made to the Historical Statement of Financial Position and a reconciliation of the Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Mad Paws.

4.1.2.1. Changes in Accounting Standards

AASB 16: Leases

AASB 16: *Leases* replaces AASB 117: *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - (ii) investment property, the lessee applies the fair value model in AASB 140: *Investment Property* to the right-of-use asset; or
 - (iii) property, plant or equipment, the lessee applies the revaluation model in AASB 116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117.

Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

Mad Paws adopted AASB 16 on 1 July 2019. In accordance with the transition requirements of AASB 16, Mad Paws elected to apply the modified retrospective method, whereby the lease liability and right of use asset, was measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate.

AASB 16 has been applied to the preparation of the Pro Forma Historical Financial Information on a consistent basis, as if this standard applied from 1 July 2017.

AASB 15: Revenue from Contracts with Customers and AASB 9 Financial Instruments.

Mad Paws adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018.

The adoption of AASB 9 and AASB 15 did not materially impact the Mad Paws financial performance or cash flows, and accordingly no pro forma adjustments have been retrospectively applied to reflect these standards.

4.1.2.2. Critical Accounting Policies and Judgements

Preparing financial statements in accordance with AAS and IFRS requires the use of critical accounting estimates. It also requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets and liabilities, contingent liabilities, revenues 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the following:

- determining inputs to be used in valuing share based payments;
- determining expenditure to be capitalised relating to software development costs;
- estimating useful lives of tangible and intangible assets and impairment assessments;
- determining expenditure eligible for R&D tax incentives;
- determining the lease term of contracts with renewal and termination options (company as lessee);
- estimating the incremental borrowing rate; and
- estimating inputs to value long-term employee benefits.

These judgements, estimates and assumptions are further described in the significant accounting policies adopted in Section 12.

4.1.2.3. Forecast Financial Information

The Directors have considered the requirements of ASIC Regulatory Guide 170 'Prospective Financial Information' (RG170) to determine if forecast financial information should be included in this Prospectus. The Directors have determined that, as at the date of this Prospectus, Mad Paws does not have a reasonable basis to reliably forecast future earnings or cash flows and accordingly forecast financial information is not included within this Prospectus.

4.1.2.4. Explanation of Certain Non-IFRS Measures

Mad Paws uses certain measures to manage and report on business performance that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* as "non-IFRS financial measures".

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Mad Paws believes these non-IFRS financial measures provide useful information for measuring the financial

performance and condition of the business, they should be considered as supplements to the Historical Income Statement and Historical Cash Flows measures that have been presented in accordance with AAS and IFRS, not as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

These non-IFRS financial measures that are referred to in this Prospectus include the following:

- **EBITDA** means earnings before interest, taxation, depreciation, amortisation and impairment charges;
- **EBIT** is earnings before interest and taxation;
- **Gross Merchandise Value (GMV)** is the total value of transactions processed by Mad Paws, on a cash basis, before deducting amounts due to pet service providers, cancellations and refunds, chargebacks, discounts and GST;
- **Service Fee** – the fee payable by a pet services provider to Mad Paws for each booking made through the Mad Paws marketplace, with such amount to be deducted from the fees payable by the pet owner to the pet services provider for the services provided pursuant to the relevant booking;
- **Booking Fee** – the fee payable by a pet owner to Mad Paws upon making a booking through the Mad Paws marketplace;
- **Working capital** is defined by Mad Paws as trade and other receivables and other current assets less trade and other payables and other current liabilities;
- **Marketing expenses** means the costs associated with advertising such as performance-based advertising, email and direct marketing activities, sponsorship and trade events; and
- **CAGR** - the Compound Annual Growth Rate. This is the measure of an investment's annual growth rate over time, with the effect of compounding taken into account. It is often used to measure and compare the past performance of investments, or to project their expected future returns.

4.2. Historical Income Statements

4.2.1. Pro Forma Historical Income Statements

Figure 4.2 sets out the Pro Forma Historical Income Statement for FY18, FY19 and FY20. The Pro Forma Historical Income Statement is reconciled to the Historical Income Statements (which are set out in Section 4.2.4). Investors are referred to Section 4.5, which provides a description and management discussion and analysis of the income statement categories.

Figure 4.2: Pro Forma Historical Income Statements FY18 – FY20

	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Revenue	1	888,624	1,578,651	1,999,614
Other income	2	267,350	337,493	354,594
Employee benefits expense	3	(2,226,996)	(2,507,210)	(2,660,298)
Advertising and marketing expense	4	(1,139,088)	(1,743,397)	(1,423,386)
General and administration expense	5	(893,613)	(1,198,404)	(1,213,721)
EBITDA		(3,103,723)	(3,532,867)	(2,943,197)
Depreciation & amortisation expense	6	(117,655)	(178,596)	(200,389)
EBIT		(3,221,378)	(3,711,463)	(3,143,586)
Net finance costs	7	(21,558)	(64,180)	(31,534)
Profit/(loss) before tax		(3,242,936)	(3,775,643)	(3,175,120)
Income tax expense	8	-	-	-
Profit/(loss) after tax		(3,242,936)	(3,775,643)	(3,175,120)

Notes:

1. Mad Paws achieves Service Fee and Booking Fee revenue from the transaction categories described in section 4.5.

2. Mad Paws has other income which includes research and development tax incentives and FY2020 government cash boost and job keeper payments.
3. Employee benefits expense comprises all employment related expenses such as payroll costs including bonus, on-costs (superannuation, payroll taxes and other benefits), share based payments, annual leave and long-service leave. For pro forma purposes, Directors' benefits, additional key management personnel, incremental remuneration of the key management (excluding employee share option costs) of the Company for running a listed company have been accounted for.
4. Advertising and Marketing expenses relate to the costs associated with advertising such as pay per click advertising, email and direct marketing activities, sponsorship and trade events.
5. General and Administration expenses relate to all other expenses incurred in the operations, including overheads, technology licence fees, travel, insurance and professional fees and a pro forma adjustment for listed company costs including ASX annual fees, additional audit and compliance fees, share registry services, corporate secretarial services, insurance and investor relations.
6. Depreciation and amortisation is a non-cash expense that predominantly relates to the amortisation of software development costs. Additional costs relate to depreciation of leased assets under AASB 16, as well as a small number of Company owned assets (primarily fixtures and fittings).
7. Finance costs primarily relate to the non cash interest charged on convertible notes. Other finance costs include the interest element in relation to the accounting for the property lease in accordance with AASB 16, and fees and charges relating to banking facilities.
8. There is no income tax expense in any year. The cCompany currently has carried forward tax losses for which no deferred tax asset has been recognised. Consequently, there is no income tax benefit or expense recognised in respect of the pro forma adjustments.

4.2.2. Key Pro Forma Operating and Financial Metrics

Figure 4.3: Pro Forma Historical key operating and financial metrics

Key operating metrics	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
GMV	1	5,555,072	8,654,538	10,201,318
Key financial metrics				
Revenue growth	2	161%	78%	27%
Marketing expense (as % of revenue)	3	128%	110%	71%

Notes:

1. GMV is the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payment, cancellations and refunds, chargebacks, discounts and GST.
2. This corresponds to the percentage growth of Revenue over the prior corresponding period.
3. This corresponds to Advertising and Marketing expense as % of revenue for the same period.

4.2.3. Pro Forma adjustments to the Historical Income Statements

Figure 4.4: Pro Forma Adjustments to Historical EBITDA

	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Historical EBITDA		(2,186,332)	(2,613,470)	(1,956,096)
Public Company Costs	1	(987,101)	(987,101)	(987,101)
Impact of AASB 16: Leases	2	69,710	67,704	-
Pro Forma Historical EBITDA		(3,103,723)	(3,532,867)	(2,943,197)

Notes:

1. Reflects the incremental listed public company costs and includes increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company. No pro forma adjustment has been made for the changes to Mad Paws' short term incentive or long term incentive plans.
2. Adjustment to reflect the application of AASB 16: Leases as if it had been in place since the start of FY2018. The Pro Forma Historical Income Statement will show depreciation relating to the right-of-use asset and interest relating to the lease liability rather than rent expense being shown as an operating expense. This adjustment impacts EBITDA only.

Figure 4.5: Pro Forma Adjustments to Historical Profit/(Loss) after tax

	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$'000
Historical Profit/(loss) after tax		(2,255,835)	(2,788,542)	(2,188,019)
Public Company Costs	1	(987,101)	(987,101)	(987,101)
Pro Forma Historical Profit/(loss) after tax		(3,242,936)	(3,775,643)	(3,175,120)

Notes:

1. Reflects the incremental listed public company costs and includes increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company. No pro forma adjustment has been made for the changes to Mad Paws' short term incentive or long term incentive plans.

4.2.4. Historical Income Statements

Figure 4.6 sets out the Historical Income Statements for FY18, FY19 and FY20

Figure 4.6: Historical Income Statements FY18-FY20

	Notes	HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Revenue		888,624	1,578,651	1,999,614
Other income		267,350	337,493	354,594
Expenses				
Employee benefits expense		(1,493,346)	(1,773,560)	(1,926,648)
Advertising and marketing expense		(1,139,088)	(1,743,397)	(1,423,386)
General and administration expense		(709,872)	(1,012,657)	(960,270)
EBITDA		(2,186,332)	(2,613,470)	(1,956,096)
Depreciation & amortisation expense		(55,628)	(114,632)	(200,389)
EBIT		(2,241,960)	(2,728,102)	(2,156,485)
Net finance costs		(13,875)	(60,440)	(31,534)
Profit/(loss) before tax		(2,255,835)	(2,788,542)	(2,188,019)
Income tax expense		0	0	0
Profit/(loss) after tax		(2,255,835)	(2,788,542)	(2,188,019)

4.3. Historical Statement of Cashflows

4.3.1. Pro Forma Historical Statement of Cash Flows

Figure 4.7 sets out the Pro Forma Historical Statement of Cash Flows for FY18, FY19 and FY20. The Pro Forma Historical Statement of Cash Flows is reconciled to the Historical Statement of Cashflows (which are set out in Section 4.3.3). Investors are referred to Section 4.5, which provides a management discussion and analysis of the cash flow line items.

Figure 4.7: Pro Forma Historical Statement of Cash Flows

	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Net profit/(loss) after tax		(3,242,936)	(3,775,643)	(3,175,120)
Non - cash expenses/ items	1	145,537	346,795	498,040
Change in working capital	2	808,797	884,683	(537,963)
Operating cash flows		(2,288,602)	(2,544,165)	(3,215,043)
Capital Expenditure - Property, Plant & Equipment and Intangibles	3	(235,041)	(331,262)	(429,584)
Operating cash flows after capital expenditure		(2,523,643)	(2,875,427)	(3,644,627)
Net proceeds from issue of shares	4	2,607,138	0	2,411,465
Net proceeds from convertible notes	5	0	1,468,584	0
Repayment of lease liability	6	0	0	(31,393)
Net cash flow		83,495	(1,406,843)	(1,264,555)

Notes:

1. Non-cash expenses/ items includes depreciation, amortisation, share based payments and non cash finance costs.
2. Change in working capital includes movements in receivables, other current assets, payables, other current liabilities and provisions.
3. Capital expenditure primarily represents cash flows to purchase intangible assets (software development).
4. Cash flows from share capital issued reflect net cash flows received from the issue of new shares in Mad Paws.
5. Net proceeds from convertible notes represent the net cash flows from convertible notes issued in the period. All of these notes were subsequently converted to equity.
6. Repayment of lease liability reflects the capital portion of lease payments for property under AASB 16.

4.3.2. Pro Forma adjustments to the Historical Statement of Cash Flows

Figure 4.8 sets out the pro forma adjustments that have been made to the Historical Statement of Cash Flows. These adjustments are summarised and explained below.

Figure 4.8: Pro Forma Adjustments to the Historical Statement of Cash Flows

	Notes	PRO FORMA HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Historical free cashflow		1,070,596	(419,742)	(277,454)
Public Company Costs	1	(987,101)	(987,101)	(987,101)
Pro forma free cash flow		83,495	(1,406,843)	(1,264,555)

Notes:

1. Reflects the incremental listed public company costs and includes increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company. No pro forma adjustment has been made for the changes to Mad Paws' short term incentive or long term incentive plans.

4.3.3. Historical Statement of Cash Flows

Figure 4.9 sets out Mad Paws' Historical Statement of Cashflows for FY18, FY19 and FY20.

Figure 4.9: Historical Statement of Cash Flows FY18 – FY20

	Notes	HISTORICAL		
		FY18 \$	FY19 \$	FY20 \$
Net profit/(loss) after tax		(2,255,835)	(2,788,542)	(2,188,019)
Non - cash expenses/ items		145,537	346,795	498,040
Change in working capital		808,797	884,683	(537,963)
Operating cash flows		(1,301,501)	(1,557,064)	(2,227,942)
Capital Expenditure - Property, Plant & Equipment and Intangibles		(235,041)	(331,262)	(429,584)
Operating cash flows after capital expenditure		(1,536,542)	(1,888,326)	(2,657,526)
Net proceeds from issue of shares		2,607,138	0	2,411,465
Net proceeds from convertible notes		0	1,468,584	0
Repayment of lease liability				(31,393)
Net cash flow		1,070,596	(419,742)	(277,454)

4.4. Historical Statement of Financial Position

4.4.1. Historical and proforma Historical Statements of Financial Position

Figure 4.10 sets out the Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position of Mad Paws. These adjustments take into account the effect of the acquisition of Mad Paws by the Company, offer proceeds, transaction costs and convertible notes and options issued as if the Listing had occurred as at 30 June 2020.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Mad Paws' view of its financial position upon Completion or at a future date.

Figure 4.10: Historical and pro forma Historical Statements of Financial Position as at 30 June 2020

	HISTORICAL	PRO FORMA ADJUSTMENTS						PRO FORMA At 30 June 2020	
	30 June 2020 \$	Impact of Acquisition \$	Convertible Note Issue \$	Convertible Note conversion \$	IPO options \$	Offer proceeds Minimum Subscription \$	Offer proceeds Maximum Subscription \$	Minimum Subscription \$	Maximum Subscription \$
Notes		1	2	3	4	5	6		
Assets									
Cash and cash equivalents	984,822	764,232	5,690,000			9,005,000	10,885,000	16,444,054	18,324,054
Other current assets	240,257	12,882						253,139	253,139
Total current assets	1,225,079	777,114	5,690,000	-		9,005,000	10,885,000	16,697,193	18,577,193
Right-of-use assets	215,609							215,609	215,609
Intangible assets	758,382							758,382	758,382
Total non-current assets	973,991	-	-	-		-	-	973,991	973,991
Total assets	2,199,070	777,114	5,690,000	-		9,005,000	10,885,000	17,671,184	19,551,184
Liabilities									
Trade and other payables	267,784	4,719						272,503	272,503
Lease liabilities	79,300							79,300	79,300
Employee benefits	114,714							114,714	114,714
Borrowings			5,850,000	(5,850,000)				-	-
Other liabilities	490,860	-						490,860	490,860
Total current liabilities	952,658	4,719	5,850,000	(5,850,000)		-	-	957,377	957,377
Lease liabilities	139,692							139,692	139,692
Employee benefits	39,434							39,434	39,434
Total non-current liabilities	179,126	-	-	-		-	-	179,126	179,126
Total liabilities	1,131,784	4,719	5,850,000	(5,850,000)		-	-	1,136,503	1,136,503
Net assets	1,067,286	772,395	(160,000)	5,850,000	-	9,005,000	10,885,000	16,534,681	18,414,681
Equity									
Issued capital	10,102,685	9,571,309	(160,000)	5,967,000		9,168,000	11,048,000	34,648,994	36,528,994
Reserves	700,118	(5,171,309)			2,374,000	164,000	164,000	(1,933,191)	(1,933,191)
Accumulated losses	(9,735,517)	(3,627,605)		(117,000)	(2,374,000)	(327,000)	(327,000)	(16,181,122)	(16,181,122)
Total Equity	1,067,286	772,395	(160,000)	5,850,000	-	9,005,000	10,885,000	16,534,681	18,414,681

Notes:

1. The Statement of Financial Position of the Company at 30 June 2020 presents the impact of the acquisition of 100% of the shares of Mad Paws via a share exchange transaction. The Company is the legal acquirer of Mad Paws, however in accordance with Australian Accounting Standards the substance of the transaction is required to be considered and as such, Mad Paws is considered to have acquired the Company for accounting purposes ("accounting acquirer"). The pro forma adjustment to reflect the transaction values the share issue at the fair value of \$0.20 (the initial listing share price), with the difference between the net assets acquired and the fair value of the shares issued being recorded as a share based payment expense under AASB 2: Share Based Payments at the time of the acquisition within accumulated losses (to be reflected in the income statement for FY21). Further, an additional adjustment of \$5,171,309 is posted to issued capital and reserves to reflect the issued capital of the legal acquirer as part of the acquisition accounting for the transaction.
2. Adjustment to cash and cash equivalents and borrowings to reflect \$5,850,000 of convertible notes issued by the Company in December 2020, net of transaction costs.
3. Adjustment to borrowings, capitalised interest and issued capital to reflect the conversion of the convertible notes at IPO.
4. Adjustment to reflect valuation and expensing of Options issued to the cornerstone investor (10,000,000 Bombora Options), directors and management (21,250,000 IPO Options).
5. Adjustment to cash and cash equivalents and issued capital includes anticipated minimum cash proceeds of \$10,000,000 from the Offer and estimated capitalised and expensed transaction costs.
6. Adjustment to cash and cash equivalents and issued capital includes anticipated maximum cash proceeds of \$12,000,000 from the Offer and estimated capitalised and expensed transaction costs.

4.4.2. Liquidity and Capital Resources

Following Completion, Mad Paws' principal sources of funds will be cash held at Completion and cash flow from operations. It is expected that Mad Paws will have sufficient cash resources to meet its business needs and will have sufficient working capital to carry out its stated objectives.

The ability to generate sufficient cash depends on future performance which, to a certain extent, is subject to a number of factors beyond the Company's control including general economic, financial and competitive conditions.

4.4.3. No Net Asset Deficiency as at 30 June 2020

The Historical Statement of Financial Position did not have a net asset deficiency as at 30 June 2020. Following completion of the Offer, Mad Paws will not have a net asset deficiency.

4.5. Management Discussion and Analysis of the Pro Forma Historical Financial Information

4.5.1. Overview

This Section 4.5 sets out a discussion of the main factors which affected Mad Paws' operating and financial performance in FY18, FY19 and FY20.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect Mad Paws' operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this section, and the related commentary is on a pro forma basis only. Investors should refer to section 4.2.2 for key operating metrics.

The information in this section should be read in conjunction with the risk factors set out in Section 5, and the other information contained in this Prospectus.

4.5.2. Gross Merchandise Value ("GMV")

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

GMV in absolute value and trend terms is considered by management to be the most important operating metric to manage and predict the overall performance of the business.

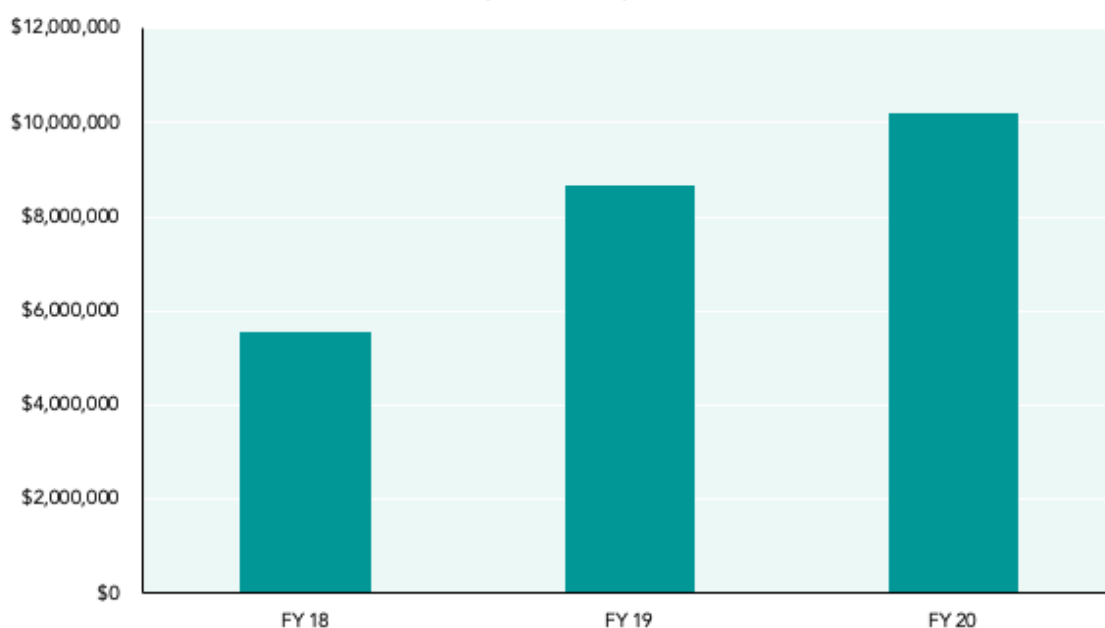
GMV is based on the following categories of transactions:

- Pet Sitting at the pet sitter's home or at the pet owner's home
- Dog Walking
- Dog Day Care
- House Visiting

Figure 4.11 below represents the GMV that occurred on the platform over the historical period.

Figure 4.11: GMV - FY18 to FY20

GMV per FY



GMV has grown from \$5,555,072 in FY18 to \$10,201,318 million in FY20. GMV growth is dependent on website traffic levels, conversion rates of traffic to sales and the average booking value.

4.5.3. Revenue

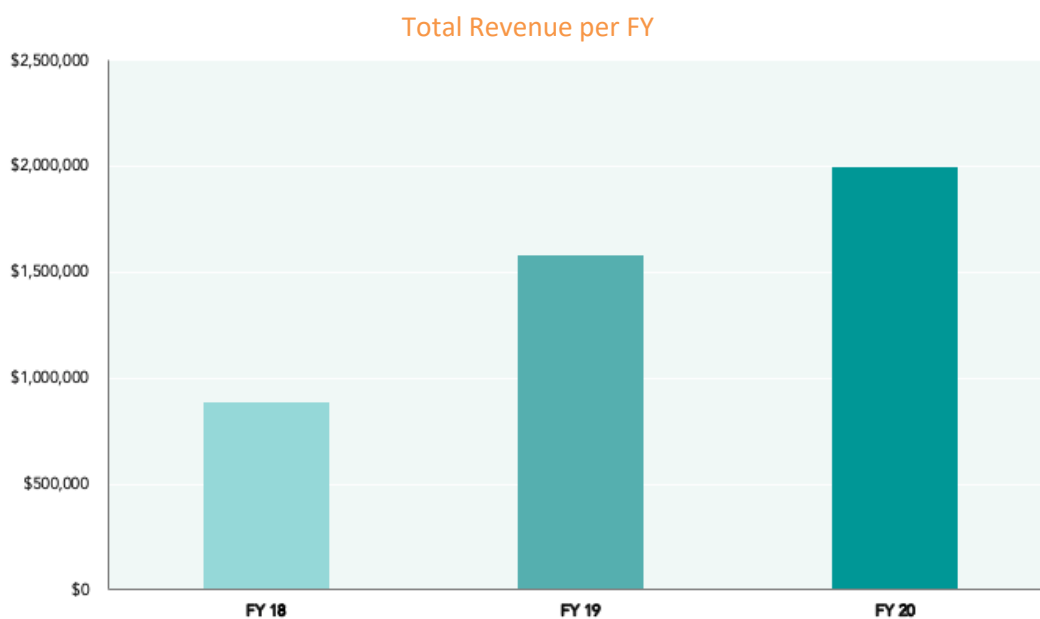
Mad Paws achieves Booking Fee and Service Fee revenue from the GMV categories described in section 4.5.2 being:

- Pet Sitting at the pet sitter's home or at the pet owner's home
- Dog Walking
- Dog Day Care
- House Visiting

In addition, Mad Paws has Other Income which includes Research and Development grants and interest income calculated using the effective interest method. These categories of income are only a small part of the overall revenue mix, Service Fee and Booking Fee revenue is 85%, other income represents 15% and interest revenue represents less than 1%.

Figure 4.12 represents the historical revenue of Mad Paws over the historical period.

Figure 4.12: Revenue - FY18 to FY20



Service Fee and Booking Fee Revenue increased from \$888,624 in FY18 to \$1,999,614 in FY20.

Despite COVID-19, revenue still grew in FY20. Consumer behavioural changes during Covid-19 accelerated the movement to online and substantially increased pet ownership which benefits Mad Paws.

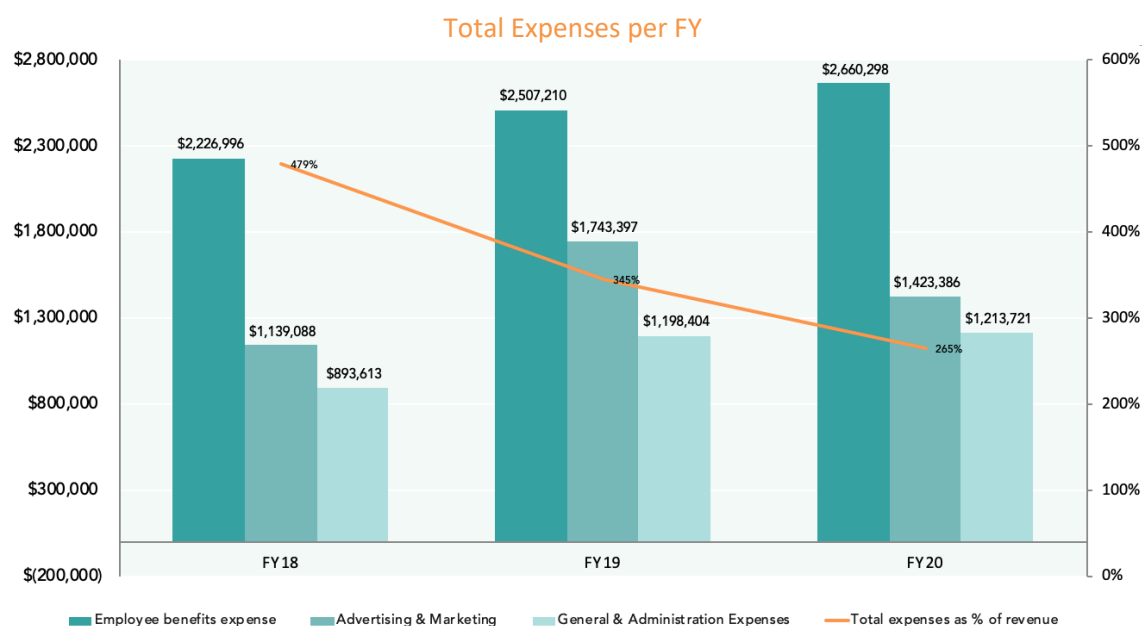
4.5.4. Expenses

Mad Paws reports the following categories of operating expenses:

- Employee benefits expense
- General and Administration expense
- Advertising and Marketing expense

Figure 4.13 below illustrates the total historical operating expenses as a percentage of **revenue** for the historical period.

Figure 4.13: Operating expenses as % of revenue – FY18 to FY20



4.5.5. Employee Benefits Expense

Employee benefits expenses represented 50% of total operating expenses in FY20.

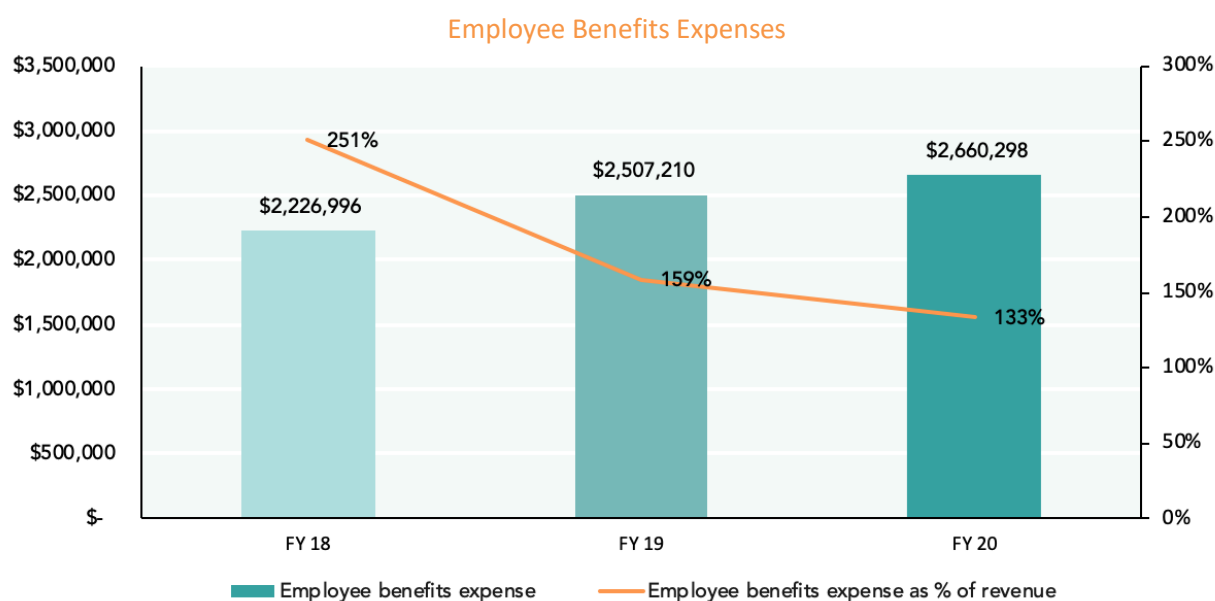
Employee benefits expense includes all employment related expenses such as payroll costs including bonus, on-costs (superannuation, payroll taxes and other benefits), annual leave and long-service leave accruals.

The primary areas of headcount are in product, marketing and customer success, site administration and maintenance, and general administration (including executive functions).

No employee benefits were capitalised on the Statement of Financial Position during the period.

Employee benefits expense has increased over the years as the business has added more employees to its team.

Figure 4.14: Employee Benefits Expenses as % of revenue – FY18 to FY20

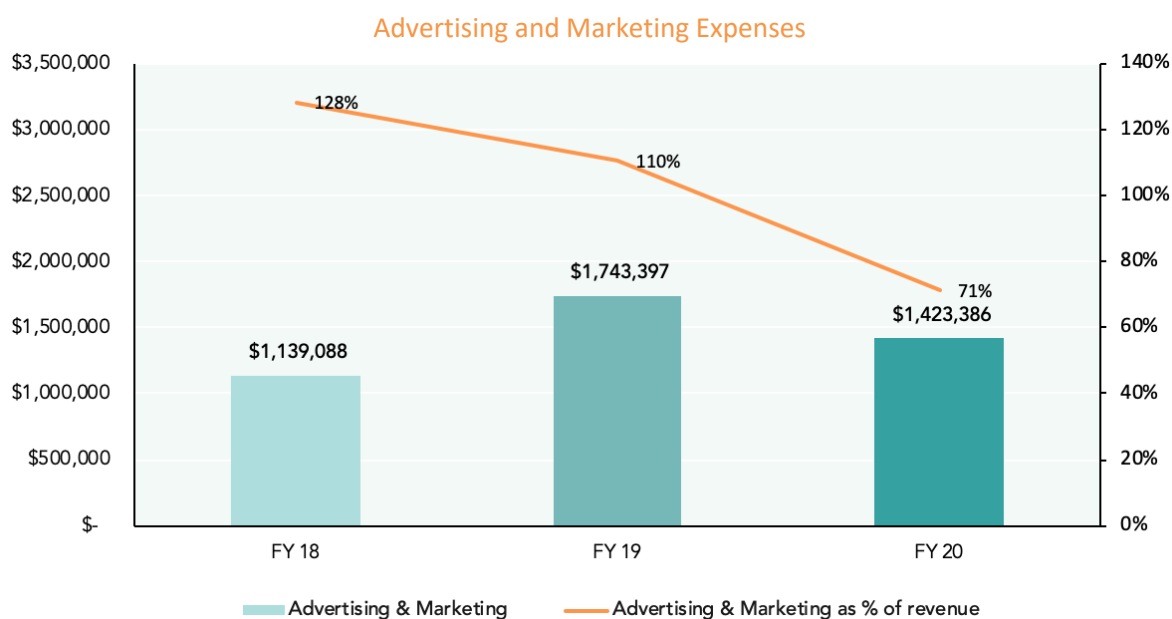


4.5.6. Advertising and Marketing expenses

Advertising and Marketing expenses represented 27% total expenses of total operating expenses in FY20. Advertising and Marketing expenses has declined in FY20 from \$1.74 million in FY19 to \$1.42 million in FY20, as a result of the impact of COVID-19, where for a period of time demand for pet services was down. Demand then recovered rapidly and less marketing was required to capture the increased demand.

Advertising and Marketing is focussed on performance based marketing (such as Google advertising and Facebook advertising), investment on organic search marketing, pet service provider acquisition marketing and public relations.

Figure 4.15: Advertising and Marketing Expenses as % of revenue – FY18 to FY20

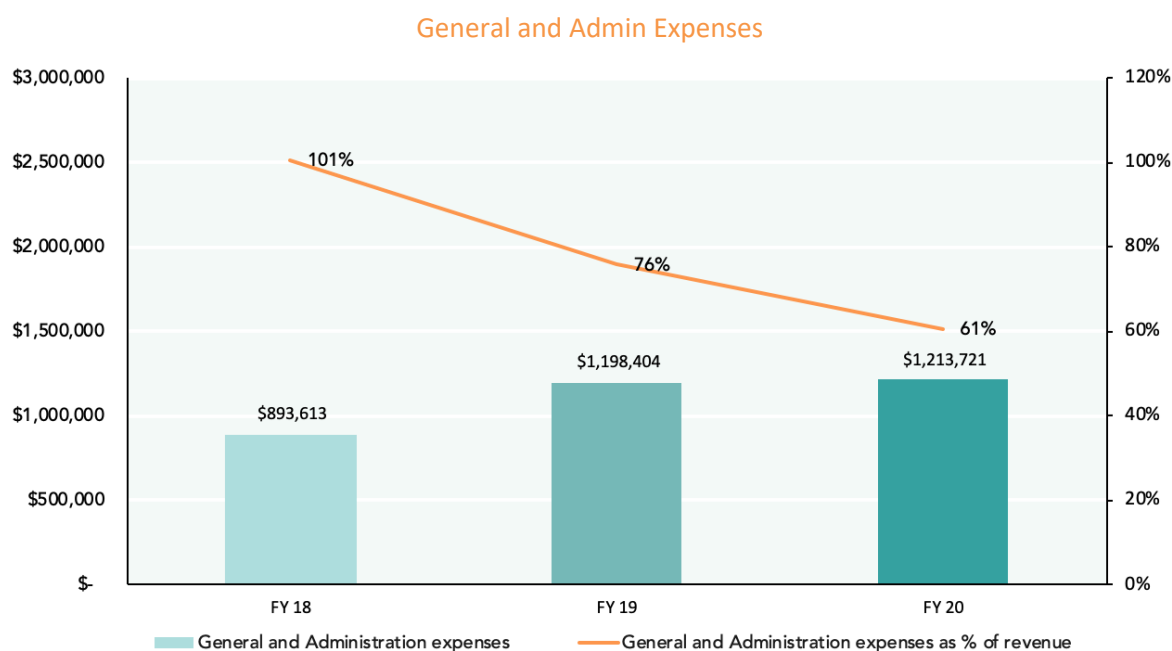


4.5.7. General and Administration Expenses

General and Administration expenses represented 23% of total operating expenses in FY20.

General and Administration expenses comprises all other operating expenses including occupancy expenses (including outgoings on leases), direct technology costs and licence fees, communications, travel, professional services, insurance, utilities and other office costs.

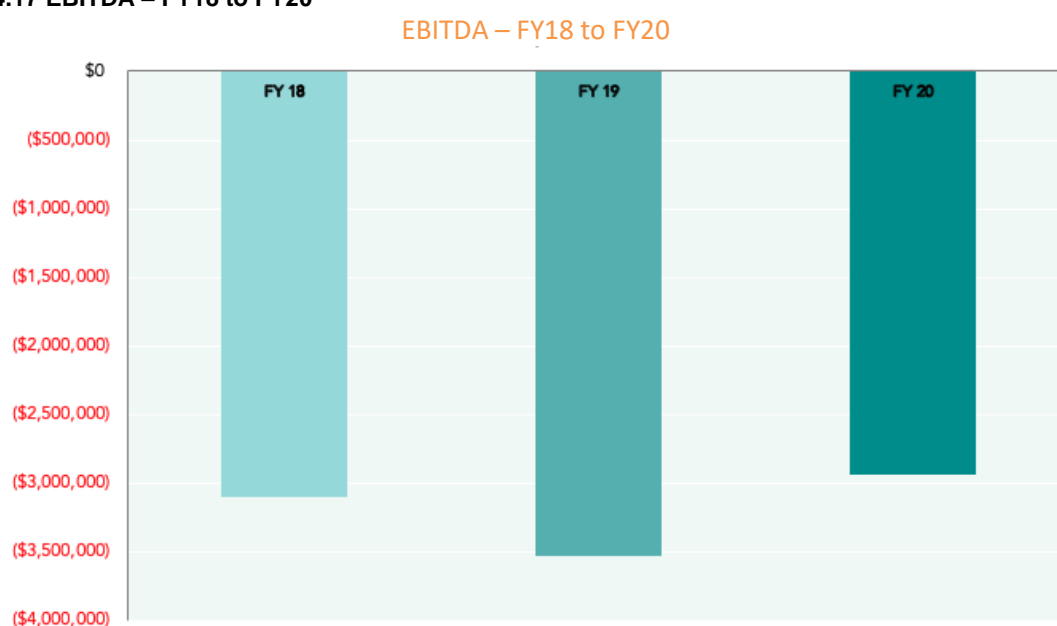
Figure 4.16: General and Admin Expenses as % of revenue – FY18 to FY20



4.5.8. Earnings Before Income Tax, Depreciation and Amortisation (EBITDA) Loss

The Company's EBITDA loss for each of the historical financial periods is set out in Figure 4.17

Figure 4.17 EBITDA – FY18 to FY20



In FY20 EBITDA loss reduced significantly since marketing was spent more efficiently and the business showed strong organic growth, i.e. our unpaid distribution channels grew substantially.

4.5.9. Depreciation and Amortisation

Depreciation and amortisation is a non-cash expense that predominantly relates to the amortisation of software development costs. This expense also includes depreciation of leased assets under AASB 16, as well as a small number of Company owned assets (primarily fixtures and fittings).

4.5.10. Finance costs

Over FY18 - FY20, finance costs primarily relate to the non cash interest charged on convertible notes.

Other finance costs include the interest element in relation to the accounting for the property lease in accordance with AASB 16 and fees and charges relating to banking facilities.

4.5.11. Operating Cash flow

Operating cash flow is relatively consistent in FY18 and FY19, but dropped in FY20 because of working capital movements largely driven by the impact of COVID on the business in the period of March to June 2020.

4.6. Dividend Policy

The Directors have no current intention to pay dividends on shares, as it is their intention to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Listing.

The payment of dividends by the Company (if any) is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results the business, cash flows and financial condition of the Company, future funding requirements, considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Board deems relevant. The Directors do not provide any assurance of the future level of dividends paid by the Company.



RISK FACTORS

5. RISK FACTORS

Investing in the Offer Shares involves a high degree of risk. There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of the Group and the value of the Shares.

This Section describes the risks which the Company currently believes to be the key risks associated with an investment in the Group. It does not purport to be an exhaustive list of every risk faced by the Group, now or in the future. Many of these risks, or the consequences of them, are outside the control of the Group. If one or more of these risks or a risk not specifically referred to in this Prospectus eventuates, then the future operating performance of the Group and the value of the Shares and of your investment may be significantly affected.

Prospective investors should read the whole of this Prospectus and consult with their professional advisors for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Group intends to operate before any decision is made to apply for Shares under this Prospectus.

The following summary, which is not exhaustive, represents some of the major risk factors that Applicants need to be aware of. These risks have been separated into:

- risks specific to an investment in Mad Paws; and
- general risks relating to an investment in a listed company.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Company as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Any of these risks, and any other risks that may emerge, may have a material adverse effect on the business and financial position and performance.

There can be no guarantee that the Company will deliver on its business strategy, or that the forecasts or any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Some of these risks may be mitigated by Mad Paws' internal controls and processes, but many are outside the control of Mad Paws, the Directors and management. An investment in Mad Paws should be considered speculative. There can be no assurance that Mad Paws will achieve its stated objectives or that any forward-looking statements will eventuate.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer independent professional advice. Secondly, invest for at least the time frame and take such steps recommended by your professional advisor.

5.1. Risks Specific to an Investment in Mad Paws

The operating results and profitability of the Company are sensitive to a number of factors. The Company should not be seen as a predictable, low risk investment.

It is not possible to identify every risk associated with investing in the Company, however, the following list sets out the significant key risks associated with investing in the Company. There may be other risks associated with investing in the Company. The risks set out in the following table, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects.

This is not an exhaustive list of risks. They should be considered in conjunction with the other information disclosed in this Prospectus.

5.1.1. Mad Paws is an Early-Stage Company

Prior to acquiring Mad Paws on 23 December 2020, the Company did not have any previous operations or business activities. Since its establishment in 2014, Mad Paws' activities have principally involved the development and commercialisation of the Mad Paws marketplace, and more recently its Dinner Bowl pet food subscription product, launched in August 2020. As with many early-stage companies which have operated for a short timeframe, Mad Paws has incurred losses since its inception.

At 30 June 2020, Mad Paws had a database of over 19,000 pet service providers and over 450,000 signed up pet owners on its marketplace in Australia. Mad Paws considers that the experience of its management team who have previously operated in similar circumstances and are not new to the kind of constraints and pressures which the Company is experiencing, will enable the Company to execute on its business plan and strategies.

There can be no certainty that Mad Paws will successfully execute on its business plan and strategies. Potential investors should seek financial advice before deciding to invest.

5.1.2. Mad Paws may continue to make losses

Mad Paws has been and remains focused on profitability. However, Mad Paws may or may not achieve the results it is planning for, and the costs to execute its business strategy may be higher than currently anticipated. Mad Paws expects to continue to incur operating losses and generate negative cash flows in the near term and will not pay dividends while it continues to expand and report losses.

Loss mitigation comes in the form of increased revenues and cost discipline. Internal controls are in place to ensure expenses are minimised (for example, through individual employee KPIs and following an approval process prior to incurring expenses). However, Mad Paws may experience increases in operating and other expenses without a corresponding increase in revenue.

The Directors are not in a position to provide forecasts or projections as to potential future revenue which can be relied upon. There is no guarantee that the assumptions on which statements in this Prospectus regarding the Company's ability to carry out its objectives will ultimately prove to be valid or accurate.

5.1.3. Sufficiency of Funding

At the Prospectus Date the Mad Paws business is not cash flow positive, meaning Mad Paws is reliant on raising funds from investors in order to continue its operations. Although the Directors consider that the Company will, on completion of the Offer, have enough working capital to carry out its stated objectives, there can be no assurance that such objectives can be met without further funding.

The Company has limited financial resources and may need to raise additional funds from time to time to achieve profitability, scale its business and/or to meet its other longer-term objectives. The Company may never achieve profitability and its ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and the Directors, including cyclical factors affecting the economy and the share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

5.1.4. Additional Capital Requirements and Dilution Risk

The Company's working capital, including from funds raised from the Offer, is expected to be sufficient to fund its current and proposed business activities after ASX Listing and to carry out its stated objectives, after which the Company may require additional funding. There is no assurance that additional finance and/or funding will be available when required or whether the terms of such financing will be favourable to the Company.

In certain circumstances, the Company's ability to successfully operate may be subject to its ability to raise funds which will be subject to factors beyond the control of the Company and its Directors (including without limitation cyclical factors affecting the economy and financial and share markets generally). Raising further equity capital may have the effect of diluting shareholdings.

If the Company is unable to obtain or invest such additional capital, Mad Paws may be required to reduce the scope of its business activities or forgo business opportunities or adopt alternative funding options or a modified growth strategy, which could adversely affect its business, financial condition and results of operation.

5.1.5. Execution of Business Strategy and Growth Objectives

The Company's future growth and financial performance is dependent on its ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to scale up its business profitability which the Company intends to achieve by reinvesting cashflows into customer growth using the existing assets to drive additional revenue streams while at the same time reducing customer acquisition cost through cross selling different offerings to its customer base. In addition, Mad Paws intends to establish new revenue streams in complementary markets such as pet food, treats, pet insurance and pet health products and services.

5.1.6. Failure to Retain Existing Users and Attract New Users of Mad Paws' Products and Service

Mad Paws' financial performance depends on its ability to retain users (both existing pet owners and pet service providers) on the Mad Paws marketplace, its ability to convert those users of the marketplace to users of its other products (including the recently launched Dinner Bowl pet food subscription product) and its ability to generate new business by attracting new users to the Mad Paws marketplace, or to its pet food or other pet industry category products.

If Mad Paws is unable to retain existing users (either as pet service providers or pet owners), and/or to attract new users to the marketplace or to its pet food or other pet industry category products 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.

5.1.7. Customer Acquisition Costs

Customer demand for Mad Paws' online marketplace and its Dinner Bowl pet food subscription product 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.

5.1.8. Transactions Between Pet Owners and Pet Service Providers Outside of the Mad Paws Marketplace

The Mad Paws marketplace facilitates a transaction between pet owners and pet service providers. Mad Paws is unable to ensure that pet service providers will not develop their own network of pet owners through the marketplace, and therefore, or otherwise, begin to supply their services to pet owners outside of the Mad Paws marketplace.

If significant numbers of pet service providers or pet owners elect to discontinue their use of the Mad Paws marketplace, this could adversely impact Mad Paws' operational and financial performance and/or growth.

5.1.9. 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.

5.1.10. Deterioration in Macroeconomic Conditions

The demand for pet-sitting and other pet care services is impacted by a pet owners' ability or willingness to travel away from home for extended periods of time and by the availability of disposable income. The demand for pet insurance and premium pet-food products is supported by the availability of disposable income. Mad Paws' products and services are therefore exposed to the risk of imposition of travel restrictions (or an unwillingness on the part of users to travel), a decline in discretionary spending and a decline in general economic conditions or changes in certain macroeconomic factors (including rising unemployment, lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions and government intervention, including with respect to changes in interest rates) may adversely impact Mad Paws' operational and financial performance and/or growth.

5.1.11. Information Technology

Mad Paws' operations rely on information technology and the ability of the Mad Paws marketplace to provide reliable services to its users.

There is a risk that the Mad Paws marketplace may experience downtime or interruption due to internal and external events, and those measures implemented to protect against such events are ineffective. Any periods of downtime could reflect poorly on the Mad Paws marketplace, which could ultimately adversely impact Mad Paws' financial performance.

In addition, the industry in which Mad Paws will operate in is subject to moderate technological change. New solutions and new technology may render existing solutions and services obsolete, excessively costly or otherwise unmarketable. An inability to keep up with the latest technological advancements and to develop or acquire and integrate new technologies into its services may adversely affect Mad Paws' performance and financial position.

5.1.12. 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.

5.1.13. 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.

5.1.14. Reliance on Third Parties

The operation of the Mad Paws marketplace is reliant on the performance and availability of Mad Paws' technology and communication systems and that of its suppliers and other third parties.

The Mad Paws marketplace is distributed through mobile app stores, such as the Apple App Store and Google Play Store and is accordingly dependent on these mobile operating systems or platforms to allow Mad Paws' customers to download and install its app on their smart mobile devices. Mad Paws' Dinner Bowl pet food subscription products are produced by a single butcher and distributed by the butcher and one other third party distributor. Upon launch, the proposed Mad Paws-branded pet insurance product will be a white-label insurance product issued by a single third-party insurer.

Mad Paws is therefore dependent on a number of key providers who may block the use of the Mad Paws app or choose to cease to do business, or change the terms on which they do business, with Mad Paws. Any change or interruption to Mad Paws' key third party supplier relationships, or reduced availability of these services may disrupt Mad Paws' operations, necessitate Mad Paws to update its general business processes, replace the offering with a competitor or undertake investment to build its own service offering. Operational delays, damage to reputation and loss of users may result from any disruption of Mad Paws' systems and infrastructure, which may arise due to matters outside of Mad Paws' influence or control.

5.1.15. Inability to directly control the quality of third-party products or services

The reputation of Mad Paws products and services are dependent on the performance of third parties which Mad Paws does not have direct control over. In particular, the reputation of Mad Paws' marketplace is, to a degree, dependent on the quality of service provided by individual pet service providers. The reputation of the Mad Paws Dinner Bowl pet food subscription product is dependent on the quality of the products provided by the manufacturer and distributors of the Dinner Bowl products. Once launched, the reputation of the Mad Paws-branded pet insurance product will be dependent on the quality of service provided by the insurer which underwrites that product, Pacific Insurance. There is a risk that poor quality of product or service could result in reputational damage to Mad Paws, and/or require Mad Paws to remove pet service providers from the marketplace or seek alternate suppliers for its pet food or pet insurance products. This could have a materially adverse impact on Mad Paws' operations, financial performance and/or growth.

5.1.16. 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.

There is a risk that Mad Paws may fail or have insufficient resources or scale to anticipate and respond to technological or other changes, or the emergence of increased competition, as quickly as Mad Paws' competitors and accordingly Mad Paws may compete less effectively against its competitors. If the number of competitors increases faster than the rate of market growth, Mad Paws' overall market share will decrease and the Company's revenues may be adversely affected.

Management believe that Mad Paws' product has a strong competitive advantage, with its marketplace infrastructure and features which are advanced compared to its competitors. Expansion to new products, including the recently launched Dinner Bowl pet food subscription product, and the proposed Mad Paws-branded pet insurance product to be underwritten by Pacific Insurance, vertical and geographies will also ensure the minimisation of competitive trends and its impact on penetration and revenues.

5.1.17. Rapidly Evolving Market

Any developments in technology will require Mad Paws to consistently innovate itself to remain a market leader in the industry and any failure to do so may render Mad Paws' business obsolete.

Mad Paws' success depends in part on its ability to expand its marketplace, products and services in response to changing technology, customer demands and competition. If Mad Paws' marketplace, products or services fail to keep pace with rapid technological advancements, particularly in the mobile environment, or any new releases or updates introduced by Mad Paws do not function as intended, Mad Paws' customers may be dissatisfied and its financial performance and reputation may be adversely affected.

The success of new features depends on several factors including the timely completion, introduction and market acceptance of these new features. Because Mad Paws' services are designed to operate on numerous systems, Mad Paws needs to enhance its services on web browsers, mobile apps and other communication, browser and database technologies. Modifications to Mad Paws' marketplace platform to operate on existing systems, or new systems may increase development expense, or may not be successful, which in turn would adversely affect its business. Additionally, the development of entirely new technologies to replace existing offerings could make Mad Paws' existing or future products outdated or less competitive.

5.1.18. Management of Future Growth

Although Mad Paws has enjoyed substantial growth in the past, and intends to continue increasing its services, operations, employees and management team, there is a risk that if Mad Paws continues to grow rapidly it may be unable to meet customer demand for its services or growth will place a significant strain on the Company's management and existing operations. Whilst the Board considers this risk to be low, Mad Paws will seek to mitigate this scenario by extending its resources on an as-needed basis to manage growth.

The Company will be required to continue to implement and improve its services in a timely manner in order to accommodate any increase in the number of pet service providers or pet owners using the marketplace and scale of its operation. A failure to do so may adversely affect the Company's business, financial position, operations, cash flows and prospects.

5.1.19. COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate.

Across Australia and the world, travel, trade, businesses, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on ASX and on other foreign securities exchanges.

Whilst Mad Paws has taken steps to educate pet service providers on COVID-19 safe practices and to ensure the continuing operation of the business and the delivery of pet care services and pet food products via its marketplace, there is a risk that further lockdowns, travel restrictions or the implementation of further government restrictions in response to COVID-19 could have an impact on the demand for pet care or pet food services purchased through the Mad Paws marketplace or the ability of Mad Paws to continue to provide adequate products and services products to meet the demands of Mad Paws' customers. This could materially affect Mad Paws' operations and financial performance and/or growth.

5.1.20. Liability to users of the Mad Paws

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.

5.1.21. Liability to consumers of Mad Paws Dinner Bowl products

There is also a risk that pet food supplied to customers of the Mad Paws Dinner Bowl product may not be of an acceptable standard, including where pet food is tainted during production or delivery, resulting in it being unsuitable for consumption by pets.

While Mad Paws seeks to manage its exposure to liability 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.

5.1.22. Government Regulation

The business operations of Mad Paws may be subject to laws and regulations, in particular with regards to food safety in relation to its recently launched Dinner Bowl pet food subscription product, and proposed Mad Paws-branded pet insurance product underwritten by Pacific Insurance.

Failure to comply with all applicable laws and regulations may expose Mad Paws or the Company or their suppliers to fines, penalties, potential civil or criminal actions, product recalls and reputational damage.

While Mad Paws takes its legal and regulatory obligations very seriously, any inadvertent breach by Mad Paws or any breach caused by its suppliers may adversely impact the financial performance or operating results of the Company. If existing laws and regulations are revised to become more restrictive or new, more restrictive laws or regulations are introduced, Mad Paws may not be able to meet these new or revised requirements, which may jeopardise its business operations.

5.1.23. Development and Maintenance of Reputation and Brand

Mad Paws' future success may depend on the development, and maintenance, of its reputation and brand. Mad Paws' reputation and brand may be affected by factors within and outside of the Company's control and the experience and actions of customers.

5.1.24. Key Management Personnel

An investment in the Company is in large an investment in the Mad Paws key management team and personnel. Mad Paws' performance reflects, to a large extent, the efforts and abilities of its senior management team, and in particular the Group Chief Executive Officer, Executive Director and co-founder of the Company, Justus Hammer and CEO for New Business and co-founder Alexis Soulopoulos.

While both Mr Hammer and Mr Soulopoulos have entered into Executive Service Agreements with Mad Paws, under the terms of the executive service agreement, each of Mr Hammer's and Mr Soulopoulos' employment is able to be terminated by the relevant executive on 6 months' written notice.

Currently, Mad Paws employs a highly experienced and dedicated senior management team; however, 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 the Company's operations, including its relationships with suppliers, developers, builders and residents.

5.1.25. Ability to Hire Qualified Staff

Any failure to generally attract, retain, motivate and effectively manage qualified personnel could adversely affect Mad Paws' business. Mad Paws will need to hire additional staff in the future as it continues to expand its operations and they may or may not be available. The Company has put in place an employee compensation structure and an equity incentive plan which it considers to be appropriate for an organisation of its size and nature and will continue to monitor the appropriateness of this as an incentive to attract and retain staff.

5.1.26. Unforeseen Expenses

The Company is not aware of any expenses that it will be required to incur in the operation of the business after ASX Listing and which it has not already taken into account. However, if the Company is required to incur any such unforeseen expenses then this may adversely affect the currently proposed expenditure plan and existing budgets for the Company's activities.

5.1.27. Unforeseen Litigation

Any unforeseen litigation may adversely affect future earnings of the Company due to the associated legal costs and expenses that may need to be met to protect the Company's position. The performance of the Company will be influenced by any litigation involving the Company. The legal costs and expenses associated with litigation may adversely affect future earnings of the Company and investment returns.

5.1.28. Other Business and Operational Risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares.

5.2. General risk factors applying to an investment in a listed entity

5.2.1. Share Market and Liquidity

The market price of the Shares can rise and fall and may be subject to varied and unpredictable influences on the

share market. The trading price of the Shares at any given time may be higher or lower than the price paid under the Offer. Further, you may be unable to sell or realise your investment because the market for Shares may be illiquid.

Following Listing, the Company anticipates that certain Shares and Options on issue prior to the Listing will be classified by ASX as restricted securities and will be required to be held in mandatory escrow for up to 24 months from the Listing Date as described in Section 11.9. In addition, it is assumed that certain Existing Shareholders will enter into voluntary escrow arrangements in relation to their Shares as described in Section 11.9. The absence of any sale of these mandatory or voluntary escrowed Shares during their respective mandatory or voluntary escrow period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares that are subject to these escrowed Shares will be able to be freely traded on the ASX. A significant sale of Shares by holders of these Shares, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of these holders of restricted Shares may be different from the interests of investors who acquire Shares in the Offer.

Share market conditions are affected by many factors, including:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment towards equities or particular market sectors;
- political instability;
- short selling and other trading activities;
- the demand for, and supply of, capital; and
- force majeure events.

5.2.2. Financial Market Volatility

A fall in global or local equity markets or global or local bond markets may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the Shares trade on the ASX.

5.2.3. General Economic Conditions

Mad Paws may be negatively impacted by changes in the Australian or other international economies. In particular, there are risks from continued volatility in the US and Europe, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital.

These macro-economic factors may impact negatively through reduced future revenues, reduced demand for Mad Paws' services, increased costs, foreign exchange losses, impacts of government responses to macro-economic issues and impacts on equity markets. These factors are beyond the control of Mad Paws and the impact cannot be predicted.

5.2.4. Dividends

The Directors have no current intention to pay dividends on shares, as it is their intention to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the ASX Listing. The ability of the Company to pay dividends in the future will depend on the level of available liquidity taking in to account future expected cash requirements of the Company. In addition, many of the factors that will affect Mad Paws' ability to pay dividends and the timing of those dividends may be outside the control of the Company and its Directors. The Directors cannot give any assurance regarding the payment of dividends in the future.

5.2.5. Returns Not Guaranteed

There is no guarantee of any income distribution or capital return on the Shares nor is there a guarantee of repayment of capital amounts. Shareholders will not be entitled to any guaranteed distributions of profits or capital. There is no guarantee that distributions will be at a certain level or that there will be distributions at all.

5.2.6. Regulatory Risk

The Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the governments and regulatory authorities.

The Company is exposed to: the risk of changes to applicable laws and/or the interpretation of existing laws, which may have a negative effect on the Company; or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.

5.2.7. Shareholder Dilution

In the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

5.2.8. Changes in Taxation Laws and Policies

Tax laws are in a continual state of change which may affect the Company and its Shareholders.

There may be tax implications arising from ownership of the Shares, the receipt of franked and unfranked dividends (if any) from the Company, receiving returns of capital and the disposal of the Shares.

Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by investors. Dividends paid by the Company to certain investors may not be recognised as frankable by the ATO.

The Company is not responsible for either taxation implications or penalties incurred by investors. You should carefully consider these tax implications and obtain advice from an accountant or other professional tax advisor in relation to the application of the tax legislation to your investment in the Company.

5.2.9. Franking of Dividends

There is no guarantee that the Company will have sufficient franking credits in the future to fully frank dividends (to the extent payable) or that the franking system will not be varied or abolished. The value and availability of franking credits to a Shareholder will depend on their particular tax circumstances. Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

5.2.10. Changes to Financial Reporting Standards

Mad Paws' financial reports will be subject to compliance with the Australian Accounting Standards issued by the AASB. The accounting treatment under the Australian Accounting Standards of transactions and events occurring in the operation of Mad Paws' business, or changes to accounting standards, may have a material adverse effect on the performance reported in the Company's financial statements or in respect of other announcements to the ASX.

5.2.11. Other

There are a range of other general risks, which may impact on Mad Paws' business or an investment in the Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly; and
- government policies generally (in addition to taxation noted above).



KEY PEOPLE, INTERESTS & BENEFITS

6. KEY PEOPLE, INTERESTS AND BENEFITS

6.1. Board Composition

The business and affairs of the Group are managed directly by the Board. In particular, the Board:

- establishes the long-term goals of the Group and strategic plans to achieve those goals;
- manages risk by ensuring that the Group has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- works with management to create shareholder value.

The Board is composed of experienced executives, with a broad and diverse range of business experience. The composition of the Board is set out below.

Jan Pacas – Chair and Non-Executive Director (not independent)

Mad Paws Co-founder

- Jan has a proven track record in creating shareholder value leading businesses at \$1 billion scale in various industries (fast moving consumer goods, retail, power-tools) as well as growing digital tech start-ups.
- Jan currently holds the position of Senior Vice President and General Manager Ecolab ANZ, a division of Ecolab Inc (listed on the New York Stock Exchange).
- Jan is also chair of Bite-Sized Innovations, serves on the advisory board for the University of Sydney Business School, is a former cofounder of Flare HR, and is an advisor to multiple tech start-ups.
- In 2015, Jan was awarded the Australian Human Resources Institute, *CEO Award*.
- Jan holds a Global Executive MBA degree from the University of Sydney and a degree in Business Administration from Stanford University Graduate School of Business.
- Jan was appointed as a director of the Company on 23 December 2020 following the Company's acquisition of Mad Paws Pty Ltd. Jan's appointment was approved at the 2020 AGM held on 30 November 2020.

Justus Hammer – Group Chief Executive Officer, Managing Director and Executive Director

Mad Paws Co-founder

- Justus has over 15 years of retail and e-Commerce experience, specialising in online marketplaces, online marketing, business processes, fund raising and start-up investing.
- Justus was an advisor and early investor to Airtasker, and was a co-founder, advisor and first investor to VICE Golf. Justus has also previously been an advisor to Mon Purse, DocBook and Chief Marketing Officer of Mint Wireless.
- Justus previously co-founded Spreets prior to its sale to Yahoo!7 in 2012.
- Justus holds a Masters Diploma in Macro Economics from the Ludwig-Maximilians Universität München (Munich) and a Masters of Commerce in Information Technologies from Macquarie University.
- Justus was appointed as a director of the Company on 23 December 2020 following the Company's acquisition of Mad Paws Pty Ltd. Justus' appointment was approved at the 2020 AGM held on 30 November 2020.

Mike Hill – Non-Executive Director (Independent)

- Mike is a co-founder of Bombora Group, a pre IPO and listed equities boutique growth investor based in Sydney. He was a former Operational Partner of Ironbridge from 2004 to 2014, a private equity firm with \$1.5bn funds under management, at which he led and was involved in a number of transactions across a variety of different industries. Prior to this, he was a Partner at Ernst & Young.
- Mike's current ASX and non-ASX board experience includes Chair of Janison Education Group (ASX: JAN), Pacific Knowledge Systems Limited (ASX: PKS), Design Milk Co Ltd (ASX: DMC), Orbx Limited, and Mobecom Limited. Past ASX listed- board roles include Rhipe Limited (ASX: RHP), LiveTiles Limited (ASX:LVT), Acrow Formwork and Construction Services Limited (ASX: ACF), and Prime Media Limited (ASX: PRT).

- Mike is a member of the Australian Institute of Chartered Accountants and holds a Bachelor of Arts Degree (Accountancy) from the University of South Australia.
- Mike was appointed as a director of the Company on 23 December 2020. Mike's appointment was approved at the 2020 AGM held on 30 November 2020.

Josh May –Non-Executive Director (Independent)

- Josh has over 20 years' corporate advisory experience including working for Ernst & Young in Sydney. Josh is a portfolio manager of the Bombora Special Investment Growth Fund.
- Josh currently serves as Chair of LVX Global, is a non-executive Director of Valory Resources Inc (Canada), a Director of Bombora Investment Management Pty Ltd and was formerly a non-executive Director of Acrow Formwork and Construction Services (ASX:ACF).
- Josh is a member of the Institute of Chartered Accountants and holds a Bachelor of Arts Degree (Accountancy) from the University of South Australia.
- Josh was appointed as a director of the Company at the time of its incorporation on 17 September 2019. Josh was re-elected as a director at the 2020 AGM held on 30 November 2020.

6.2. Director Disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Shares.

No Director has been an officer of a company in the last 10 years that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

6.3. Management Team

Mad Paws has a highly experienced executive team as set out below.

Justus Hammer – Group Chief Executive Officer, Managing Director and Executive Director

Details provided above in Section 6.1.

Alexis Soulopoulos – CEO of New Business

Mad Paws Co-founder

- Alexis has over 6 years of start-up growth and senior management experience, specialising in corporate and team development, consumer services and online distribution.
- Alexis was included in Forbes 30 Under 30 Asia (2019).
- Alexis is Young Executive of the Year winner 2020 (CEO Magazine).
- Alexis has a Master of Management (Rank #1) (University of Sydney), Master of International Management (ESADE Business School) (University of Sydney), Master of Business Administration (Summa Cum Laude) (University of Antwerp).

Vinicius Rosa – Head of Engineering

- Vinicius joined Mad Paws in September 2020.
- Vinicius has 12 years of software development and senior management experience and is highly skilled in architecting and designing Cloud-based Web solutions.
- Vinicius previously held Lead Developer Roles at Atlassian, Qantas, Zip Co. & Commonwealth Bank.
- Vinicius has a Bachelor in Computer Science (Universidade Federal do Rio Grande do Sul).

Karim Mouahbi – Head of Marketing

- Karim joined Mad Paws in November 2015.
- Karim has 9 years of start-up marketing and senior management experience, specialising in international E-Commerce, Marketplace and Performance Marketing Strategies and Management.
- Karim is currently on the Board of Proposition Marketing and previously was Global Head of Search Marketing at Food Panda and Senior Marketing Manager at The Iconic.

Martim Valle Teixeira – Head of Product

- Martim joined Mad Paws in July 2019.
- Martim has 11 years of product and senior management experience, specialising in digital product management, including product launch and development, sales strategy and growth.
- Martim previously held roles including: Head of Digital Products at Foxtel, Digital and Customer Experience Manager at Capgemini and Digital, Strategy & Operations Senior Consultant at PwC, and Strategy & Operations Consultant at Deloitte.
- Martim has a Bachelor of Computer Science and Business Management (University Institute of Lisbon).

Tahnee Claeys – Head of Strategy and Operations

- Tahnee joined Mad Paws in February 2016.
- Tahnee has 8 years of start-up strategy and operations experience, specialising in building, leading and developing teams across various departments.
- Tahnee is currently People & Culture Coordinator at The Sharing Hub and Previously Auditor and Business Analyst at ExxonMobil.
- Tahnee was the first student awarded the Jane M Klausman Women in Business Scholarship.
- Tahnee has a Bachelor of Applied Economics and Science (Magna Cum Laude) (University of Antwerp), Master of Business Administration & Technology (Magna Cum Laude).

Taimoor Khan – Head of Customer Experience

- Taimoor joined Mad Paws in June 2019.
 - Taimoor has over 8 years of experience in customer service, working in retail, e-commerce and FMCG sectors.
 - Taimoor has spent the second half of his career focusing on delivery and representation of the customer's voice to relevant stakeholders, delivering such projects at Gumtree and Marley Spoon, where he was Head of Communications.
- Taimoor has a passion for customers, culture and people which he has honed after completing his Bachelor of Engineering from University of Technology Sydney.

6.4. Interests and Benefits

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

6.4.1. Director Interests and Remuneration

6.4.1.1. Non-Executive Director Appointment Letters

The Company has entered into an appointment letter with each of its Non-Executive Directors prior to the Prospectus Date. The appointment letters outline the terms of the appointments, their roles and responsibilities and the Company's expectations of them as Directors.

6.4.1.2. Non-Executive Director compensation

Under the Constitution, the Board may decide the total amount paid to each Director as remuneration for their

services as a Director of the Company. However, under the ASX Listing Rules, the total amount paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Company's general meeting.

This amount has been fixed by the Company at \$500,000 per annum (inclusive of superannuation guarantee charge contributions) at the 2020 AGM held on 30 November 2020. The Board may in its discretion approve that Directors may receive Shares as part of their remuneration.

At the Prospectus Date, the Company has agreed to pay the following annual Non-Executive Directors' base fees:

- Chair: \$80,000 (exclusive of superannuation), payable as a cash fee; and
- each Non-Executive Director (other than the Chair): \$60,000 (exclusive of superannuation), payable as a cash fee.

At the Prospectus Date, Directors do not receive additional fees for their appointment of any board committees.

At the Prospectus Date, the Board intends to make a one-off grant to each Non-Executive Director of IPO Options in connection with the Listing on the terms summarised in Section 6.4.3.4.

6.4.1.3. Deeds of access, insurance and indemnity

The Company has entered into deeds of access, insurance and indemnity with each Director which confirm each Director's right of access to certain books and records of the Group for a period of seven years after the Director ceases to hold office. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

6.4.1.4. Directors' and senior executives' interests in Shares

Directors and senior executives are not required by the Constitution to hold Shares. The Directors and senior executives (and their associates) are entitled to apply for Shares under the Offer.

The relevant interest of each Director and senior executive in Shares and other securities in the Company (whether held directly or through entities they control), at the Prospectus Date and as at Completion is set out in the below tables.

	POSITION	SECURITIES HELD AT PROSPECTUS DATE		
		Shares	Convertible Notes ¹	Options ²
Jan Pacas	Non-Executive Director and Board Chair	5,965,302	-	2,223,984
Justus Hammer	Managing Director and Group CEO	5,487,055	-	5,470,060
Mike Hill ³	Non-Executive Director	-	207,541	-
Josh May ⁴	Non-Executive Director	-	159,647	-
Alexis Soulopoulos	CEO of New Business	2,908,397	-	4,994,036
Total		14,360,754	367,188	12,688,080

Notes:

1. Convertible notes to be exercised prior to Listing as part of the Convertible Note Conversion. Figures shown are expected number of Conversion Shares to be received on conversion based on conversion of principal and accrued interest (estimated).

2. Options at Prospectus Date are Legacy ESOP Options.

3. Mr Hill's interests in Shares are held indirectly through Jarumitoti Superannuation Fund Pty Ltd ACN 604 598 236 ATF Jarumitoti Super Fund, which is an entity controlled by Mr Hill. Mr Hill's interests at Completion include shares he will hold following the Convertible Note Conversion. Mr Hill is the Managing Director and Co-CIO of Bombora Special Investments Growth Fund and a Director of Bombora Investment Management Pty Limited (the trustee of Bombora Special Investments Growth Fund). Bombora Investment Management currently holds 13.25% of the total issued capital in the Company on an undiluted basis as the corporate trustee of the Bombora Special Investments Growth Fund and such holding is expected to drop at Completion to 7.8% (Minimum Subscription) or 7.42% (Maximum Subscription). Although Mr Hill holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management. As such, Mr Hill does not have any relevant interests in the Shares held by Bombora Investment Management.

4. Mr May's interests in Shares are held indirectly through Jam Family Super Fund Pty Ltd ATF Jam Family Superannuation Fund and Symdane Pty Limited, which are entities controlled by Mr May. Mr May's interests at Completion include shares he will hold following the Convertible Note Conversion. It is noted that Mr May is a portfolio manager of the Bombora Special Investment Growth Fund and a Director of Bombora Investment

Management Pty Limited (the trustee of Bombora Special Investments Growth Fund). Mr May also holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, but he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management. As such, Mr May does not have any relevant interests in the Shares held by Bombora Investment Management.

	AT LISTING			MINIMUM SUBSCRIPTION			MAXIMUM SUBSCRIPTION		
	Shares ¹	Options ²	Total ³	% of Shares	% of Options	% fully diluted	% of Shares	% of Options	% fully diluted
Jan Pacas	6,706,630	4,082,656	10,789,286	3.28	8.46	4.27	3.13	8.46	4.10
Justus Hammer	7,310,408	10,596,707	17,907,115	3.57	21.96	7.08	3.41	21.96	6.81
Mike Hill⁴	207,541	1,950,000	2,157,541	0.10	4.04	0.85	0.10	4.04	0.82
Josh May⁵	159,647	1,950,000	2,109,647	0.08	4.04	0.83	0.07	4.04	0.80
Alexis Soulopoulos	2,908,397	8,594,036	11,502,433	1.42	17.81	4.55	1.36	17.81	4.38
Total	17,292,623	27,173,399	44,466,022	8.45	56.30	17.59	8.06	56.30	16.92

Notes:

1. Shares at Listing include Shares issued in the Convertible Note Conversion and following exercise of Legacy ESOP Options but do not take into account any Shares a director may acquire under the Offer.
2. Options at Listing include Legacy ESOP Options (after exercise of Legacy ESOP Options) and IPO Options.
3. Total expected Shares and Options at Listing.
4. As noted above, Mr Hill's interests will be held indirectly through Jarumitoti Superannuation Fund Pty Ltd ACN 604 598 236 ATF Jarumitoti Super Fund.
5. As noted above, Mr May's interests will be held indirectly through Jam Family Super Fund Pty Ltd ATF Jam Family Superannuation Fund and Symdane Pty Limited.

6.4.2. Executive Remuneration

6.4.2.1. Justus Hammer (Group CEO) compensation and terms of appointment

Mad Paws has entered into an executive services agreement with Mr Justus Hammer, in relation to his engagement as Group Chief Executive Officer. The material terms and conditions of Mr Hammer's executive services agreement are summarised below:

- Remuneration:** Mr Hammer will receive a fixed annual remuneration of approximately \$240,000 per annum (exclusive of any statutory superannuation contributions).
- Incentives:** 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 (summarised in Sections 6.4.3. At the Prospectus Date, the Board also intends to make a one-off grant to Mr. Hammer of 6.95 million IPO Options in connection with the Listing on the terms summarised in Section 6.4.3.4. The Company has also agreed to pay Mr Hammer a one-off cash payment of \$25,000 in recognition of the significant contribution made by him progressing the Mad Paws business to Listing (as summarised in Section 6.4.4). Participation in future short- or long-term incentives is at the discretion of the Board.
- Termination:** 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 the Mad Paws for cause in which case Mr Hammer can be terminated without notice.
- Restraint:** 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.

The Company has also entered into an appointment letter with Mr Hammer prior to the Prospectus Date with regards

to Mr Hammer's appointment as Managing Director of the Company. The appointment letter outlines the terms of the Managing Director appointment, Mr Hammer's roles and responsibilities and the Company's expectations of him as an executive Director. Mr Hammer's appointment as Managing Director will continue until such time as Mr Hammer resigns his appointment as Managing Director by written notice, his appointment as Managing Director is terminated, or his appointment as Chief Executive Officer is terminated in accordance with the terms of Mr Hammer's executive services agreement (whichever is earlier). Mr Hammer will not receive any additional remuneration or fees in consideration of his services as Managing Director of the Company or any other Mad Paws group company.

6.4.2.2. Alexis Soulopoulos (CEO of New Business) compensation and terms of appointment

Mad Paws has entered into an executive services agreement with Mr Alexis Soulopoulos, in relation to his engagement as CEO of New Business. The material terms and conditions of Mr Soulopoulos' executive services agreement are summarised below:

- (a) *Remuneration*: Mr Soulopoulos will receive a fixed annual remuneration of approximately \$200,000 per annum, exclusive of statutory superannuation contributions.
- (b) *Incentives*: In addition to base salary, Mr Soulopoulos' 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 (summarised in Sections 6.4.3. At the Prospectus Date, the Board also intends to make a one-off grant to Mr. Soulopoulos of 3.6 million IPO Options in connection with the Listing on the terms summarised in Section 6.4.3.4. The Company has also agreed to pay Mr Soulopoulos a one-off cash payment of \$25,000 in recognition of the significant contribution made by him progressing the Mad Paws business to Listing (as summarised in Section 6.4.4). Participation in future short- or long-term incentives is at the discretion of the Board.
- (c) *Termination*: Mr Soulopoulos' employment is ongoing, with a termination notice period of six months in all cases (where notice is given by Mr Soulopoulos) and three months in all cases (where notice is given by the Mad Paws) other than were terminated by the Mad Paws for cause in which case Mr Soulopoulos can be terminated without notice.
- (d) *Restraint*: Following cessation of employment, Mr Soulopoulos 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 Soulopoulos' executive services agreement contains other standard terms and conditions expected to be included in contracts of this nature.

6.4.2.3. Other Senior management

The Company's senior management are generally employed under employment agreements which provide for fixed annual remuneration. Senior management may also be eligible to participate in the Company's Equity Incentive Plan, including eligibility to receive short-term and/or long-term incentives as determined by the Company. The employment agreements generally include provisions relating to Mad Paws' confidential information and intellectual property, termination provisions and post-termination restraints.

6.4.3. Employee Incentive Arrangements

6.4.3.1. Equity Incentive Plan

The Company has established the Equity Incentive Plan to assist in the motivation, retention and reward of eligible employees, officers, directors or consultants of the Company.

The Equity Incentive Plan provides flexibility for the Company to grant Options, rights to acquire Shares and/or Shares as incentives (collectively, **Awards**), subject to the term of individual offers made to eligible participants, which may include vesting and/or exercise conditions set by the Board. The Equity Incentive Plan is designed to align the interests of eligible participants with the interests of Shareholders by providing an opportunity for eligible participants to receive an equity interest in the Company as an award.

The Directors are entitled to participate in the Equity Incentive Plan. Any grants to Directors after Listing will be subject to requisite shareholder approvals and other regulatory requirements.

The Board may make Awards under the Equity Incentive Plan as it determines, including in accordance with the terms of the short-term incentive plan summarised in Section 6.4.3.2, the long-term incentive plan summarised in Section 6.4.3.3, the EIP Offer or any other incentive plan established by the Company from time to time.

At the Prospectus Date it is intended that an initial award of up to 21,250,000 Options will be granted prior to Listing under the EIP Offer to Non-Executive Directors, key executives and other Mad Paws employees and consultants on the terms set out in Section 6.4.3.4.

The aggregate pool of Awards under the Equity Incentive Plan is intended to be limited to an interest in a maximum of 20% of the total issued capital in the Company on an undiluted basis at Completion (being approximately 38.92 million (assuming Minimum Subscription) and approximately 40.92 million (assuming Minimum Subscription), however, this is a cap only and the Company is under no obligation to grant Awards up to this cap.

A summary of the rules of the Equity Incentive Plan is set out in Section 10.6.

6.4.3.2. Short-Term Incentive Arrangements

FY21 Short-Term Incentive Arrangements

At the Prospectus Date, the Company has agreed to pay a short-term incentive for the FY21 financial year to Justus Hammer and Alexis Soulopoulos and may agree to pay short-term incentives to certain other eligible senior management as a cash bonus in addition to the participant's base salary, prorated for the remainder period of the 2021 financial year following Listing. If the incentives are fully realised, the aggregate cash bonus payments for FY21 are expected to total \$125,000. Payment of the short-term incentive to a participant is subject to the prescribed performance hurdles of the incentive being satisfied.

Short Term Incentive Arrangements Beyond FY21

As at the Prospectus Date the Company has not set short-term incentive arrangements beyond FY21, however, the Company does intend to adopt a short-term incentive plan for financial years beyond FY21 post-Listing, to give eligible senior management and other employees determined by the Board 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.

Whilst the terms of future short-term incentive plans have not been finalised at the Prospectus Date, it is the Board's intention that any short-term incentive plan that is implemented will seek to promote individual accountability and performance during the applicable performance period, tested against key performance indicators and other employee milestones set by the Company. In addition, it is the Board's current intention that some 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**) on the terms set out in the below table (unless determined otherwise by the Board) (**STI Deferred Equity Portion**).

TERM	DESCRIPTION
Number of STI Options to be granted	The number of STI Options to be granted to each participant will be determined by dividing the dollar value of their STI Deferred Equity Portion by the market value of a STI Option at the date of grant.
Grant date	It is presently intended that STI Options would be granted following the release of the Company's audited financial results for the relevant performance period, unless STI Options are being granted to Directors, in which case, the grant will be conditional on obtaining shareholder approval, and the grant will occur following the general meeting at which such approval has been obtained.
Grant price	Nil. No monetary consideration will be paid to receive the STI Options.
Exercise price	Nil. The STI Options are expected to have a \$0 exercise price, or any other price may be set at the Board's discretion.
Vesting	Unless agreed otherwise by the Board, the STI Options 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.
Exercise period	The STI Options can be exercised during the Exercise Period which commences on the day the STI Options vest and ends on the Expiry Date.
Expiry Date	Unless agreed otherwise by the Board, the date that is 60 calendar months after grant date. STI Options lapse at the Expiry Date, unless earlier forfeited or lapsed.
Exercise	The STI Options may be exercised at any time during the Exercise Period, subject to any securities trading policy in effect. Upon exercise, the holder will be issued with the corresponding number of Shares as soon as practicable. Shares issued upon exercise of any STI Options will be credited as fully-paid, and will generally rank

	equally with other Shares on issue. The Company will apply for official quotation of those Shares in accordance with the Listing Rules.
Restrictions on transfer	Participants will be able to nominate a third party to be issued the STI Options on their behalf. Unless agreed otherwise by the Board, STI Options are non-transferrable and cannot be disposed or agreed to disposed of prior to exercise. After exercise, shares can be sold by participants without restriction. Other restrictions may be imposed by the Company's securities trading policy or restrictions imposed by the ASX.
Cessation of employment	If a participant ceases to be employed before the STI Options have been exercised, unless the Board determines otherwise, all of their unvested STI Options will be forfeited and they will be entitled to retain all of their vested but unexercised STI Options.
Voting and dividend rights	STI Options do not confer on their holder any right to dividends or to attend or vote at shareholder meetings of the Company. However, any Shares received upon exercise of STI Options will carry the same rights as other Shares.
Other terms and conditions	The STI Options are also subject to the general terms and conditions contained in the Equity Incentive Plan. For example, STI Options may be adjusted to reflect a reorganisation of capital, and the Board has an overriding discretion as to how to deal with unvested, unexercised or restricted STI Options if there is a change of control of the Company. The Equity Incentive Plan is described in Section 10.6.

6.4.3.3. Long-Term Incentive Arrangements

After Listing, certain employees may be provided with long-term incentives through the offer of Options granted under the Equity Incentive Plan (**LTI Options**) to align their interests with those interests of the shareholders.

The quantum of, and terms applying to, any long-term incentives offered to eligible employees in any financial year will be determined by the Board.

Whilst the terms of any long-term incentive awards have not been finalised at the Prospectus Date, it is the Board's intention that any long-term incentive plan that is implemented will seek to promote individual accountability and performance during the applicable performance period, tested against key performance indicators and other employee milestones set by the Company and that grants may be made annually in line with employee performance and remuneration reviews.

It is presently intended that any grants of LTI Options under the Equity Incentive Plan will be made on the terms set out below (unless determined otherwise by the Board).

TERM	DESCRIPTION
Number of LTI Options to be granted	The number of LTI Options to be granted to each participant will be determined by dividing the dollar value of their LTI award by the market value of a LTI Option at the date of grant.
Grant date	It is presently intended that LTI Options would be granted annually following the release of the Company's audited financial results, unless LTI Options are being granted to Directors, in which case, the grant will be conditional on obtaining shareholder approval, and the grant will occur following the general meeting at which such approval has been obtained.
Grant price	Nil. No monetary consideration will be paid to receive the LTI Options.
Exercise price	Each LTI Option confers on the holder the right to acquire one Share at an exercise price which is intended to be set at a premium of 70% to the market value of the Company Share's on the ASX at the date of grant.
Vesting	Unless agreed otherwise by the Board, it is intended that the LTI Options 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.
Exercise period	The LTI Options can be exercised during the Exercise Period which commences on the day the LTI Options vest and ends on the Expiry Date.
Expiry Date	Unless agreed otherwise by the Board, the date that is 72 calendar months after Listing Date. LTI Options lapse at the Expiry Date, unless earlier forfeited or lapsed.
Exercise	The LTI Options may be exercised at any time during the Exercise Period, subject to any securities trading policy in effect. Upon exercise, the holder will be issued with the corresponding number of Shares as soon as practicable. Shares issued upon exercise of any LTI Options will be credited as fully-paid, and will generally rank equally with other Shares on issue. The Company will apply for official quotation of those Shares in accordance with the Listing Rules.
Restrictions on transfer	Participants will be able to nominate a third party to be issued the LTI Options on their behalf. Unless agreed otherwise by the Board, LTI Options are non-transferrable and cannot be disposed or agreed to disposed of prior to exercise. After exercise, shares can be sold by participants without

	restriction. Other restrictions may be imposed by the Company's securities trading policy or restrictions imposed by the ASX.
Cessation of employment	If a participant ceases to be employed before the LTI Options have been exercised, unless the Board determines otherwise, all of their unvested LTI Options will be forfeited and they will be entitled to retain all of their vested but unexercised LTI Options.
Voting and dividend rights	LTI Options do not confer on their holder any right to dividends or to attend or vote at shareholder meetings of the Company. However, any Shares received upon exercise of LTI Options will carry the same rights as other Shares.
Other terms and conditions	The LTI Options are also subject to the general terms and conditions contained in the Equity Incentive Plan. For example, LTI Options may be adjusted to reflect a reorganisation of capital, and the Board has an overriding discretion as to how to deal with unvested, unexercised or restricted LTI Options if there is a change of control of the Company. The Equity Incentive Plan is described in Section 10.6.

6.4.3.4. IPO Option Grant

The Company proposes to make a one-off grant of Options to the Company's Non-Executive Directors, Jan Pacas, Mike Hill and Joshua May, key executives, Justus Hammer and Alexis Soulopoulos and other Mad Paws employees and consultants (to be determined by the Company) prior to Listing in connection with the IPO to incentivise and reward the Directors and employees and to align their interests with the Shareholders (the **IPO Option Grant**).

Pursuant to this Prospectus, the Company makes an EIP Offer under the Equity Incentive Plan in connection with the grant of the IPO Options.

Up to 21,250,000 Options are offered under the Equity Incentive Plan pursuant to this Prospectus (the **IPO Options**).

Key features of the IPO Options are set out below.

TERM	DESCRIPTION
Grant date	On Completion of the Offer.
Grant price	Nil. No monetary consideration will be paid to receive the IPO Options.
Exercise Price	Each IPO Option confers on the holder the right to acquire one Share at an exercise price of \$0.34 each.
Vesting	The IPO Options are not subject to any vesting conditions.
Exercise Period	The IPO Options can be exercised during the Exercise Period which commences on the day which is 12 calendar months after the Listing Date and ends on the Expiry Date. Unless agreed otherwise by the Board, the earlier of:
Expiry Date	(a) the date that is 72 calendar months after Listing Date; and (b) the date that the participant ceases to be an employee of the Group. IPO Options lapse at the Expiry Date, unless earlier forfeited or lapsed.
Exercise	The IPO Options may be exercised at any time during the Exercise Period, subject to any securities trading policy in effect. Upon exercise, the holder will be issued with the corresponding number of Shares as soon as practicable. Shares issued upon exercise of any IPO Options will be credited as fully-paid, and will generally rank equally with other Shares on issue. The Company will apply for official quotation of those Shares in accordance with the Listing Rules.
Restrictions on transfer	Participants will be able to nominate a third party to be issued the IPO Options on their behalf. The holder may not dispose or agree to dispose of IPO Options for a period of two years post- IPO. Other restrictions may be imposed by the Company's securities trading policy or restrictions imposed by the ASX, including under any restriction deed, or any voluntary escrow deed entered into by the participant, in connection with the Offer).
Voting and dividend rights	IPO Options do not confer on their holder any right to dividends or to attend or vote at shareholder meetings of the Company. However, any Shares received upon exercise of IPO Options will carry the same rights as other Shares.
Other terms and conditions	The Options are also subject to the general terms and conditions contained in the Equity Incentive Plan. For example, IPO Options may be adjusted to reflect a reorganisation of capital, and the Board has an overriding discretion: <ul style="list-style-type: none"> to pay cash rather than Shares upon exercise of IPO Options; and as to how to deal with unvested, unexercised or restricted IPO Options if there is a change of control of the Company.

The Equity Incentive Plan is described in Section 10.6.

The Company offers the following IPO Options to the following Directors, key executives and employees:

Participant	Number of IPO Options	% of total issued Options at Listing ¹	% of total issued capital at Listing on a fully diluted basis ²	
			Minimum Subscription	Maximum Subscription
Jan Pacas	2,600,000	5.39%	1.03%	0.99%
Mike Hill	1,950,000	4.04%	0.77%	0.74%
Joshua May	1,950,000	4.04%	0.77%	0.74%
Justus Hammer	6,950,000	14.40%	2.75%	2.64%
Alexis Soulopoulos	3,600,000	7.46%	1.42%	1.37%
Other key executives, employees, and consultants ³	4,200,000	8.70%	1.66%	1.60%
Total	21,250,000	44.03%	8.40%	8.08%

Notes:

1. Based on expected 48.26 million Options on issue at Listing.
2. Includes total Shares and Options on issue at Listing.
3. The Board intends to offer up to 4.2 million IPO Options to selected key employees and consultants prior to Listing at its discretion. To the extent that all of the 4.2 million IPO Options are not allocated prior to Listing, the Company reserves the right to allocate and grant these IPO Options after Listing at its discretion.

6.4.3.5. Legacy ESOP

Certain employees and ex-employees of Mad Paws Pty Ltd were participants under a legacy employee stock option plan equity plan established by Mad Paws Pty Ltd prior to the Acquisition (**Mad Paws ESOP**) under which options had been previously granted.

Following completion of the Acquisition, the Company established the Legacy ESOP Scheme to replace the Mad Paws ESOP and issued 17,576,176 Options under the Legacy ESOP Scheme (**Legacy ESOP Options**) to those individuals who held options under the Mad Paws ESOP in exchange for the cancellation of the Old ESOP Options and termination of the Mad Paws ESOP.

158.83 Legacy ESOP Options were issued for every 1 old ESOP Option held by a participant at the exchange date, being the same exchange ratio that applied to the acquisition of the shares in Mad Paws by the Company in the Acquisition (discussed in Section 10.5 below).

The Legacy ESOP Options were granted to each participant on substantially the same terms as applied to the Old ESOP Options (including with regards to vesting conditions, exercise price and expiry date).

As at the Prospectus Date, a total of 17,576,176 Legacy ESOP Options have been issued under the terms of the Legacy ESOP Scheme. The exercise price of the Legacy ESOP Options on issue as at the Prospectus Date varies from \$0.0022 per Share to \$0.0929 per Share. No new entitlements will be issued or granted under the Legacy ESOP Scheme, with all incentive arrangements following the Acquisition to be made under the new Equity Incentive Plan as set out above.

A summary of the key terms of the Legacy ESOP Scheme is set out in Section 10.5.

Jan Pacas, Justus Hammer and Alexis Soulopoulos were each participants under the Mad Paws employee stock option plan and held Old ESOP Options which were cancelled upon completion of the Acquisition and replaced with 12,688,080 Legacy ESOP Options (collectively) granted on 23 December 2020 and held under the Legacy ESOP Scheme.

Jan Pacas and Justus Hammer have indicated their intention to exercise a total of 2,564,681 vested Legacy ESOP Options to Shares prior to Listing. Following the exercise, Jan Pacas and Justus Hammer will continue to hold 1,482,656 and 3,646,707 Legacy ESOP Options respectively.

6.4.4. Payments on success of the Offer

The Company has agreed to make the following payments in the event that the Offer is successful and the Listing takes place.

- In consideration of the various transaction support services provided by Bombora Investment Management Pty Limited, a company associated with Mike Hill and Josh May, Non-Executive Directors of the Company, to the Company in connection with the Company's Convertible Note capital raising (culminating in the issue of Convertible Notes on 23 December 2020) and the acquisition of Mad Paws Pty Ltd (completed on 23 December 2020), the Company has agreed to pay a \$160,000 cash transaction support fee to Bombora Investment Management. This transaction support fee shall be payable by the Company to Bombora Investment Management upon receipt by the Company of a duly rendered tax invoice, within 30 days after the invoice date. Payment of this fee is not conditional on the Listing occurring.
- In recognition of the significant contribution made by each of them progressing the Mad Paws business to the stage of Listing, the Company has agreed to make a cash payment of \$25,000 to each of Justus Hammer and Alexis Soulopoulos conditional on the Company's IPO occurring. Payment of this IPO fee is conditional on the Company's Listing occurring.

6.5. The Board and Corporate Governance

This Section 6.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, and officers operate in an appropriate governance environment. The Board is responsible for the overall governance of the Company.

Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

Issues of substance affecting the Company are considered by the Board with advice from external advisors as required. Each Director must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as Director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

6.5.1. Governance Policies

The governance policies set out in this Section 6.5.1 have been adopted by the Board and will be made available on the Company's website.

GOVERNANCE POLICY	SUMMARY
Board charter	The board charter formalises the functions and responsibilities of the Board (including the process for evaluating the performance of the Board and its committees). The Board is responsible for the financial and operating policies of the Company and has authority over the day-to-day management of the Company including various responsibilities which have been set out in the board charter.
Code of conduct	The code of conduct addresses matters relevant to the Directors' legal and ethical obligations to its stakeholders. This policy outlines its requirements with respect to relationships, compliance with laws and ethics, conflicts of interest, confidentiality, use of the Company's assets and competition.
Securities trading policy	The securities trading policy sets out the Company's policy with regard to trading in the Company's securities. This policy applies to all Directors and their associates. The policy sets out the general prohibition on insider trading, restrictions on trading and required notification of proposed trading in the Company's securities.
Diversity policy	The diversity policy sets out the Company's policy with regard to its commitment to complying with the diversity recommendations published by ASX by establishing measurable objectives for achieving gender diversity, promoting diversity among consultants and the Board and keeping Shareholders informed of the Company's progress towards implementing and achieving its diversity objectives.

Shareholder Communications policy	<p>The shareholder communications policy has been adopted with a view to ensuring that the Company complies with the requirements of the ASX Listing Rules. This policy highlights: the requirements for immediate notification; the procedure for disclosing the information; those responsible for disclosing the information; and policy review details.</p> <p>The policy also outlines responsibilities for shareholder communications including: reports issued to shareholders; ASX announcements; annual general meetings; maintenance of the Company website; requests for information; and review of shareholder communications.</p>
Continuous disclosure policy	<p>The continuous disclosure policy has been adopted with a view to ensuring that the Company complies with the requirements of the ASX Listing Rules. The policy highlights the requirements for immediate notification; the procedure for disclosing the information; those responsible for disclosing the information; and policy review details.</p>
Risk management policy	<p>This policy is designed to assist the Company to identify, monitor and manage the risks affecting the Company's business.</p>
Audit committee charter	<p>The Board is committed to a transparent system for auditing and reporting the Group's financial performance. The Board has established an audit committee whose principal functions are to:</p> <ul style="list-style-type: none"> assist the Board and ensure that appropriate accounting policies and internal controls are established and followed; and assist the Board to produce accurate financial statements in compliance with all applicable legal requirements and accounting standards. <p>The audit committee charter outlines: the composition of the audit committee; its authority and responsibilities; meeting requirements; and reporting procedures.</p> <p>As at the Prospectus Date, Mike Hill and Jan Pacas are members of the Company's audit committee, and Josh May is appointed as the chair.</p>
Risk committee charter	<p>The Board has established a risk committee whose principal function is to ensure the efficient and effective management of business risks, strategic risks and external market forces.</p> <p>The Company has established a system of risk oversight and management. The Company's senior management maintains a risk register and this is reviewed at each meeting of the risk committee.</p> <p>The risk committee charter outlines: the composition of the risk committee; its authority and responsibilities; meeting requirements; reporting procedures; and oversight of the risk management system.</p> <p>As at the Prospectus Date, Mike Hill and Josh May are members of the Company's risk committee, and Jan Pacas is appointed as the chair.</p>
Nomination and remuneration committee charter	<p>The nomination and remuneration committee's role is to:</p> <ul style="list-style-type: none"> assist the Board and make recommendations to it about the appointment of new directors of the Company (both executive and non-executive); and advise on remuneration and issues relevant to remuneration policies and practices, including for directors and senior management. <p>The nomination and remuneration committee charter outlines the composition of the committee; its responsibilities (including in relation to the selection of and making recommendations about new Board candidates and ongoing responsibilities for Board member performance reviews, assessments and remuneration policies) and its meeting requirements.</p> <p>As at the Prospectus Date, Justus Hammer and Jan Pacas are members of the Company's nomination and remuneration committee, and Mike Hill is appointed as the chair.</p>
Whistle-blower policy	<p>The whistleblower policy encourages employees to raise any concerns and report instances of illegal or unethical behaviour, without fear of reprisal. The whistleblower policy establishes the mechanisms and procedures for employees to report unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for the Company to investigate such reports and act appropriately.</p>
Anti-bribery and corruption policy	<p>The anti-bribery and corruption policy seeks to ensure the Company's compliance with all applicable anti-corruption legislation. This policy sets out the Company's standards and guidelines on what constitutes bribery and corruption, offering, accepting and providing gifts and hospitality, participating in tenders and procuring goods and services, and providing donations and sponsorship.</p>

6.5.2. Best Practice Commitment

The Company is committed to achieving and maintaining high standards of conduct and has implemented initiatives (as set out in this Section 6) to achieve this objective. The Company's corporate governance policies are intended to institutionalise good corporate governance and build a culture of best practice both in the Company's own internal practices and in its dealings with others.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Principles promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Company has considered the ASX Corporate Governance Principles to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines. The Board will consider on an ongoing basis its corporate governance procedures and whether they are sufficient given the Company's nature of operations and size and will seek to follow these recommendations where possible.

As required under the ASX Listing Rules, where the Company determines it would be inappropriate to follow the principles because of its circumstances, the Company will provide reasons for not doing so in its annual report.

6.5.3. Company Secretary

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board including on matters involving corporate governance and the ASX Listing Rules. All Directors have unfettered access to the advice and services of the Company Secretary. As at the Prospectus Date, Belinda Cleminson is the Company Secretary.

Belinda has over 18 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.

6.6. Independence

Having regard to the factors set out in the ASX Corporate Governance Principles:

- Mike Hill and Joshua May (Non-executive Directors) are considered to be independent Directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Directors' judgement and each is able to fulfil the role of an independent director for the purposes of the ASX Corporate Governance Principles.
- Jan Pacas (Chair) is not currently considered independent given he is a co-founder of Mad Paws.
- Justus Hammer (CEO and Managing Director) is not currently considered independent given his employment by the Company as chief executive officer.

6.7. Independent Professional Advice

To fulfil their duties and responsibilities as Directors, each Director (with the prior approval of the chair) may seek independent legal or other professional advice about any aspect of the Company's operations. The chair's approval may not be unreasonably withheld or delayed. The cost of the advice is borne by the Company.

6.8. Related Party Interests

Other than as set out in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

6.9. Policy For Approval Of Related Party Transactions

The Company's risk committee is responsible for reviewing and approving all transactions in which the Company is a

participant and in which any parties related to the Company, including its executive officers, Directors, beneficial owners of more than 5% of the Company's Shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company, has or will have a direct or indirect material interest.

The risk committee or its chairperson, as the case may be, will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its Shareholders, after taking into account all available facts and circumstances as the risk committee or the chairperson determines in good faith to be necessary. Transactions with related parties will also be subject to Shareholder approval to the extent required by the ASX Listing Rules or the Corporations Act.

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DETAILS OF THE OFFER

7. DETAILS OF THE OFFER

7.1. The Offer

This Prospectus relates to an Offer of up to 60 million Shares at an Offer Price of \$0.20 per Share to raise up to \$12 million, before Offer costs. The offer has a Minimum Subscription of \$10 million (50 million Shares).

The total number of Shares on issue at the Completion of this Offer and following the Convertible Note Conversion, is expected to be 204.60 million (assuming the Minimum Subscription) and 214.60 million (assuming the Maximum Subscription).

The Offer Shares will rank equally in all respects with all other Shares issued by the Company. The rights and liabilities attaching to the Shares are set out in Section 11.5.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

The Institutional Offer, Broker Firm Offer, and the Customer Offer are managed by the Joint Lead Managers. A summary of the Offer Management Agreement, including the events which would entitle the Joint Lead Managers to terminate the Offer Management Agreement, is set out in Section 10.1.

The Offer Shares will be issued to successful Applicants on the Offer Shares Allotment Date.

The Company reserves the right in its absolute discretion to issue no Offer Shares to Applicants under the Offer. All Applicants under the Offer must have an eligible residential address in Australia or New Zealand.

7.2. Structure of the Offer

The Offer comprises:

- the **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and New Zealand;
- the **Broker Firm Offer**, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their broker to participate;
- the **Customer Offer**, which is open to Eligible Customers who have a registered address in Australia and who have received a Customer Offer Invitation;
- the **EIP Offer**, which is open only to selected individuals nominated by the Company who have received an EIP Offer invitation to acquire IPO Options under the Prospectus; and
- the **Cleansing Offer**, which is an offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act and is only open to applicants invited by the Company; and
- the **JLM Options Offer**, which is an offer of the JLM Options to the Joint Lead Managers or affiliated nominees, and is only open to the Joint Lead Managers or affiliated nominees.

The Cleansing Offer and the JLM Options Offer are being made under the Prospectus to facilitate the secondary trading of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act (being Shares issued on conversion of the Convertible Notes and Shares issued on exercise of the JLM Options) (see Sections 7.11 and 7.12 for further details on the Cleansing Offer and JLM Options Offer).

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer who are not Eligible Customers must do so through a broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Customer Offer will be determined by the Company and the Joint Lead Managers.

7.3. Opening and Closing Dates

The proposed opening date for acceptance of the Offer will be 22 February 2021 or such later date as may be prescribed by ASIC.

The Customer Offer is expected to remain open until 5.00pm 15 March 2021. The Broker Firm Offer component of the Offer is expected to remain open until 5.00 pm 17 March 2021.

The Directors reserve the right to open and close the Offer at any other date and time, without prior notice.

No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the Prospectus Date.

7.4. Purpose of the Offer

The Company is seeking to raise funds and list on ASX to:

- provide access to capital markets in order to provide additional financial flexibility to fund organic growth;
- cement the company's position in Australia as the dominant pet services marketplace using its proprietary technology platform;
- achieve a listing on ASX to broaden the Mad Paws shareholder base and provide a liquid market for the shares; and
- enhance the public profile of Mad Paws.

The purpose of the EIP Offer is to incentivise and reward the Directors, key executives, and employees of the Company, and to align their interests with the Shareholders. No funds will be raised from the EIP Offer.

7.5. Source and Use of Funds

The Offer is expected to raise between \$10 million and \$12 million. The proceeds from the Offer are expected to be applied as follows:

Source of proceeds	Minimum Subscription	Maximum Subscription
Issue of New Shares	50,000,000	60,000,000
Total	\$10 million	\$12 million

	Minimum Subscription		Maximum Subscription	
	%	\$	%	\$
Marketing / Sales	38.0%	3,800,000	37.5%	4,500,000
Operational team	24.0%	2,400,000	23.3%	2,800,000
Product Development	22.0%	2,200,000	22.5%	2,700,000
Other Working Capital	6.0%	600,000	7.5%	900,000
IPO expenses	10.0%	1,000,000	9.2%	1,100,000
Total	100%	10,000,000	100%	12,000,000

* Above subject to rounding.

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The Directors believe that the Company's current cash reserves, its cashflow from existing operations, plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives, including:

- investing in continuing distribution and consumer marketing channels to increase Mad Paws' brand recognition in the pet care services market and customer base;
- continuing to invest in the development of the Mad Paws Dinner Bowl pet food subscription service to expand product offering and increase market penetration; and
- investing in new product development to expand current business categories beyond pet care services and pet food, with a particular focus on pet insurance and pet health products.

7.6. Terms and conditions of the Offer

What is the type of security being offered?	<p>In respect of the Institutional Offer, Broker Firm Offer, Customer Offer, and Cleansing Offer, Shares (being fully paid ordinary shares in the Company).</p> <p>In respect of the EIP Offer, IPO Options (being options to acquire Shares).</p> <p>In respect of the JLM Options Offer, JLM Options (being options to acquire Shares).</p>
What are the rights and liabilities attached to the security being offered?	<p>A description of the Shares, including rights and liabilities attaching to them is set out in Section 11.11.</p> <p>A description of the IPO Options, including rights and liabilities attaching to them is set out in Section 6.4.3.4.</p> <p>A description of the JLM Options, including the rights and liabilities attaching to them is set out in Section 10.2.</p>
What is the consideration payable for each security being offered?	<p>Successful Applicants under the Institutional Offer, Broker Firm Offer, Customer Offer, and Cleansing Offer will pay the Offer Price, which is \$0.20 per Share.</p> <p>Eligible Applicants under the EIP Offer will be invited to apply for the IPO Options for nil consideration.</p>
What is the Offer period?	<p>The proposed opening date for acceptance of the Offer will be 22 February 2021 or such later date as may be prescribed by ASIC. The Customer Offer is expected to remain open until 5.00 pm (AEDT) 15 March 2021 and the Broker Firm Offer component of the Offer is expected to remain open until 5.00 pm (AEDT) 17 March 2021.</p> <p>The Directors reserve the right to open and close the Offer at any other date and time, without prior notice. No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the Prospectus Date.</p>
What are the cash proceeds to be raised?	<p>\$10 million will be raised if the Offer proceeds and the Minimum Subscription is achieved.</p> <p>\$12 million will be raised if the Offer proceeds and the Maximum Subscription is achieved.</p>
Is the Offer underwritten?	No
What is the minimum and maximum application size under the Offer?	<p>Broker Firm Offer</p> <p>The minimum Application under the Broker Firm Offer is \$2,000 for 10,000 Offer Shares in aggregate, with incremental multiples of 5,000 Offer Shares (i.e. incremental multiples of at least \$1,000). There is no maximum Application size under the Broker Firm Offer, however, the Company and the Joint Lead Managers reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for.</p> <p>Customer Offer</p> <p>The minimum Application under the Customer Offer is \$2,000 for 10,000 Offer Shares in aggregate, with incremental multiples of 5,000 Offer Shares (i.e. incremental multiples of at least \$1,000). Customer Offer Applicants may apply for up to the value of Shares indicated in their Customer Offer Invitation.</p> <p>Institutional Offer</p> <p>There is no minimum or maximum value of Shares that may be applied for under the Institutional Offer.</p> <p>Cleansing Offer</p> <p>As the Cleansing Offer is an offer of up to 1 Share, the minimum and maximum value of Shares that may be applied for under the Cleansing Offer is \$1.00, being the Offer Price payable for 1 Share.</p>
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer, Broker Firm Offer and the Customer Offer, will be determined by the Joint Lead Managers in consultation with the Company having regard to the allocation policy outlined in Sections 7.7.4, 7.8.5, 7.9.2, and 7.15.</p> <p>The allocation of Shares among applicants in the Institutional Offer will be determined by agreement between the Joint Lead Managers and the Company.</p> <p>In respect of the Broker Firm Offer, it is a matter for the broker (and not the Company or the Joint Lead Managers) to determine how they will allocate Shares among their eligible retail clients.</p> <p>Up to \$1 million worth of Shares are available under the Customer Offer. The final allocation of Shares under the Customer Offer and in the Customer Offer Shortfall Bookbuild (if any) will be determined by the Company, in consultation with the Joint Lead Managers.</p> <p>Applications under the EIP Offer, Cleansing Offer and JLM Option Offer may only be made in</p>

	response to an invitation to participate made by the Company.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 23 March 2021.
Will the Shares be quoted?	The Company will apply within seven days of the Prospectus Date to be admitted to the Official List and will seek quotation of the Shares on ASX under the code "MPA". Completion of the Offer is conditional on the ASX approving this application.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 26 March 2021, subject to ASX confirmation. It is the responsibility of each Applicant to confirm their own holdings before trading on ASX, and any Applicant who sells their Shares before they receive an initial holding statement does so at its own risk.
Are there any escrow arrangements?	Refer to Section 11.9 in relation to the ASX escrow arrangements that the Company expects will apply after Completion of the Offer.
Has ASIC relief or the ASX waiver been obtained or been relied on?	The details of ASIC and ASX relief waivers and confirmations are set out in Section 11.18.
Are there any taxation considerations?	The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. A general overview of the Australian and New Zealand taxation implications of investing in the Company is set out in Section 9. The information in Section 9 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Offer Shares under the Offer. See Section 7.13 for details of various fees payable by the Company to the Joint Lead Managers.
What should I do with any enquiries?	The Prospectus (including the Application Form) and information about the Offer can be accessed in electronic form at www.madpaws.com.au . If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor. If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

7.7. Broker firm Offer

7.7.1. How to apply?

The Broker Firm Offer is open to clients of participating brokers who have a registered address in Australia and who received an invitation from a broker to acquire Shares under this Prospectus and are not in the United States of America. You should contact your broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

Applicants under the Broker Firm Offer should contact their broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.madpaws.com.au. Your broker will act as your agent and it is your broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Offer Closing Date or any earlier closing date as determined by your broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions

committed by your broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on 22 February 2021 and is expected to close at 5:00pm (Sydney time) on 17 March 2021. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your broker for instructions.

7.7.2. How to Pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their broker.

7.7.3. What is the Broker Firm Offer Allocation Policy?

The allocation of Shares to brokers will be determined by the Joint Lead Managers, in consultation with the Company, in their absolute discretion. Shares which are allocated to brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those brokers (subject to the right of the Company and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for the broker as to how they allocate Shares among their clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.7.4. Acceptance of Applications

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

7.8. Customer Offer

7.8.1. Who Can Apply?

All Eligible Customers who have received a Customer Offer Invitation are entitled to participate in the Customer Offer and may apply for Shares under the Customer Offer.

The Customer Offer is open to persons residing in Australia who have a registered email address in Mad Paws' marketplace database as either a pet owner or a pet service provider as at 11:59pm (Sydney time) on the Prospectus Date (**Eligible Customer**).

Any shortfall under the Customer Offer will form part of the Customer Offer Shortfall and will be placed by the Joint Lead Managers on a best-efforts basis under the Customer Offer Shortfall Bookbuild (see Section 7.8.6 for more information).

Determination of who is an Eligible Customer and/or provision of a Customer Offer Invitation to an Eligible Customer is at the Company's and Joint Lead Managers' sole discretion. The Company and the Joint Lead Managers take no responsibility for any failure to receive an invitation to participate in the Customer Offer.

7.8.2. How to Apply?

If you have received a personalised invitation to apply for Shares under the Customer Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Eligible Customers may apply for Shares to be held in the name of the Eligible Customer or as otherwise nominated by the Eligible Customer.

If an Eligible Customer has more than one registered email address on the Mad Paws marketplace database that Eligible Customer may submit no more than one Application under the Customer Offer.

Recipients of the Customer Offer Invitation should read the separate Customer Offer Invitation letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Customer Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.

To apply under the Customer Offer, you must complete the online Customer Offer Application Form in accordance with the instructions provided in your Customer Offer Invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant is not an Eligible Customer, the Applicant has submitted more than one Application under the Customer Offer, the Applicant has not received a complete copy of the Prospectus or the Company has reason to believe that the Application Form has been altered or tampered with in any way.

Applications must be received by the Share Registry by no later than 5:00pm (Sydney time) on 15 March 2021 and it is your responsibility to ensure that this occurs.

7.8.3. How to Pay?

Applicants under the Customer Offer must pay their Application Monies in accordance with the instructions on the personalised Customer Offer Application Form.

If completing payment by Bpay®, please make sure to use the specific biller code provided to you or generated by the online Application Form. Application Monies must be received by the Share Registry by no later than 5:00pm (Sydney time) on 15 March 2021 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies before the Customer Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

7.8.4. What is the Customer Offer Allocation Policy?

The Customer Offer is capped at \$1 million. The allocation of Shares among Applicants in the Customer Offer will be determined by the Company, in consultation with the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.8.5. Acceptance of Applications

An Application in the Customer Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Customer Offer Invitation (including the terms and conditions in Section 7.6 and the acknowledgements in Section 7.25). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.8.6. Customer Offer Shortfall

If the Customer Offer is undersubscribed, any shortfall under the Customer Offer (**Customer Offer Shortfall**) will be offered under an institutional shortfall bookbuild conducted by the Joint Lead Managers to Institutional Investors who are eligible to participate in the Institutional Offer on a best-efforts basis (**Customer Offer Shortfall Bookbuild**).

If undertaken, the Customer Offer Shortfall Bookbuild is expected to commence on 16 March 2021 and complete on or before 17 March 2021.

The Company, in conjunction with the Joint Lead Managers, has absolute discretion regarding the basis of allocation of Shares under the Customer Offer Shortfall Bookbuild. However, the Company intends to allocate priority to bids under the Customer Offer Shortfall Bookbuild on a pro rata basis to Institutional Investors that did not receive their full allocation of Shares applied for under the Institutional Offer, and otherwise in accordance with the allocation policy referred to in Section 7.9.2.

7.9. Institutional Offer

7.9.1. Invitations to Bid

The Company and the Joint Lead Managers have invited certain Institutional Investors in Australia and New Zealand to bid for Shares in the Institutional Offer.

7.9.2. Allocation Policy Under the Institutional Offer

The allocation of Shares between the Institutional Offer was determined by the Company and the Joint Lead Managers. The Company and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it has bid.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm Offer, Customer Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term Shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

7.10. EIP Offer

Members of the public cannot apply for IPO Options under the EIP Offer. The EIP Offer is open to selected individuals nominated by the Company in Australia who have received an EIP Offer invitation to acquire IPO Options under the Prospectus. The Company proposes to grant IPO Options to the Directors, key executives and certain employees pursuant to the Equity Incentive Plan under the IPO Grant. If you are an EIP Offer Applicant, you will receive a personalised invitation to apply for IPO Options in the EIP Offer.

Your personalised invitation will indicate an amount of IPO Options that you may apply for. The terms of the IPO Options under the EIP Offer are set out in Section 6.4.3.4.

No funds will be raised from the EIP Offer.

7.11. Cleansing Offer

The Cleansing Offer is an offer of 1 Share at the Offer Price. The Share offered under the Cleansing Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 11.11.

The purpose of the Cleansing Offer is to facilitate the secondary trading of any Shares that are issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date (including Shares issued on conversion of the Convertible Notes).

Application for the Share under the Cleansing Offer must be made using the Cleansing Offer Application Form. You should not complete a Cleansing Offer Application Form unless specifically directed to do so by the Company.

7.12. JLM Option Offer

The JLM Options Offer is only made to and is capable of acceptance by the Joint Lead Managers. The Company will notify the Joint Lead Managers as to how Applications for the JLM Options under the JLM Options Offer must be made. No funds will be raised from the JLM Option Offer. The terms of the JLM Options under the JLM Options Offer are set out in Section 10.2. The JLM Options will not be quoted on the ASX.

7.13. Fees Payable to the Joint Lead Managers

The Company will pay to the Joint Lead Managers a maximum distribution fee equal to 5% (excluding GST) of the total amount raised by the Company under the Offer and a management fee of 1% of the total amount raised by the Company under the Offer (6% in total on the Offer) subject to stated exceptions as noted in Section 10.1 in addition to the JLM Options.

The terms of the Offer Management Agreement are summarised more fully in Section 10.1.

7.14. Brokerage, Commission and Stamp Duty

You do not have to pay brokerage, commission or stamp duty if you acquire Shares under the Offer. Fees are payable by the Company in relation to the Offer to the Joint Lead Managers and other advisors, details of which are set out in Sections 7.13 and 11.13.

7.15. Allocation Policy and Confirmation

The basis of allocation of Offer Shares under the Offer will be determined by the Company and the Joint Lead Managers.

There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply.

The Company reserves the right in its absolute discretion to not issue Offer Shares to Applicants under the Offer and may reject any Application or allocate a lesser amount of Offer Shares than those applied for at its absolute discretion.

Applicants under the Offer will be able to call the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday, from 22 March 2021 to confirm their allocation.

Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 23 March 2021.

7.16. Application Monies

All Application Monies will be held by the Company on trust in a separate account until the Offer Shares are issued or transferred (as applicable) to successful Applicants.

Application Monies will be refunded in Australian dollars to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Monies.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay is less than the amount specified on your online Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.17. Allotment or Transfer

Subject to the Company's admission to the Official List, the allotment of the Shares offered by this Prospectus will take place as soon as possible following the closing date.

If the Directors believe the Application does not comply with applicable laws or regulations, they reserve the right to decline the Application in full or to allot any lesser number.

The Offer Shares Allotment Date is expected to be 23 March 2021.

Trading of the Offer Shares on ASX is expected to commence on 26 March 2021 on a normal T + 2 settlement basis.

If you sell your Offer Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your broker or the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

7.18. Valid Application Forms

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this

Prospectus. An application Form is an irrevocable acceptance of the Offer.

By completing and lodging an Application Form received with this Prospectus, you as the Applicant (or in the case of the Customer Offer, any nominee) represent and warrant that you have personally received a complete and unaltered copy of this Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if we have reason to believe you as the Applicant have not received a complete copy of the Prospectus or we have reason to believe that the Application Form has been altered or tampered with in any way.

If an Application Form is not completed correctly, or if the accompanying payment of the Application Money is for the wrong amount, the Company may still treat it as a valid Application. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the sum of the cheque for the Application Money.

7.19. ASX Listing

No later than seven days after the Prospectus Date, the Company will apply to ASX for admission to the Official List and for its Shares to be granted official quotation by ASX. The Company is not currently seeking a listing of its Shares on any financial market other than ASX.

The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Offer Shares offered for subscription under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

The Company will not allot Shares, IPO Options, EIP Options, or JLM Options until the Minimum Subscription has been achieved and ASX has been granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company.

If ASX does not grant permission for the Shares to be quoted within three months after the Prospectus Date, the Shares will not be issued and all Application Monies will be refunded (without interest) as soon as practicable.

7.20. ASX Clearing House Electronic Sub-Register System

The Company will apply to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become CHESS approved securities, holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. A CHESS participant, or a person sponsored by a CHESS participant, will have their Shares registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Applicants will be sent an initial holding statement following allotment that details the number of Shares that have been issued or transferred to them under the Offer. This holding statement will also provide details HIN or, where applicable, the SRN of issuer sponsored holders. Shareholders will need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry.

7.21. Foreign Selling Restrictions

The Company has not taken any action to register or qualify the Prospectus or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia or New Zealand.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law. Persons who come into possession of this Prospectus who are not in Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

By making an Application, you warrant and represent that:

- you are an Australian or New Zealand citizen or resident, are located in Australia or New Zealand at the time of the Application and are not acting for the account or benefit of any person in the United States or any other foreign person; and
- you will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions exempt from registration under the US Securities Act, and in compliance with all applicable laws in the jurisdiction.

7.22. Discretion Under the Offer

The Company reserves the right not to proceed with the Offer at any time before the Offer Shares Allotment Date. If the Offer does not proceed, Application Monies received by the Company will be refunded in full (without interest). The Company takes no responsibility for Application Monies paid to the Joint Lead Managers or brokers until these are received by the Company.

The Company reserves the right to decline any Applications in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Offer Shares specified in the Application or any of them without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company also reserves the right to close the Offer early, extend the Offer Closing Date or accept late Applications, either generally or in particular cases, in each case without notifying any recipient of this Prospectus or any Applicant.

7.23. Tax Implications of Investing in the Company

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A general overview of the Australian and New Zealand taxation implications of investing in the Company is set out in Section 9. The information in Section 9 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

7.24. Further Information

The Prospectus (including the Application Form) and information about the Offer can be accessed in electronic form at <https://www.madpaws.com.au>.

If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor.

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

7.25. Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;

- acknowledged that, once the Company or a broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus) or no Shares at all;
- authorised the Company, the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Offer Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Offer Shares are suitable for Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer or the Customer Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.
- Each Applicant under the Broker Firm Offer and Customer Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:
 - it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
 - it is not in the United States;
 - it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
 - it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold; and
 - if you are an IAI, you have completed and returned a U.S. Institutional Investor Certificate.

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INVESTIGATING ACCOUNTANT'S REPORT

12 February 2021

The Directors
Mad Paws Holdings Limited
Level 5, 126 – 130 Phillip Street
Sydney NSW 2000

Dear Directors

Investigating Accountant's Report on Mad Paws Holdings Limited's Historical and Pro Forma Historical Financial Information

This report has been prepared at the request of the directors of Mad Paws Holdings Limited (ACN 636 243 180) (the Company) for inclusion in a Prospectus to be issued by the Company dated on or about 12 February 2021 in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and subsequent listing of the Company on the Australian Securities Exchange.

Unless otherwise defined, expressions and terms defined in the Prospectus document have the same meaning in this report.

Scope

Historical Financial Information

You have requested Crowe Audit Australia to review the following Historical Financial Information of Mad Paws Holdings Limited included in the public document:

- the Historical Income Statements for the years ended 30 June 2020, 30 June 2019 and 30 June 2018;
- the Historical Statement of Financial Position as at 30 June 2020; and
- the Historical Statement of Cash Flows for the years ended 30 June 2020, 30 June 2019 and 30 June 2018,

as set out in Figures 4.6, 4.10 and 4.9 respectively in Section 4 of the Prospectus (together the Historical Financial Information).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information has been extracted from the general purpose financial reports of Mad Paws Pty Limited for the years ended 30 June 2020 and 30 June 2019, which were audited by Crowe Sydney in accordance with Australian Auditing Standards. Crowe Sydney issued unmodified audit opinions on the financial reports.

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 the Crowe Australasia external audit division. 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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The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested Crowe Audit Australia to review the following Pro Forma Historical Financial Information of Mad Paws Holdings Limited included in the public document:

- the Pro Forma Historical Income Statements for the years ended 30 June 2020, 30 June 2019 and 30 June 2018;
- the Pro Forma Historical Statement of Financial Position as at 30 June 2020; and
- the Pro Forma Historical Statement of Cash Flows for the years ended 30 June 2020, 30 June 2019 and 30 June 2018,

as set out in Figures 4.2, 4.10 and 4.7 respectively in Section 4 of the Prospectus (together the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Mad Paws Pty Limited, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation used in the preparation of the Pro Forma Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as described in Section 4 of the public document, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and cash flows.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of Pro Forma Adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. The directors are responsible for the information contained within the Prospectus. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction and compilation of Historical Financial Information from the audited financial information of Mad Paws Pty Limited for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Historical Financial Information;
- a review of the work papers and other documents of Mad Paws Pty Limited's auditors;
- a review of the application of Australian Accounting Standards; and
- enquiry of the Directors, management and other relevant persons in relation to the Historical Financial Information.

Pro Forma Historical Financial Information

- consideration of the appropriateness of the Pro Forma Adjustments described in Figures 4.4, 4.5, 4.8 and 4.10 in Section 4 of the Prospectus;
- enquiry of the directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of the work papers and other documents of Mad Paws Pty Limited's auditors;
- a review of the accounting policies adopted and used by the Company over the relevant periods for consistency of application.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.1 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.1 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.1 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

Crowe Audit Australia has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Liability

Crowe Audit Australia has not authorised the issue of the Prospectus. Accordingly, Crowe Audit Australia makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Declaration of Interest

Crowe Audit Australia does not have any interest in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Crowe Audit Australia

Crowe Audit Australia

John Haydon

John Haydon
Senior Partner



TAXATION

9. TAXATION

9.1. Summary of Australian Taxation Implications

This Section provides a general overview of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty consequences for investors who acquire Shares under the Offer. The comments in this Section are based on the Australian taxation laws at the Prospectus Date.

These laws may change in future and this may alter some of the tax implications outlined below.

The categories of investors considered in this summary are limited to Australian-tax resident individuals, companies and trusts (other than superannuation or pension funds) and non-resident investors.

The comments in this summary relate primarily to the Institutional Offer, Broker Firm Offer and the Customer Offer and do not contemplate specific taxation implications which may arise in respect of the Cleansing Offer, the EIP Offer or the JLM Options Offer, nor in respect of the conversion of Convertible Notes issued in December 2020.

The summary is relevant to Australian-resident and non-resident Shareholders who hold their shares on capital account.

The tax implications which may apply to resident and non-resident Shareholders whose Shares are held on revenue account may differ.

In respect of non-resident Shareholders this Section does not consider the tax law of countries other than Australia. It is limited to the income tax implications of holding shares in the Company.

Furthermore, this summary does not consider the consequences for investors who are insurance companies, superannuation or pension funds, banks, investors that hold their shares on revenue account, or carry on a business of trading in shares or are exempt from Australian tax. It also does not provide specific detail of the potential consequences for investors who are subject to the Taxation of Financial Arrangements (TOFA) regime outlined in Division 230 of the *Income Tax Assessment Act 1997*.

This Section is general in nature and is not intended to be a complete statement of the Australian taxation laws, nor may it be relied upon as tax advice. It should be noted that the Australian taxation laws are complex and each investor's own circumstances will affect the taxation outcomes of making an investment in Shares under the Offer.

It is therefore recommended that Australian-resident and non-resident investors seek independent professional taxation advice, having regard to their own specific circumstances, in considering an investment in Shares under the Offer.

9.2. Australian Tax Considerations - Australian Resident Shareholders

9.2.1. Acquisition of Shares

Each Share under the Offer should be a separate CGT asset for Australian tax purposes. For CGT purposes, the tax cost base (and reduced cost base) of each Share held by an Australian tax-resident Shareholder should include the amount the Shareholder paid (or is required to pay) to acquire the Share, plus any incidental costs of acquisition.

9.2.2. Dividends on Shares

Dividends may be paid to Shareholders in respect of their Shares. Franking credits may attach to such dividends. Franking credits broadly represent the extent to which a dividend distributed by a company is paid from profits that have been subject to Australian income tax. It is possible for a dividend to be 'fully franked', 'partly franked' or 'unfranked'. The distribution statement for the dividends paid to Shareholders should advise of the franking status of the dividends.

Australian-resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, franking credits should also be included in the Shareholder's assessable income. In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the "grossed-up" dividends received, being the dividend plus the franking credit. The Shareholder may be entitled to a tax offset in their income tax return for the franking credits associated with dividends received.

To the extent that the dividends are unfranked, there is no gross-up (or tax offset). Australian-resident Shareholders are subject to tax at their applicable rate of tax on the unfranked portion of dividends received.

9.2.2.1. Australian-resident individuals

In circumstances where franking credits received by Australian tax-resident Shareholders who are individuals exceed

the amount of total income tax payable, those Shareholders should be entitled to a refund from the Australian Taxation Office. The refund should be the sum of any excess franking credits over and above the total income tax payable in an income year. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay tax on the balance.

9.2.2.2. Trusts

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes), such Shareholders should include the sum of any franking credits received by the trustee in determining the net income of the trust. On distribution of net income by the trustee, the relevant beneficiary may then be entitled to a tax offset, subject to certain requirements being satisfied.

The application of the Australian taxation laws to trusts with regards to the taxation of dividends is complex. Advice should be sought to confirm the appropriate taxation considerations and treatment.

9.2.2.3. Corporate Shareholders

Shareholders which are companies (including those which are deemed to be companies) (Corporate Shareholders) and are Australian tax-residents are also entitled to a tax offset equal to the amount of franking credits received. However, unlike non-Corporate Shareholders, they are unable to claim cash refunds for excess franking credits.

Corporate Shareholders should be entitled to a franking credit in their franking account equal to the franking credits received in respect of dividends. A Corporate Shareholder may be able to use the credits to make franked distributions to its shareholders.

Where excess franking credits exist, a Corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

9.2.3. Share disposals

Australian tax-resident Shareholders who hold their Shares on capital account will be subject to the Australian CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of Shares exceed the CGT cost base of those Shares, a capital gain will arise. The CGT cost base of Shares should generally be the issue price or acquisition price of the Shares plus, amongst other things, incidental costs associated with the acquisition and disposal of the Shares. Alternatively, Australian tax-resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

The CGT cost base of Shares may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

All capital gains and losses recognised by an Australian tax-resident for an income year are aggregated. To the extent that a net capital gain exists, such Shareholders should be able to reduce the net capital gain by any amount of unapplied net capital losses or revenue losses carried forward from previous income years (provided the relevant loss recoupment tests are satisfied) or current year revenue or capital losses.

Any remaining net capital gain (after the application of any carried forward tax losses or current year revenue losses) will then be required to be included in the Australian tax-resident's assessable income (subject to comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss should only be deductible against capital gains and is capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Individual Shareholders may be entitled to a concession which discounts the amount of a capital gain that is assessed. Broadly, the concession is available where Shares have been held for more than 12 months or more prior to disposal. Generally, the concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder, after offsetting any current or carried forward losses. The concession is not available to Corporate Shareholders (including those deemed to be Corporate Shareholders).

In relation to trusts, the taxation rules with respect to capital gains and the CGT discount are complex. The benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

Australian tax-resident investors who hold Shares on revenue account should seek separate independent professional taxation advice.

9.3. Australian Taxation Considerations - Non-Resident Shareholders

9.3.1. Disposal of Shares by Non-Resident Shareholders

Non-resident Shareholders (i.e. Shareholders who are not tax resident in Australia) who hold Shares on capital account should not be subject to Australian CGT on the disposal of Shares unless, at the time of disposal, more than 50 per cent of the market value of the assets of the Company is represented (directly or indirectly) by real property interests in Australia (including leases of land) or certain mining, quarrying and prospecting rights in Australia.

Non-resident and temporary resident Shareholders are not entitled to discount capital gains in respect of the disposal of Ordinary Shares that were acquired by the Shareholder after 8 May 2012.

Relevant double taxation agreements may affect the Australian capital gains tax rules for non-resident Shareholders on the disposal of Shares.

Non-resident Shareholders that have previously been Australian residents should also seek specific Australian tax advice.

9.3.2. Dividends to Non-Resident Shareholders

Subject to the operation of a double taxation agreement, unfranked dividends paid by the Company to non-resident Shareholders will generally be subject to withholding tax at the rate of 30 per cent. A lower rate of withholding tax within a range of 0 per cent to 20 per cent will generally apply where the Shareholder is a resident of country with which Australia has a double taxation agreement.

9.4. Tax Integrity Rules

The entitlement of a Shareholder to a franking credit tax offset, and their requirement to include the franking credits in their assessable income, may be affected by the 'qualified person' rules, including the 'holding period' rule and the 'related payments' rule as well as the 'dividend washing' rule.

Qualified Person Rule

To be a qualified person, a Shareholder must satisfy the holding period rule and the related payments rule.

Under the 'holding period' rule, a Shareholder must continuously hold ordinary shares 'at risk' for at least 45 days (the holding period commences on the day after the day on which the Shareholder acquired the shares or interest) to be eligible for the franking tax offset. Under the 'small shareholder' exemption, this rule does not apply if the Shareholder's total franking credit entitlement does not exceed A\$5,000 in a particular income year.

The 'related payments' rule applies if a Shareholder or their associate is under an obligation to make a 'related payment', under which an obligation exists to pass the benefit of the franked dividend to someone else.

Where there has been a related payment, to be a 'qualified person' in relation to a dividend or distribution, a Shareholder must hold the relevant shares 'at risk' for the period beginning on the 45th day before and ending on the 45th day after the day on which the Shares became ex-dividend.

A Shareholder must be a 'qualified person' for the payment of each dividend or distribution, to claim the franking credits attached to franked dividends.

Dividend Washing Rule

The 'dividend washing' rule prevents a Shareholder from claiming more than one set of franking credits where they have received a dividend as a result of 'dividend washing' where:

- you, or an entity connected to you, sells an interest in shares that you hold while retaining the right to a dividend, then
- by accessing share trading under an alternative ASX trading market, you purchase some substantially identical shares.

If the 'dividend washing' rule applies, a Shareholder is not entitled to a tax offset for the franking credits for the second dividend.

The above, and the other tax integrity rules, can be particularly complex, and especially so for distributions received indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent professional taxation advice.

9.5. Tax File Number (TFN) and Australian Business Number (ABN)

An Australian tax-resident Shareholder is not obliged to quote a TFN, or where relevant, an ABN, to the Company.

However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be withheld by the Company at the highest marginal rate (currently 45% plus Medicare levy of 2%) from certain dividends paid.

Australian tax-residents may be able to claim a tax credit or rebate (as applicable) in respect of any tax withheld on dividends in their income tax return. No withholding requirement applies in respect of fully franked dividends paid in respect of the Shares.

9.6. Stamp Duty

No Australian stamp duty should be payable by a Shareholder on the acquisition or disposal of Shares.

9.7. GST

Under current Australian GST law, GST is not applicable to the acquisition or disposal of Shares. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with participating in the Offer (such as costs relating to professional advice obtained by Shareholders regarding the Offer) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.

No GST should be payable by Shareholders on receiving dividends (or other distributions) paid by the Company.

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MATERIAL AGREEMENTS

10. MATERIAL AGREEMENTS

The material agreements described below are those which the Directors consider that an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material agreements and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

10.1. Offer Management Agreement

The Joint Lead Managers have agreed to manage the Offer pursuant to the terms of the offer management agreement signed by the Joint Lead Managers and the Company on the date of this Prospectus (**Offer Management Agreement**).

The Offer Management Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Offer Management Agreement.

10.1.1. Fees, costs and expenses

The Company has agreed to pay the Joint Lead Managers a distribution fee of 5% and a management fee of 1% of the gross proceeds of the Offer (exclusive of GST), in connection with their role as Joint Lead Managers. Allocations to investors introduced by Bombora Investment Management will be excluded from the distribution fee.

The Company has agreed to reimburse the Joint Lead Managers for all reasonable out-of-pocket expenses reasonably incurred in connection with the Offer including legal fees, travel costs and other customary expenses associated with an offer such as the Offer, subject to stated limits and approval requirements. The Company has also agreed to issue the JLM Options as part consideration with the terms summarised in Section 10.2.

10.1.2. Indemnity

The Company has agreed to indemnify the Joint Lead Managers and their related bodies corporate and affiliates and each of their respective affiliates, directors, officers, partners, employees, contractors, agents, advisers and representatives (**Indemnified Parties**) against all losses, damages, costs, expenses and liabilities directly or indirectly suffered or incurred by them in connection with the Offer, including (but not limited to) losses in connection with:

- the making of the Offer or distribution of the Prospectus or other document relating to the Offer;
- any liability under the Corporations Act or other applicable laws in relation to the Offer or the Prospectus; or
- the Company failing to comply with the terms of the Offer Management Agreement or other binding obligations in respect of the Prospectus or the Offer, including any of the representations and warranties by the Company contained in the Offer Management Agreement not being or ceasing to be true or correct,

except to the extent that the loss, damage, cost, expense or liability:

- is finally determined by a court of competent jurisdiction to have been caused directly or indirectly by the fraud, gross negligence or wilful misconduct of, or material breach of this document or breach of law by, an Indemnified Party or by an Indemnified Party misrepresenting something to investors where that Indemnified Party had no reasonable basis for doing so;
- results from any penalty or fine which an Indemnified Party is required to pay for any contravention by it of the Corporations Act; or
- represents an amount in respect of which the indemnity would be illegal, void or unenforceable under any applicable law.

10.1.3. Warranties

The Offer Management Agreement contains certain representations, warranties, and undertakings provided by the Company to the Joint Lead Managers relating to matters such as its powers, its conduct (including in respect of disclosure and compliance with applicable laws and the ASX Listing Rules), information provided and the conduct of the Offer. The Company's undertakings include that it will not, for 180 days following Completion of the Offer, issue or agree to issue any equity securities or securities that are convertible or exchangeable into equity without the consent of the Joint Lead Managers, other than pursuant to stated exceptions including under the Offer or as contemplated under the Prospectus, or under any director or employee incentive plan or as is otherwise approved by shareholders at a general meeting.

10.1.4. Termination Events

The Offer Management Agreement is subject to customary termination events. Each Joint Lead Manager may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Offer Management Agreement at any time prior to 4:30pm on the Settlement Date without cost or liability and be released from its obligations under it on the occurrence of certain events set out in the Offer Management Agreement, including (but not limited to) those set out below.

- The Prospectus does not comply with the Corporations Act (including if a statement in the Prospectus is or becomes misleading or deceptive, or a matter required to be included is omitted from the Prospectus), the ASX Listing Rules, or any other applicable law or regulation and cannot be adequately corrected or rectified through the issue of a supplementary prospectus.
- The Company fails to issue a supplementary or replacement prospectus where a Joint Lead Manager reasonably forms the view that one is required to comply with section 719 of the Corporations Act.
- The S&P/ASX 200 Index at any time falls to a level that is 10% or more below the level of the index at the close of trading on the trading day immediately prior to the date of the Prospectus for a period of at least two consecutive business days, or on the business day immediately prior to the Offer Settlement Date or on the Offer Settlement Date.
- ASX approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the Official List on or before the date prior to the Listing; or
 - the quotation of the Shares on ASX prior to the Offer Settlement Date; or
 - if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.
- Any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 in relation to the Prospectus;
 - ASIC issues a notice of its intention to hold a hearing or investigation in relation to the Offer or an Offer document under the Corporations Act, the *Australian Securities and Investments Commission Act 2001* (Cth) or any other applicable law;
 - ASIC applies for an order under sections 1324B or 1325 Corporations Act in relation to any Offer document;
 - ASIC does any of the following:
 - prosecutes or gives notice of an intention to prosecute; or
 - commences proceedings against, or gives notice of an intention to commence proceedings against,the Company or any of its officers, employees or agents in relation to the Offer or any Offer document; or
 - a person (other than the Joint Lead Managers) gives a notice to the Company or SaleCo under section 733 Corporations Act.
- Any person (other than the Joint Lead Manager seeking to terminate) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent.
- The Company withdraws the Prospectus or the Offer.
- The Company or any other member of the Group is or becomes insolvent or there is an act or omission which may result in the Company or any other member of the Group becoming insolvent.
- There has been, after the date of the Offer Management Agreement, a material adverse change or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets and liabilities, financial position and performance, profits and losses or prospects of the Group from that described in the Prospectus.
- Any event specified in the timetable for the Offer is delayed for more than two Business Days without the prior written consent of the Joint Lead Managers (which must not be unreasonably withheld or delayed).
- There is:
 - a material adverse change or disruption to political or economic conditions or financial markets of Australia, the United Kingdom, the European Union, or the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; or
 - a general moratorium on commercial banking activities declared in Australia, the United Kingdom, or the United States of America.
- Trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading.
- Any of the Directors, chief executive officer or chief financial officer of the Company is disqualified under the Corporations Act from managing a corporation, charged with an offence relating to any financial or corporate

matter under any law; or removed from office or replaced without the written consent of the Joint Lead Managers.

- Any material contract (as defined in the Offer Management Agreement) is terminated, rescinded or amended without the prior written consent of the Joint Lead Managers (that consent not to be unreasonably withheld or delayed, or found to be void or voidable).

10.2. JLM Option Deed

As noted above, the Company has agreed to grant a total of 2,000,000 options (**JLM Options**) to acquire new shares in the capital of the Company to the Joint Lead Managers or affiliated nominees as part consideration for their services as Joint Lead Managers to the Offer. Each Joint Lead Manager will receive 1,000,000 JLM Options.

A summary of the key terms of the JLM Options is set out below.

TERM	DESCRIPTION
Grant date	Upon Completion of the Offer, on the Offer Shares Allotment Date.
Grant price	\$1.
Exercise Price	Each JLM Option confers on the holder the right to acquire one Share at an exercise price of \$0.30.
Vesting	The JLM Options are not subject to any vesting conditions.
Expiry Date	The JLM Options will expire at 5:00pm (AEST) on the fifth anniversary after the date the Company's shares are first quoted on the ASX. Any JLM Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
Exercise	The JLM Options may be exercised at any time during the Exercise Period. Upon exercise, the holder will be issued with the corresponding number of Shares as soon as reasonably practicable but not later than three business days after the Company receives a valid exercise notice accompanied by the applicable exercise price in cleared funds. Shares issued upon exercise of any JLM Options will be credited as fully-paid, and will generally rank equally with other Shares on issue. The Company will apply for official quotation of those Shares in accordance with the Listing Rules.
Voting and dividend rights	JLM Options do not confer on their holder any right to dividends or to attend or vote at shareholder meetings of the Company. However, any Shares received upon exercise of JLM Options will carry the same rights as other Shares.
Restrictions on transfer	Subject to applicable law and any ASX-imposed or voluntary escrow restrictions, the JLM Options are freely transferable.
Adjustments	If at any time the issued share capital of the Company is reconstructed (including by way of consolidation or share-split), then, subject to the Corporations Act and the ASX Listing Rules, the JLM Options shall be reconstructed (including by way of consolidation or option-split) on the same basis so that the holder is not prejudiced by such reconstruction of the Company's issued share capital. Notwithstanding anything in this document, the rights of the holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. If the Company proceeds with a pro rata issue (except a bonus issue) of securities to its Shareholders after the date of issue of the JLM Options, the exercise price of the JLM Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2. If the Company conducts a bonus issue of securities to its Shareholders after the date of issue of the JLM Options, the number of securities over which a JLM Option is exercisable will be increased by the number of securities which the holder would have received if the JLM Option had been exercised before the record date for the bonus issue.
Other terms and conditions	The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company in respect of any JLM Options unless those JLM Options have been exercised before the record date for determining entitlements to the new issue of securities and the holder participates as a result of holding Shares. The Company will not apply for quotation of the JLM Options on the ASX.

The JLM Options are being offered by the Company to the Joint Lead Managers or affiliated nominees under this Prospectus in the JLM Options Offer.

10.3. Escrow Arrangements

As at the date of this Prospectus, the expected escrow arrangements in relation to Shares and Options are set out in Section 11.9.

At Completion, it is expected that at least approximately 15.68 million Shares, representing 7.66% of the total issued capital of the Company on an undiluted basis (assuming Minimum Subscription) or 7.31% of the total issued capital of the Company on an undiluted basis (assuming Maximum Subscription), will be subject to ASX mandatory escrow restrictions. In addition, approximately 37.17 million Options are expected to be subject to either ASX mandatory escrow restrictions.

10.3.1. ASX Restriction Agreements

Subject to the Company being admitted to the Official List, the Company anticipates that certain Shares and Options on issue prior to the Listing held by Jan Pacas, Justus Hammer, Mike Hill, Josh May, Alexis Soulopoulos and Bombora Growth Fund will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the Listing Date. Certain other Shares and Options held by other Existing Shareholders, Noteholders and the Joint Lead Managers (in respect of the JLM Options) may also be classified as restricted securities by ASX and subject to other escrow restrictions.

The Company has made submissions to the ASX in regards to mandatory escrow arrangements. As at the date of this Prospectus, the Company has not received any response to these submissions.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on the ASX.

Subject to ASX's confirmation on mandatory escrow arrangements, it is assumed that each escrowed shareholder or optionholder will enter into appropriate restriction agreements in the form required by ASX in respect of their Shares and Options subject to the mandatory escrow restrictions, which will prevent them from disposing of their respective securities for the applicable ASX mandated restriction period.

10.3.2. Voluntary Escrow Restriction Deeds

It is anticipated that certain Shares held by certain Mad Paws Shareholders and Bombora Growth Fund (each an **Escrow Shareholder**) on Completion will be subject to voluntary escrow arrangements.

Subject to ASX's confirmation on mandatory escrow arrangements as mentioned in Section 10.3.1, it is assumed that each Escrow Shareholder will enter into an escrow deed in respect of their Escrowed Shares, which will restrict them from disposing of their respective Escrowed Shares for the applicable escrow period set out in Section 11.9.

The voluntary escrow arrangements will include restrictions on 'disposing' which will be broadly defined and include, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, encumbering or granting a security interest over the Shares (except to the extent permitted by the escrow deed), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any those things. The escrow arrangements will be subject to limited exceptions, including allowing the Escrowed Shareholders to be released early from the escrow obligations to enable acceptance into a successful takeover bid (being a takeover bid that is accepted by holders holding at least half of the Shares the subject of the bid that are not held by Escrowed Shareholders) and do not restrict a potential bidder from building a pre-bid stake (by allowing the Escrowed Shareholders to enter into binding pre-bid acceptance agreements), and a transfer of any Escrowed Shares with the prior written consent of the Company.

10.4. Share Purchase Agreement

The Company is party to a share purchase agreement dated 22 December 2020, pursuant to which the Company acquired all of the issued shares in the capital of Mad Paws from the Original Mad Paws Shareholders (**Acquisition**) on 23 December 2020 (**Share Purchase Agreement**). The Share Purchase Agreement provided for the acquisition of the shares in Mad Paws on the following key terms and conditions:

- the Company agreed to buy, and the Original Mad Paws Shareholders agreed to sell, all of the shares in the capital of Mad Paws subject to the terms of the Share Purchase Agreement;
- in consideration for the acquisition of the shares in Mad Paws (being 581,892 shares), the Company agreed to issue to the Original Mad Paws Shareholder a total of 92,423,825 fully paid ordinary shares in the Company at an issue price of \$0.20 per share (reflecting an exchange ratio of 1 for 158.83);
- the Original Mad Paws Shareholders gave customary title and capacity warranties, and Alexis Soulopoulos, Justus Hammer and Jan Pacas gave customary warranties about the business and tax affairs of Mad Paws, to the Company. The Company gave customary warranties to Original Mad Paws Shareholders about its capacity to enter into the Share Purchase Agreement, the shares to be issued to the Original Mad Paws Shareholders, and the Company's affairs prior to entry into the Acquisition. These warranties are subject to a range of customary limitations, and will expire upon the Company's IPO;

- the Original Mad Paws Shareholders indemnify the Company and Mad Paws in respect of tax arising in the period prior to completion of the Acquisition. This tax indemnity expires upon the Company's IPO; and
- Alexis Soulopoulos and Justus Hammer are subject to a three year restraint, during which time they must not engage in a business which competes with Mad Paws, solicit its customers, suppliers or employees away from Mad Paws, do or say anything harmful to Mad Paws, among other customary restraints.

Jan Pacas, Justus Hammer and Alexis Soulopoulos were each vendors under the Share Purchase Agreement and collectively received 14,360,754 Shares for their shares in Mad Paws, for a total collective value of \$2,872,150 (based on an issue price of \$0.20 per consideration share), on the same terms as all other Original Mad Paws Shareholders.

The Company has agreed to pay a \$160,000 transaction support fee to Bombora Investment Management Pty for various transaction support services provided by Bombora Investment Management to the Company in connection with the Company's Convertible Note capital raising (culminating in the issue of Convertible Notes on 23 December 2020) and the acquisition of Mad Paws Pty Ltd (completed on 23 December 2020). Refer to Section 6.4.4 for further details.

10.5. Legacy ESOP Scheme

As noted in Section 6.4.3.5, the Company has established the Legacy ESOP Scheme under which Legacy ESOP Options have been granted in exchange for options which were held by employees and ex-employees of Mad Paws Pty Ltd granted under a legacy employee stock option plan equity plan established by Mad Paws Pty Ltd prior to the Acquisition.

The Company does not intend to issue any further Legacy ESOP Options under the Legacy ESOP Scheme, but intends to retain the Legacy ESOP Scheme until all Legacy ESOP Options issued under the Legacy ESOP Scheme have been exercised or have lapsed.

The key elements of the Legacy ESOP Scheme are as follows:

TERM	DESCRIPTION
Eligibility	The Legacy ESOP Scheme represents a legacy employee equity incentive scheme set up (originally) by Mad Paws (as subsidiary of the Company). It is only available for participation by persons who were registered as a current optionholder in the register of optionholders of Mad Paws as the holder of options in Mad Paws immediately prior to the date of completion of the Acquisition by the Company.
Vesting conditions	The Legacy ESOP Scheme is governed by scheme rules that provide for the vesting of issued Legacy ESOP Options to occur in accordance with vesting conditions stated in the offer document under which Legacy ESOP Options are granted. The Legacy ESOP Options were granted to participants with the same vesting conditions which applied to the Old ESOP Options which were held by the participants under the legacy scheme and cancelled and replaced with new Legacy ESOP Options. At the Prospectus Date, 9,169,712 Legacy ESOP Options are fully vested, with 8,406,464 Legacy ESOP Options unvested and subject to service based vesting conditions applying between the grant date and October 2023.
Exercise	After the Legacy ESOP Options have vested, participants may choose to exercise their Legacy ESOP Options at any time within the specified exercise period by giving notice in writing to the Company and paying the relevant exercise price in respect of the Legacy ESOP Options being exercised. The exercise price of the Legacy ESOP Options as at the Prospectus Date varies from \$0.0022 per Share to \$0.0929 per Share.
Expiry	Legacy ESOP Options will expire on the date stated for expiry under the Scheme rules or under any offer made to a participant at the time the Legacy ESOP Option is granted. At the Prospectus Date, no expiry date applies to the Legacy ESOP Options.
Cessation of employment of holders of Legacy ESOP Options	Unless otherwise determined by the Board: <ul style="list-style-type: none"> • participants who cease their employment or engagement with any member of the Mad Paws corporate group as a good leaver continue to be entitled to hold all vested Legacy ESOP Options which have not been previously exercised or lapsed at the cessation date, provided at all times the relevant participant remains a good leaver; • unvested Legacy ESOP Options held by a good leaver participant at the time of cessation of employment or engagement will be cancelled and be of no further effect unless otherwise determined by the Board; • all unvested Legacy ESOP Options and vested Legacy ESOP Options which have not been previously exercised or lapsed at the cessation date held by participants who cease employment or engagement with any member of the Mad Paws corporate group as a bad leaver will be cancelled and be of no further effect. The Company may, in its sole discretion, direct that certain

	<p>vested Legacy ESOP Options do not lapse and may instead be exercised by the participant within 30 days or transferred to a person nominated by the Board at 50% fair market value.</p> <p>In addition to the above, where a participant ceases employment or engagement with any member of the Mad Paws corporate group, the Company may at its discretion either direct the participant to transfer the option shares (being Shares issued as a result of the exercise by a Participant of its option) to a person nominated by the board, or buy back some or all of the option shares, in each case at a price equal to 100% fair market value if the participant is a good leaver, or 50% fair market value if the participant is a bad leaver, subject to applicable laws.</p> <p>Broadly, a 'good leaver' for the purposes of the Legacy ESOP Scheme is a person who ceases to be employed or engaged with the group due to permanent disability or incapacity, death, genuine redundancy or resignation at least 12 months after the person first holds Legacy ESOP Options, except where the person is in breach of their employment or consulting agreement entitles the employer to immediately dismiss or terminate such employment or consulting agreement or such person subsequently becomes involved in a business with compete with the Company's business.</p>
Disposal restrictions	<p>Legacy ESOP Options and shares issued on exercise of the Legacy ESOP Options may not be transferred, unless the transfer is a permitted transfer in accordance with the scheme rules, or with Board consent.</p> <p>Legacy ESOP Options and shares issued on exercise of the Legacy ESOP Options are subject to an overriding disposal restriction applying until the earlier of a 3 year period after the issue of the option or as otherwise allowed by the Commissioner of Taxation in accordance with section 83A-45(5) of the Tax Act and the date that the participant ceases to be employed or engaged by a Mad Paws group company.</p> <p>The Company may do all things and enter into arrangements with its share registry or otherwise that it considers necessary, including the application of a holding lock, to enforce such any such disposal restrictions.</p>
Change of control	<p>If a specified change of control event occurs, the Board has the discretion to bring forward the vesting of a Legacy ESOP Option held by a participant at the relevant time, and may be exercised from that time regardless of whether any vesting conditions have been satisfied. The Company may also determine to buy-back the Legacy ESOP Option, arrange for the options to acquire shares in the bidder entity to be granted on substantially the same terms as the Legacy ESOP Option or do nothing, and allow the Legacy ESOP Option to continue in accordance with its terms.</p>
Capital Restructure	<p>Any reconstruction or reorganisation of the share capital of the Company prior to the exercise of the Legacy ESOP Options (including consolidation, subdivision, reduction, capital return, buy back or cancellation), will result in appropriate adjustments being made by the directors of the Company (in accordance with the requirements of the ASX Listing Rules and any applicable laws) to the aggregate number of shares to be issued on the exercise of any Legacy ESOP Options and/or the exercise price of any Legacy ESOP Options.</p>
Amendments	<p>The terms of the Legacy ESOP Scheme may be amended, modified or varied by the Company in its absolute discretion, in accordance with and in the manner stipulated (if any) by the ASX Listing Rules.</p> <p>Any proposed amendment of any term of the Legacy ESOP Scheme which may materially reduce the accrued rights of any participant in respect of Legacy ESOP Options or Shares issued on exercise of a Legacy ESOP Options prior to the date of the amendment requires the consent of participants holding not less than 75% of the total number of all issued Legacy ESOP Scheme, unless the amendment is introduced primarily for the purpose of complying with applicable law, including the Corporations Act and the ASX Listing Rules, to correct any manifest error or mistake or for other specified reasons.</p>
Rights of holders of Legacy ESOP Options prior to exercise	<p>Participants in the Legacy ESOP Scheme will not (in respect of their entitlement to shares underlying their Legacy ESOP Options) have any voting rights in respect of the underlying shares, will not have the right to receive any dividends or other distributions or to receive or otherwise participate in any returns of capital from the Company and will not be permitted to participate in new share issues of the Company without exercising the applicable Legacy ESOP Options.</p>

As noted in Section 6.4.3.5, Jan Pacas and Justus Hammer have indicated their intention to exercise a total of 2,564,681 vested Legacy ESOP Options to Shares prior to Listing. Following the exercise, a total of 15,011,495 Legacy ESOP Options are expected to be on issue at Listing.

10.6. Equity Incentive Plan

As noted in Section 6.4.3.1 the Company has established the Equity Incentive Plan to assist in the motivation, retention and reward of eligible employees and Directors. The Equity Incentive Plan is designed to align the interests of employees and Directors with the interests of Shareholders by providing an opportunity for employees and Directors to receive an equity interest in the Company.

A summary of the key terms of the Equity Incentive Plan is set out below.

TERM	DESCRIPTION
Eligibility	At the discretion of the Board, Awards under the Equity Incentive Plan may be offered to employees, officers, directors or consultants of the Company. If permitted by the Board, participants will be able to nominate a third party to be issued the Awards on their behalf.
Types of Awards	<p>The Awards that may be offered under the Equity Incentive Plan consist of:</p> <ul style="list-style-type: none"> Options (i.e. rights to be issued a Share upon payment of any applicable exercise price); and performance rights (i.e. rights to be issued a Share for nil exercise price).
Terms of Awards	The Board has discretion to decide on the terms of Awards, ensuring that there is flexibility under the Equity Incentive Plan to achieve a range of different remuneration and incentive outcomes. Typically, the detailed terms of an Award – including vesting conditions, exercise price (if any) exercise period, and the treatment of Awards upon cessation of employment – will be contained in the specific offer made to eligible individuals under the Equity Incentive Plan. The Board may set different terms and conditions for different participants in the Equity Incentive Plan.
Vesting conditions	<p>Awards may be subject to performance-based and/or time-based vesting conditions. As noted above, vesting conditions will normally be contained in the specific offers made under the Equity Incentive Plan. However, in the case of Options and performance rights, the Equity Incentive Plan also contains default vesting conditions in the event that no such conditions are set out in (or expressly excluded by) the relevant offer. Under the default vesting conditions, such Awards vest in equal one-third tranches on the first, second, and third anniversaries of the grant date, but only if the Award-holder either remains employed or engaged with the Group on the vesting date, or ceased to be so employed or engaged before the applicable vesting date in circumstances where the person was a good leaver. Broadly, a 'good leaver' for the purposes of the Equity Incentive Plan is a person who ceases to be employed or engaged with Mad Paws due to permanent disability, death or genuine redundancy.</p> <p>Vested Awards will be exercisable if and to the extent that any applicable exercise conditions specified at the time of the grant are satisfied or waived by the Board.</p>
Exercise price	As a condition of the grant of the Awards, the Board may require a participant to pay an exercise price to exercise those Awards.
Issue, allocation or acquisition of Shares	Subject to applicable laws, Shares to be delivered to participants upon the exercise of vested Awards may be issued by the Company, acquired on or off market and transferred, and/or allocated within an employee securities trust.
Expiry date	Awards will be issued with an expiry date. If no date is specified, the expiry date will be 6 years after the date of grant.
Restrictions on dealing of Awards	Subject to applicable laws and the ASX Listing Rules, Awards may not be sold, transferred, encumbered, hedged or otherwise dealt with other than in accordance with the rules of the Equity Incentive Plan and the relevant offer invitation.
Lapse/forfeiture of Awards	<p>The Equity Incentive Plan contains provisions which set out the treatment of Awards and any Shares issued, allocated or transferred following the exercise of Awards, including in the event that:</p> <ul style="list-style-type: none"> the participant ceases employment with Mad Paws; the vesting conditions or exercise conditions attaching to the relevant Awards are not satisfied or the Board forms the view they cannot be satisfied; a participant becomes insolvent; a participant breaches (without remedy) the obligation that are owed to the Company in respect of the Equity Incentive Plan; a participant's nominated affiliate has undergone a change of control without the prior written consent of the Board; and the Awards are not exercised before the applicable expiry date. <p>The Equity Incentive Plan also contains provisions which provide the Board with the ability to reduce Awards or Shares issued on exercise of the Awards and/or impose claw-back in the event of certain fraudulent or dishonest actions or breach of obligations they owe to Mad Paws to ensure that no benefit is obtained by the participant.</p>

Change of control impact on Awards	If a change of control event in relation to the Company occurs (or if the Board resolves for the purpose of the Equity Incentive Plan that a change of control event will occur), the Board will have the absolute discretion to determine the manner in which Awards (whether vested or unvested) will be dealt with.
Hedging of unvested awards	The Equity Incentive Plan prohibits Award-holders from entering into any transactions which limit the economic risk of holding unvested Awards.
Other terms	<p>The Equity Incentive Plan contains customary and usual terms having regard to Australian law and the ASX Listing Rules for dealing with the administration, variation and termination of the Equity Incentive Plan (including in relation to the treatment of Awards in the event of a reorganisation of the Company's share capital, a rights issue or a bonus share or bonus unit issue).</p> <p>Awards will not carry any distributions or voting rights.</p> <p>Awards will not be quoted on the ASX.</p> <p>The Company will apply in accordance with the ASX Listing Rules for official quotation of any Shares issued to a participant under the Equity Incentive Plan.</p>

It is proposed that up to 21,250,000 Options will be offered under the Equity Incentive Plan pursuant to this Prospectus (the **IPO Options**) prior to Listing as set out in Section 6.4.3.4. Upon grant, these will be the first grant of Awards under the Equity Incentive Plan.

10.7. Bombora Option Deed

The Company has granted Bombora Investment Management Pty Limited as trustee for Bombora Special Investments Growth Fund a total of 10,000,000 options (**Bombora Options**) to acquire new shares in the capital of the Company.

A summary of the key terms of the Bombora Options is set out below.

TERM	DESCRIPTION
Grant date	18 December 2020
Grant price	Nil.
Exercise Price	Each Bombora Option confers on the holder the right to acquire one Share at an exercise price of \$0.20.
Vesting	The Bombora Options are not subject to any vesting conditions.
Expiry Date	The Options will expire at 5:00pm (AEST) on the later of the third anniversary of the day on which they were issued and the third anniversary of the Company's IPO. Any Bombora Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
Exercise	<p>The Bombora Options may be exercised at any time during the Exercise Period, subject to any securities trading policy in effect.</p> <p>Upon exercise, the holder will be issued with the corresponding number of Shares as soon as reasonably practicable, and in any event within 10 Business Days after receipt of a valid exercise notice accompanied by the applicable exercise price. Shares issued upon exercise of any Bombora Options will be credited as fully-paid, and will generally rank equally with other Shares on issue. The Company will apply for official quotation of those Shares in accordance with the Listing Rules.</p>
Voting and dividend rights	Bombora Options do not confer on their holder any right to dividends or to attend or vote at shareholder meetings of the Company. However, any Shares received upon exercise of Bombora Options will carry the same rights as other Shares.
Restrictions on transfer	Subject to applicable law and any ASX-imposed or voluntary escrow restrictions, the Bombora Options are freely transferable.

Adjustments

If at any time the issued share capital of the Company is reconstructed (including by way of consolidation or share-split), then, subject to the Corporations Act and the ASX Listing Rules, the Bombora Options shall be reconstructed (including by way of consolidation or option-split) on the same basis so that the holder is not prejudiced by such reconstruction of the Company's issued share capital. Notwithstanding anything in this document, the rights of the holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. If the Company proceeds with a pro rata issue (except a bonus issue) of securities to its Shareholders after the date of issue of the Bombora Options, the exercise price of the Bombora Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2. If the Company conducts a bonus issue of securities to its Shareholders after the date of issue of the Bombora Options, the number of securities over which a Bombora Option is exercisable may be increased by the number of securities which the holder would have received if the Bombora Option had been exercised before the record date for the bonus issue.

Other terms and conditions

The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company in respect of any Bombora Options unless those Bombora Options have been exercised before the record date for determining entitlements to the new issue of securities and the holder participates as a result of holding Shares. The Company will not apply for quotation of the Bombora Options on the ASX.

10.8. Convertible notes

As at the Prospectus Date the Company has approximately 5.85 million Convertible Notes on issue with a face value of approximately \$5.85 million. The Convertible Notes were issued on 23 December 2020 following completion of the Company's acquisition of Mad Paws Pty Ltd. The Convertible Notes are held by a number of sophisticated and professional investors, including entities associated with Mike Hill and Joshua May, Non-Executive Directors of the Company (**Noteholders**) and Bombora Special Investments Growth Fund.

A summary of the key terms of the Convertible Notes is as follows:

- face value: \$1 per note paid on application;
- maturity: the notes mature on the date that is 24 months after the issue date;
- interest: interest accrues at the rate of 8% per annum on the face value of the note plus any capitalised accrued interest, from the date of issue until the notes are redeemed, converted or the maturity date (earlier of), paid quarterly in arrears and capitalised;
- convertible: the notes are convertible into fully paid ordinary shares in the Company upon a stated Conversion Event which includes a Relevant IPO (defined as an IPO which raises gross proceeds of at least \$5 million) and other specified events;
- redeemable: the notes are redeemable on the maturity date by either cash payment or conversion (with the majority approval of noteholders); and
- security: the notes are unsecured.

The Offer being made under this Prospectus and proposed ASX Listing, will trigger a conversion event under the terms of the Convertible Notes. Under the terms of issue, the Company was required, and has now issued, a notice to Noteholders in respect of the initial public offering. Upon receipt of this notice, Noteholders were deemed to have elected to convert their Convertible Notes into Shares on Completion of the Offer (**Conversion Shares**) at a conversion price of \$0.16c (being a 20% discount to the Offer price) (**Convertible Note Conversion**).

The Convertible Note Conversion is expected to be completed on the Offer Shares Allotment Date. There will be no Convertible Notes on issue after Listing.

All principal and interest amounts under the Convertible Notes will be automatically converted into Shares in the Convertible Note Conversion, with approximately 37.41 million Conversion Shares expected to be issued.²⁶

Entities associated with Mike Hill and Joshua May, Non-Executive Directors, hold Convertible Notes (57,500 collectively) and will collectively receive approximately 367,000 Conversion Shares in the Convertible Note Conversion on the same terms as all other Convertible Note holders. Bombora Growth Fund (via its custodian Mainstream Fund Services) also holds 938,100 Convertible Notes and will receive approximately 5.99 million Conversion Shares in the Convertible Note Conversion on the same terms as all other Convertible Note holders.

10.9. Qantas Promotion Agreement

Mad Paws is party to a promotion agreement with Qantas Airways Limited (**Qantas**) in relation to the promotion of the

²⁶ The number of Conversion Shares stated is estimated based on the Convertible Note Conversion occurring on 31 March 2021 (with interest accruing until that date). The actual number of Conversion Shares to be issued in the Convertible Note Conversion will change depending on when the conversion actually occurs, and may be less if the conversion occurs prior to 31 March 2021.

Mad Paws pet services marketplace via the Qantas and Jetstar website and other marketing materials, and the Qantas Frequent Flyer Program (**Qantas Promotion Agreement**). The key terms of the Qantas Promotion Agreement are:

- Mad Paws must pay Qantas a commission when a customer makes a booking for Mad Paws' services via links supplied in Qantas and Jetstar promotional materials. Commission is paid on a monthly basis, subject to a de-minimis threshold (amounts below the threshold are accrued and paid once the aggregate of the relevant amounts exceed the threshold);
- The Qantas Promotion Agreement continues until terminated. The agreement may be terminated by either party without cause upon no less than 60 days' notice, or immediately in the event of an unremedied breach by the other party, the occurrence of an insolvency event in relation to the other party, or where the other party attempts to assign its obligations without consent. Qantas may also terminate the agreement immediately if Mad Paws does or omits to do anything which brings a member of the Qantas Group into disrepute, or where Mad Paws undergoes a change of control without the consent of Qantas.
- Mad Paws must not enter into promotional, white label or co-branding agreement with any other airline or airline consumer royalty program; and
- Qantas, Jetstar and any other member of the Qantas Group must not enter into promotional, white label or co-branding agreement with any business which operates a marketplace platform similar to that operated by Mad Paws.

10.10. Qantas Performance Payment Agreement

Mad Paws is party to an agreement with Qantas Ventures Pty Ltd (ACN 622 616 611) (**Qantas Ventures**) pursuant to which Mad Paws has issued to Qantas Ventures 16,169 "Performance Payment Rights". (**Qantas Performance Payment Agreement**). Each Performance Payment Rights, once vested, entitled Qantas Ventures to receive a cash payment of \$28.57 per vested right. If fully vested, Qantas Ventures would be entitled to an aggregate payment of \$461,948.33. The number of Performance Payment Rights which vest and may be exercised by Qantas Ventures is calculated on a bi-monthly basis, based on the number of first-time customers introduced by Qantas and Jetstar and the gross merchandise value or repeat booking customers introduced by Qantas and Jetstar (under the Qantas Promotion Agreement). The Performance Payment Rights do not lapse or expire.

10.11. Insurance Distribution Agreement

Mad Paws is party to an insurance distribution agreement (**Insurance Distribution Agreement**) between Mad Paws, Pacific Insurance and AI Insurance, relating to the supply and distribution of Mad Paws' pet insurance. Pursuant to this agreement, Pacific Insurance acts as issuer and underwriter of the Mad Paws pet insurance product, while AI Insurance provides authorisation under its Australian Financial Services Licence to deal in and distribute Mad Paws' pet insurance. The key terms of the Insurance Distribution Agreement are as follows:

- Mad Paws is appointed as an authorised representative of AI Insurance to deal in and distribute Mad Paws' pet insurance;
- Mad Paws is appointed as an intermediary of Pacific Insurance with authority to offer and arrange the issue of Mad Paws' pet insurance by Pacific Insurance;
- The parties must agree to a compliance plan for each insurance product to be issued, and each give undertakings to the other parties with respect to compliance with applicable laws;
- Mad Paws grants a licence to Pacific Insurance to use its trademarks and other intellectual property in connection with the supply of Mad Paws' pet insurance;
- The Insurance Distribution Agreement expires in February 2025, unless terminated earlier. A party may terminate the agreement for convenience upon 3 months' notice in writing to the other parties. A party may also terminate immediately in the event of an unremedied material breach, the occurrence of an insolvency event in relation to another party, another party undergoes a change of control without consent, or another party disposes of all or material part of its business or assets and such disposal would be materially detrimental to the ability of that party to perform its obligations under the agreement.
- Each party indemnifies the other parties in relation to loss or damage caused by the indemnifying party's fraud or wilful misconduct, for breach of its privacy and confidentiality obligations under the agreement, for

unauthorised use of the other parties' trademarks, or for a negligent act or omission which causes the death or injury of another person, or any loss or damage of another person's personal property. Each party's liability is limited to \$1,000,000 in respect of any number of events notified within any 12 month period.

In connection with the Insurance Distribution Agreement, Mad Paws has entered into a side letter with Pacific Insurance and Badger International (NZ) LP (an affiliate of Pacific Insurance) pursuant to which it has granted Pacific Insurance the exclusive right to supply white-label pet insurance products for sale as Mad Paws' pet insurance for so long as Badger International (NZ) LP holds shares in the Company, and provided that such white-label products are (in Mad Paws' reasonable opinion) competitive, and Mad Paws is reasonably and competitively compensated. Pacific Insurance has a right of first refusal to match or beat any offer to supply other white-label insurance products to Mad Paws for sale to its customers.



ADDITIONAL INFORMATION

11. ADDITIONAL INFORMATION

11.1. Registration

The Company was incorporated on 17 September 2019 as Arugam Limited. Its corporate name changed to 'Mad Paws Holdings Limited' on 2 December 2020.

11.2. Balance Date and Tax Status

The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

The Company may form an Australian income tax consolidated group with Mad Paws Pty Ltd in the future.

11.3. Corporate Structure

At the Prospectus Date, the Company has one subsidiary, Mad Paws Pty Ltd, acquired on 23 December 2020 on completion of the Acquisition. The corporate structure of the Mad Paws Group is set out in Section 3.1.

11.4. Current Capital Structure

The issued capital of the Company as at the Prospectus Date is set out in the table below.

CLASS OF SECURITY	NUMBER
Shares	114,623,825
Options	27,576,176
Convertible Notes	5,857,916 (by number)

A share consolidation was effected on 30 November 2020 decreasing the share capital from 296,000,000 fully paid ordinary shares to 22,200,000 fully paid ordinary shares on issue.

92,423,825 fully paid ordinary shares in the Company were issued on 23 December 2020 to Original Mad Paws Shareholders as consideration for the Acquisition at an issue price of \$0.20 per share (as summarised in Section 10.4).

The Options comprise:

- 17,576,176 Legacy ESOP Options granted on 23 December 2020 in exchange for options granted under a legacy employee stock option plan equity plan established by Mad Paws Pty Ltd prior to the Acquisition (as summarised in Section 10.5); and
- 10,000,000 Bombora Options granted on 18 December 2020 held by Bombora Special Investments Growth Fund (the terms of which are summarised in Section 10.7).

The Convertible Notes were issued on 23 December 2020 and will be automatically converted to Shares on the Offer Shares Allotment Date (refer to the summary in Section 10.8). The Company will issue approximately 37.4 million Conversion Shares for the Convertible Note Conversion, subject to adjustment for accrued interest up until the conversion date.

11.5. Capital Structure Following the Offer

Following Completion of the Offer, on the Offer Shares Allotment Date, the Company expects that the issued capital of the Company will comprise the following:

CLASS OF SECURITY	MINIMUM SUBSCRIPTION)	MAXIMUM SUBSCRIPTION)
Shares	204,596,359	214,596,359

Options	48,261,495	48,261,495
Total securities on issue (shares and options)	252,857,854	262,857,854

In the above table:

- Shares comprise existing shares on issue plus New Shares issued in the Offer, as well as Conversion Shares and Legacy ESOP Shares;
- Options comprise Legacy ESOP Options (less those exercised to Legacy ESOP Shares), Bombora Options, JLM Options, and IPO Options.

11.6. Shareholding Structure

A total of 70 shareholders presently hold 100% of the Shares in the Company, with 58 Noteholders holding Convertible Notes. The Existing Shareholders (including Noteholders following the Convertible Note Conversion) are expected to hold approximately 75.56% of the Shares on issue following Completion of the Offer (assuming Minimum Subscription) and approximately 72.04% of the Shares on issue following Completion of the Offer (assuming Maximum Subscription) as shown in the below table.

	SHARES HELD AT PROSPECTUS DATE		SHARES HELD AT LISTING			
			MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	No.	%	No.	%	No.	%
Jan Pacas¹	5,965,302	5.20%	6,706,630	3.28%	6,706,630	3.13%
Justus Hammer²	5,487,055	4.79%	7,310,408	3.57%	7,310,408	3.41%
Mike Hill³	-	0.00%	207,541	0.10%	207,541	0.10%
Joshua May⁴	-	0.00%	159,647	0.08%	159,647	0.07%
Alexis Soulopoulos	2,908,397	2.54%	2,908,397	1.42%	2,908,397	1.36%
Other Original Mad Paws Shareholders⁵	78,063,071	68.10%	78,063,071	38.15%	78,063,071	36.38%
Bombora Growth Fund⁶	17,940,006	15.65%	23,930,581	11.70%	23,930,581	11.15%
Other Existing Shareholders⁷	4,259,994	3.72%	4,259,994	2.08%	4,259,994	1.99%
Noteholders⁸		0.00%	31,050,090	15.18%	31,050,090	14.47%
New investors in the Offer	-	0.00%	50,000,000	24.44%	60,000,000	27.96%
Total	114,623,825	100.00%	204,596,359	100.00%	214,596,359	100.00%

Notes:

1. Shares held by Jan Pacas at the Completion of the Offer includes Shares received following exercise of vested Legacy ESOP Options.

2. Shares held by Justus Hammer at the Completion of the Offer includes Shares following exercise of vested Legacy ESOP Options.

3. Mr Hill's interests in Shares are held indirectly through Jarumitoti Superannuation Fund Pty Ltd ACN 604 598 236 ATF Jarumitoti Super Fund, which is an entity controlled by Mr Hill. Mr Hill's interests at Completion include shares he will hold following the Convertible Note Conversion. Mike is the Managing Director and Co-CIO of Bombora Special Investments Growth Fund and a Director of Bombora Investment Management Pty Limited (the trustee of Bombora Special Investments Growth Fund. Bombora Investment Management currently holds 13.25% of the total issued capital in the Company on an undiluted basis as the corporate trustee of the Bombora Special Investments Growth Fund and such holding is expected to drop at Completion to 7.8% (Minimum Subscription) or 7.42% (Maximum Subscription). Although Mike holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management. As such, Mr Hill does not have any relevant interests in the Shares held by Bombora Investment Management.

4. Mr May's interests in Shares are held indirectly through Jam Family Super Fund Pty Ltd ATF Jam Family Superannuation Fund, which is an entity controlled by Mr May. Mr May's interests at Completion include shares he will hold following the Convertible Note Conversion. It is noted that Josh is a portfolio manager of the Bombora Special Investment Growth Fund and a Director of Bombora Investment Management Pty Limited (the trustee of

Bombora Special Investments Growth Fund. Mr May also holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, but he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management. As such, Mr May does not have any relevant interests in the Shares held by Bombora Investment Management.

5. Other Original Mad Paws Shareholders are those shareholders who held shares in Mad Paws prior to the Acquisition other than Mr Pacas, Mr Hammer and Mr Soulopoulos.

6. Bombora Special Investments Growth Fund's interests in Shares are held by Bombora Investment Management Pty Limited as trustee for Bombora Special Investments Growth Fund, Mainstream Fund Services Pty Ltd as custodian for Bombora Special Investments Growth Fund, and National Nominees Limited as custodian for Bombora Special Investments Growth Fund. Unless otherwise stated, references to Bombora's interests in the Prospectus are aggregated.

7. Other Existing Shareholders are initial investors in the Company who are not Original Mad Paws Shareholders, Bombora Special Investments Growth Fund, Mr Pacas, Mr Hammer, Mr Soulopoulos, Mr Hill or Mr May.

8. Noteholders are holders of Convertible Notes excluding those notes held by entities associated with Mr Hill, Mr May and Bombora Special Investments Growth Fund. Some Original Mad Paws Shareholders and Other Existing Shareholders are also Noteholders. Number are based on assumed interest calculations and may change depending on the date conversion occurs.

The share structure of the Company immediately prior to and following the Completion of the Offer is shown in the table below.

	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	Shares	Shares (%)	Shares	Shares (%)
Shares on issue at Prospectus Date	114,623,825	56.02%	114,623,825	53.41%
Shares issued in Convertible Note Conversion¹	37,407,853	18.28%	37,407,853	17.43%
Shares issued on exercise of Legacy ESOP Shares²	2,564,681	1.25%	2,564,681	1.20%
New Shares issued under the Offer	50,000,000	24.44%	60,000,000	27.96%
Total	204,596,359	100%	214,596,359	100%

Notes:

1. Based on assumed interest calculations. Actual number of shares may change depending on the date the Convertible Note Conversion occurs.
2. The number of Legacy ESOP Options on issue will reduce by 2,564,681 options following the exercise.

11.7. Substantial Holders

It is expected that substantial holders of the Company (being those parties with relevant interests in more than 5% of the Company's voting shares) following Completion of the Offer, will be as follows:

Name of substantial holder	Number of Shares held at Listing	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
		% of share capital at Listing	% of share capital at Listing
Bombora Growth Fund ¹	23,930,581	8.77%	8.36%
Pruval Investments Pte. Ltd	13,317,467	6.51%	6.21%

Notes:

1. Includes Shares held by Bombora Investment Management Pty Ltd as trustee and Shares held by National Nominees Limited and Mainstream Fund Services Pty Ltd as custodians for Bombora Special Investments Growth Fund on an aggregated basis.

The above table does not reflect any Shares which either the above holders, or any new investors may subscribe for under the Offer.

11.8. Control implications of the Offer

The Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) Mad Paws on Completion.

11.9. Escrow Arrangements

An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to certain exceptions set out in the escrow arrangement.

ASX imposed escrow

As noted in Section 10.3, subject to the Company being admitted to the Official List, the Company anticipates that certain Shares and Options on issue prior to the Listing held by Jan Pacas, Justus Hammer, Mike Hill, Josh May, Alexis Soulopoulos and Bombora Growth Fund will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the Listing Date.

In addition, the ASX may impose escrow restrictions on additional securities held by other parties at the Listing Date, including the JLM Options granted to the Joint Lead Managers or affiliated nominees.

The Company has made submissions to the ASX in regards to mandatory escrow arrangements. As at the date of this Prospectus, the Company has not received any response to these submissions.

The table below sets out the expected mandatory escrow arrangements for Jan Pacas, Justus Hammer, Mike Hill, Josh May, Alexis Soulopoulos and Bombora Growth Fund, as at the Prospectus Date. As the ASX has not made a final determination of the mandatory escrow to be applied to the securities, the final determination may be different from the assumptions set out in this Prospectus. The Company will announce to the ASX full details of the Securities required to be held in escrow prior to the Securities commencing trading on the ASX.

Holder	Class	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
		No. of restricted securities ⁵	% of holding ⁶	No. of restricted securities ⁵	% of holding ⁶
Jan Pacas ¹	Shares	5,914,897	88.19%	5,914,897	88.19%
	Options	4,082,656	100.00%	4,082,656	100.00%
	Total	9,997,553	92.66%	9,997,553	92.66%
Justus Hammer ¹	Shares	5,436,724	74.37%	5,436,724	74.37%
	Options	10,596,707	100.00%	10,596,707	100.00%
	Total	16,033,431	89.54%	16,033,431	89.54%
Mike Hill ²	Shares	45,041	21.70%	45,041	21.70%
	Options	1,950,000	100.00%	1,950,000	100.00%
	Total	1,995,041	92.47%	1,995,041	92.47%
Josh May ³	Shares	34,647	16.69%	34,647	16.69%
	Options	1,950,000	100.00%	1,950,000	100.00%
	Total	1,984,647	94.07%	1,984,647	94.07%
Alexis Soulopoulos	Shares	2,908,397	100.00%	2,908,397	100.00%
	Options	8,594,036	100.00%	8,594,036	100.00%
	Total	11,502,433	100.00%	11,502,433	100.00%
Bombora Growth Fund ⁴	Shares	1,341,250	5.60%	1,341,250	5.60%
	Options	10,000,000	100.00%	10,000,000	100.00%

	Total	11,341,250	33.42%	11,341,250	33.42%
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Notes:

1. Reflects Shares and Options after exercise of Legacy ESOP Options.
2. Reflects Shares and Options held indirectly through Jarumitoti Superannuation Fund Pty Ltd ATF Jarumitoti Super Fund.
3. Reflects Shares and Options held indirectly through Jam Family Super Fund Pty Ltd ATF Jam Family Superannuation Fund and Symdane Pty Limited on an aggregated basis.
4. Reflects Shares and Options held by Bombora Investment Management Pty Limited as trustee for Bombora Special Investments Growth Fund, Mainstream Fund Services Pty Ltd as custodian for Bombora Special Investments Growth Fund, and National Nominees Limited as nominee for Bombora Special Investments Growth Fund on an aggregated basis.
5. Reflects the total number of securities expected to be held by the holder at Listing in that class, after the transactions contemplated by this Prospectus. Assumes that the holder does not apply for any new Shares under the Offer.
6. Reflects the percentage the total number of the holder's expected restricted securities in that class relate to the expected total number of securities expected to be held by the holder at Listing in that class, after the transactions contemplated by this Prospectus and assuming the holder does not apply for any new Shares under the Offer.

Holder	Class	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
		No. of restricted securities ¹	% of total ²	No. of restricted securities ¹	% of total ²
Total	Shares	15,680,956	7.66%	15,680,956	7.31%
	Options	37,173,399	77.02%	37,173,399	77.02%
	Total	52,854,355	20.90%	52,854,355	20.11%

Notes:

1. Reflects total number of expected restricted securities held by the holders noted in the above table at Listing in that class after the transactions contemplated by this Prospectus. Assumes that the holders do not apply for any new Shares under the Offer.
2. Reflects the percentage the total number of expected restricted securities held by the holders noted in the above table at Listing in that class relate to the expected total number of securities expected to be on issue in that class at Listing, and assuming the holders do not apply for any new Shares under the Offer.

In respect of the Options that are subject to restrictions, any underlying Shares into which the Options are converted during the relevant restriction period will also be subject to escrow for the portion of the relevant restriction period remaining after exercise.

Once the escrow restrictions have been confirmed by ASX, it is assumed that the Company will enter into appropriate restriction agreements with each of the parties holding restricted securities in the form required by ASX, which will prevent them from disposing of their restricted securities for the applicable ASX mandated escrow period.

Voluntary escrow arrangements

In addition, it is anticipated that up to approximately 26.13 million Shares held by certain Mad Paws Shareholders and Bombora Special Investments Growth Fund on Completion will be subject to the following voluntary escrow arrangements:

Voluntary restriction period	Number of shares expected to be subject to voluntary escrow restrictions (estimated maximum)
From Listing Date until the business day after the release of the Company's FY21 audited accounts	13,062,941
From Listing Date until the business day after the release of the Company's FY22 half year audited accounts	13,062,941

The above table assumes that no ASX mandatory escrow restrictions will be imposed on the Shares held by the Escrowed Shareholders. In the event that the ASX imposes mandatory escrow restrictions on the Shares held by Escrowed Shareholders, the number of Escrowed Shares will reduce by the number of Shares subject to mandatory escrow restrictions. The Company will announce to the ASX the final escrow positions prior to the Shares

commencing trading on the ASX. Once the mandatory escrow restrictions have been confirmed by ASX, it is assumed that the Company will enter into appropriate voluntary restriction agreements with each of the Escrowed Shareholders in respect of the Escrowed Shares, which will prevent them from disposing of their Escrowed Shares for the applicable voluntary restriction period. A summary of the terms of the voluntary restriction agreements is set out in Section 10.3.2.

11.10. Free float

At Completion, none of the New Shares issued in the Offer, representing 24.44% of the total issued capital on an undiluted basis (assuming Minimum Subscription) and 27.96% of the total issued capital on an undiluted basis (assuming Maximum Subscription), will be subject to escrow arrangements (i.e. in the opinion of the Company, the free float of Shares at the time of Listing on the Official List will not be less than 20% of Shares on issue at that time).

The table below shows the expected free float at ASX Listing based on the escrow assumptions noted above.

	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	No.	Total class (%)	No.	Total class (%)
Shares expected to be on issue at ASX Listing ¹	204,596,359	100.00%	214,596,359	100.00%
Shares expected to be subject to mandatory ASX restrictions ²	15,680,956	7.66%	15,680,956	7.31%
Shares expected to be subject to voluntary ASX restrictions (based on assumptions) ²	26,125,883	12.77%	26,125,883	12.17%
Total shares expected to be subject to mandatory or voluntary escrow restrictions	41,806,838	20.43%	41,806,838	19.48%

Notes:

- The figures have been calculated on the basis of the number of Shares expected to be held following the Offer and the Convertible Note Conversion. As noted elsewhere in this Prospectus, the number actually on issue at ASX Listing is subject to change depending on the date the Convertible Note Conversion occurs (refer to Section 10.8).
- As noted in Section 11.9, the Shares expected to be subject to mandatory ASX and voluntary escrow restrictions are estimates only and are subject to confirmation by ASX, and entry into appropriate restriction deeds with the relevant holders.

11.11. Rights Attaching to the Shares

Detailed provisions relating to the rights attaching to the Shares are set out in the Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Constitution, free of charge.

The detailed provisions relating to the rights attaching to Shares under the Constitution and the Corporations Act are summarised below.

RIGHT	DETAILS
Fully paid	On issue, the Shares will be fully paid.
Ranking	On issue, the Shares will rank equally with other Shares currently on issue.
Meetings	Each holder of Shares has the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the Corporations Act.
Dividends	Each Share has the right to receive dividends, according to the amount paid up on the Share.
Voting rights	Each holder of Shares has the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none).
Entitlement	Each holder of Shares has the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not

	been classified by ASX as 'restricted securities' and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution.
Transfer / transmission	Subject to the Corporations Act and the ASX Listing Rules, the Shares are fully transferable.
Variation of rights	The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

11.12. Interests of Experts and Advisors

Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promotor of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed director to induce them to become, or qualify as, a Director.

Foster Stockbroking Pty Ltd and CCZ Statton Equities Pty Ltd have acted as Joint Lead Managers of the Offer. The Company has paid or agreed to pay a maximum amount of \$720,000 (plus GST and disbursements) to the Joint Lead Managers in respect of these services on the basis that the gross proceeds of the Offer are \$12 million and a maximum amount of \$600,000 (plus GST and disbursements) to the Joint Lead Managers on the basis that the gross proceeds of the Offer are \$10 million. In addition to cash fees, the Joint Lead Managers or affiliated nominees will also be issued 2,000,000 JLM Options (in aggregate) in part consideration for provision of the services with the terms set out in Section 10.2.

Crowe Audit Australia has acted as the Australian Investigating Accountant and Australian tax advisor to the Company in respect of the Offer and provided the Investigating Accountant's Report in Section 8. The Company has paid or agreed to pay an amount of approximately \$71,500 (plus GST and disbursements) in respect of these and other services provided to the Prospectus Date.

Crowe Sydney has acted as the auditor to the Company and Mad Paws. The Company has paid or agreed to pay an amount of approximately \$71,500 (plus GST and disbursements) in respect of these services to the Prospectus Date.

Talbot Sayer has acted as Australian legal advisor to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately \$150,000 (plus GST and disbursements) in respect of these services up until the Prospectus Date. Further amounts may be paid to Talbot Sayer in accordance with its normal time-based charges. Prior to the Prospectus Date, Talbot Sayer has also received fees in connection with acting as Australian legal advisor to the Company in relation to the Acquisition.

Automic is the Company's Share Registry and will provide share registry services in respect of the Offer. The Company has paid or agreed to pay an amount of approximately \$4,400 (plus GST and disbursements) in respect of these services up until the Prospectus Date. Further amounts may be paid to Automic in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds from the Offer and payment of expenses of the Offers is set out in Section 7.5.

11.13. Offer Costs

The Company will pay all of the costs associated with the Offer, including Joint Lead Managers Fees, legal and Investigating Accountant's fees, independent expert's fees, printing and initial ASX listing fees. The total costs (net of deferred tax assets and recoverable GST) to be paid by the Company have been estimated at \$1 million (assuming Minimum Subscription) and \$1.1 million (assuming Maximum Subscription). A breakdown of these costs is provided in Section 4 and Section 7.4.

11.14. Consents

Each of the following parties has given and has not, before the Prospectus Date, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below.

- **Joint Lead Managers**

Foster Stockbroking Pty Ltd and CCZ Statton Equities Pty Ltd have each consented to being named as Joint Lead Managers to the Offer, but do not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the Joint Lead Managers.

- **Investigating Accountant**

Crowe Audit Australia has consented to being named in the corporate directory of this Prospectus and to the inclusion of its Investigating Accountant's Report in Section 8 in the form and context in which it appears.

- **Auditor**

Crowe Sydney has consented to being named in the corporate directory of this Prospectus in its capacity as Auditor of the Company and Mad Paws Pty Ltd, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Crowe Sydney.

- **Legal Advisor**

Talbot Sayer has consented to being named in the corporate directory of this Prospectus as Australian Legal Advisor, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Talbot Sayer.

- **Share Registry**

Automic has consented to being named in the corporate directory and elsewhere in this Prospectus as the Share Registry for the Company. Automic has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Automic has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

- **Animal Medicines Australia**

The Company has included statements in this Prospectus made by, attributed to or based on statements made by Animal Medicines Australia in its report *Pets in Australia: A national survey of pets and people*, 2019. The inclusion of statements made by, attributed to or based on statements made by Animal Medicines Australia has not been consented to by Animal Medicines Australia for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of *ASIC Corporations (Consent to Statements) Instrument 2016/72* relief from the Corporations Act for statements used from books, journals or comparable publications.

11.15. Legal Proceedings

The Company or Mad Paws may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect Mad Paws' business, operating and financial performance.

So far as the Directors are aware, other than as described elsewhere in this Prospectus, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions

of a material nature in which the Company or Mad Paws is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company or Mad Paws.

11.16. Overseas Distribution

No action has been taken to register or qualify the offer of Offer Shares under this Prospectus, or to otherwise permit a public offering of Offer Shares, in any jurisdiction outside Australia and New Zealand.

11.16.1. Offer Only Made Where Lawful to Do So

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer Shares in any jurisdiction outside Australia and New Zealand. Persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

11.16.2. United States Residents

The Offer Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

11.16.3. Overseas Ownership and Resale Representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

11.16.4. Investor Considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

Further information regarding risks of an investment in the Offer Shares is set out in Section 5.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional advisor.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax advisor.

11.17. Ownership Restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 11.17 contains a general description of these laws.

11.17.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

11.17.2. Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in a company or foreign persons hold an Aggregate Substantial Interest in a company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the Proposed Transaction (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

11.18. Regulatory Relief

11.18.1. ASIC exemptions and relief

As at the Prospectus Date, the Company has not applied to ASIC to seek any exemption or form of relief.

11.18.2. ASX waivers and confirmation

The Company has lodged an application to seek the following waivers from the ASX:

- a waiver from Listing Rule 9.1, in respect of aspects of the mandatory escrow restrictions applying to some of the securities the Company will have on issue at the Listing Date; and
- a waiver from Listing Rule 1.1, Condition 12 in connection with the Legacy ESOP Options having exercise prices below \$0.20.

As at the date of the Prospectus, the Company has not received a response to the waiver applications.

11.19. Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

11.20. Directors' Statement

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus.



SIGNIFICANT ACCOUNTING POLICIES

12. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities.

Historical cost convention

The Financial Information has been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the Financial Information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mad Paws' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed below.

Foreign Currency Translation

The Financial Information is presented in Australian dollars, which is Mad Paws' functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Mad Paws' 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

Mad Paws recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: 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 then 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. 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 Mad Paws is the principal or agent in the delivery of the services. Mad Paws has determined that it is an agent, and therefore recognises revenue on a net basis, for the following reasons:

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

Booking fee

Booking fee revenue is recognised at the point in time of booking the pet care 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 pet care service.

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

Mad Paws 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 company recognises the eligible expenses. Where the research and development costs are capitalised as an intangible asset, Mad Paws 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.

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.

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 Mad Paws' 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 Mad Paws' 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.

Trade and Other Receivables

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

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 Mad Paws 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.

Mad Paws 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.

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; Mad Paws is able to use or sell the asset; Mad Paws 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.

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

These amounts represent liabilities for goods and services provided to Mad Paws 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 pet service providers comprising the following:

- Payments for bookings made where the sitting event has not yet occurred; or
- Amounts due to pet service provider post the sitting, walking, grooming or day care event, which have not yet been redeemed.

Contract Liabilities

Contract liabilities represent Mad Paws' obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company 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. Convertible notes are classified as debt until the time of conversion to equity. The corresponding interest on convertible notes is expensed to profit or loss.

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, Mad Paws' 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. 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 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 company receives the services that entitle the employees 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 company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee 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.

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.

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.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Information. 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on Mad Paws based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the company operates.

Share-based payment transactions

Mad Paws 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.

Estimation of useful lives of assets

Mad Paws 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.

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

Mad Paws 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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if Mad Paws 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 company'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. Mad Paws 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 Mad Paws 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.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



GLOSSARY

13. GLOSSARY

In this document:

AASB	means the Australian Accounting Standards Board.
AEDT	means Australian Eastern Daylight Time.
AFSL	means Australian Financial Services Licence.
AI Insurance	means AI Insurance Holdings Pty Limited ACN 135 243 364.
Applicant	means a person who submits a valid Application Form and required Application Monies pursuant to this Prospectus.
Application	means an application for Offer Shares under this Prospectus.
Application Amount	means the amount required to be submitted with an Application, being the Offer Price multiplied by the number of Offer Shares applied for.
Application Form	means the application form attached to or accompanying this Prospectus for investors to apply for Offer Shares under the Offer.
Application Monies	means money submitted by Applicants pursuant to their Application.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or the market it operates, as the context requires.
ASX Corporate Governance Principles	means the corporate governance principles and recommendations of the ASX Corporate Governance Council as at the Prospectus Date.
ASX Listing Rules	means the official Listing Rules of ASX as amended or waived from time to time.
Auditor or Crowe Sydney	means Crowe Sydney ABN 97 895 683 573.
Board	means the board of Directors of the Company.
Bombora	means Bombora Investment Management Pty Ltd ACN 625 413 390.
Bombora Growth Fund	means the Bombora Special Investments Growth Fund. In this Prospectus, unless otherwise stated, references to interests held by Bombora Growth Fund, include interests held by Bombora Investment Management Pty Ltd as trustee, National Nominees Limited as custodian or Mainstream Fund Services Pty Ltd as custodian on an aggregated basis.
Bombora Options	has the meaning given to that term in Section 10.7.
Booking Fee	means the fee payable by a pet owner to Mad Paws upon making a booking through the Mad Paws marketplace.
Broker	means any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a Broker to the Broker Offer.
Broker Firm Application Form	means the application form attached to or accompanying this Prospectus for investors to apply for Offer Shares under the Broker Firm Offer.
Broker Firm Offer	means the offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker.
CGT	means capital gains tax.
Cleansing Offer	means the Offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act to facilitate the secondary trading of any Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date.
Cleansing Offer Closing Date	means the date on which the Cleansing Offer is expected to close, being 5:00pm (AEDT) 23 March 2021, or such other date and time determined by the Board.
Company	means Mad Paws Holdings Limited ACN 636 243 180.
Completion or Completion of the Offer	means the completion of the Offer, being the date upon which Offer Shares are issued to Successful Applicants in accordance with the terms of the Offer.
Constitution	means the constitution of the Company.

Conversion Shares	means the Shares to be issued in the Convertible Note Conversion, more fully described in Section 10.8.
Convertible Note Conversion	means the conversion of the Convertible Notes on Completion of the Offer, more fully described in Section 10.8.
Convertible Notes	means the convertible notes issued by the Company on 23 December 2020, more fully described in Section 10.8.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Customer Offer	means the component of the Offer under which investors who have received a Customer Offer Invitation are invited to apply for Shares, as described in Section 7.8.
Customer Offer Application Form	means an application form relating to the Customer Offer.
Customer Offer Applicants	means a person who submits an Application under the Customer Offer.
Customer Offer Closing Date	means the date on which the Customer Offer is expected to close, being 15 March 2021 or such other date and time determined by the Board.
Customer Offer Invitation	means the invitation under this Prospectus to selected investors in Australia and New Zealand to participate in the Customer Offer on a firm basis up to the allocation of Shares determined by the Company.
Customer Offer Shortfall	has the meaning given in Section 7.8.6.
Customer Offer Shortfall Bookbuild	has the meaning given in Section 7.8.6.
Directors	means the directors of the Company as at the Prospectus Date.
EIP Offer	means the component of the Offer under which selected individuals nominated by the Company are invited to acquire IPO Options under the Prospectus, as described in Section 7.10.
Eligible Customer	means persons residing in Australia who have a registered email address on the Mad Paws marketplace database as pet owners or pet service providers as at 11:59pm (Sydney time) on the Prospectus Date or as otherwise determined by the Company (please refer to Section 7.8.1 for more information).
Equity Incentive Plan	means the equity incentive plan established by the Company, more fully described in Section 6.4.3.1.
Escrowed Shares	means certain Shares held by the Escrowed Shareholders on Completion of the Offer. Each of the Shares held by Escrowed Shareholders immediately following Completion of the Offer which are subject to voluntary escrow arrangements as described in Section 10.3.2.
Escrow Shareholders	means certain Mad Paws Shareholders and Bombora Growth Fund as described in Section 10.3.2.
Executive Director	means the executive Directors, which at the Prospectus Date is Justus Hammer.
Existing Shareholders	means the owners of Shares as at the Prospectus Date.
Exposure Period	means the seven-day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).
Financial Information	has the meaning given to it in Section 4.
FY18	means the financial year ended 30 June 2018.
FY19	means the financial year ending 30 June 2019.
FY20	means the financial year ending 30 June 2020.
FY21	means the financial year ending 30 June 2021.
GMV or Gross Merchandise Value	is a non-IFRS metric that represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting cancellations, pet service provider payments, refunds, chargebacks, discounts and GST. Refer to Section 4.4.2 for further information.
Group	means the Company and its Subsidiaries, including, at the Prospectus Date, Mad Paws Pty Ltd.
GST	has the meaning given to that term in Section 195 – 1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> as amended.
Historical Financial Information	has the meaning given to it in Section 4.
IAI	means an institutional “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act.
IFRS	means the International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board.

Institutional Investor	Investors who are: <ul style="list-style-type: none"> persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; and institutional or professional investors in New Zealand as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency.
Institutional Offer	means the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.9.
Institutional Offer Applicants	means a person who submits an Application under the Institutional Offer.
Insurance Distribution Agreement	means the insurance distribution agreement described in more detail in Section 10.11.
Investigating Accountant or Crowe Audit Australia	means Crowe Audit Australia ABN 13 969 921 386.
Investigating Accountant's Report	means the investigating accountant's report provided by the Investigating Accountant and included in Section 8.
IPO Option Grant	means the one-off grant made under the Equity Incentive Plan as part of the EIP Offer, pursuant to which Directors and certain key executives, employees, and consultants will be granted IPO Options in connection with the Listing as described in Section 6.4.3.1.3.
IPO Options	means an Option granted in accordance with the IPO Option Grant.
JLM Options	means the Options to be issued to the Joint Lead Managers or affiliated nominees, more fully described in Section 10.2.
JLM Options Offer	means the offer of JLM Options made under this Prospectus.
Joint Lead Managers	means Foster Stockbroking Pty Limited AFSL 223687 and CCZ Statton Equities Pty Ltd AFSL 239946.
Legacy ESOP Scheme	means the legacy employee option plan scheme established by the Company as further detailed in Section 6.4.3.1.4.
Legacy ESOP Options	means Options issued under the Legacy ESOP Scheme.
Legacy ESOP Shares	means Shares received on exercise of the Legacy ESOP Options by Jan Pacas and Justus Hammer as noted in Section 6.4.3.1.4.
Listing	means the admission of the Company to the Official List, quotation of the Shares on the ASX and commencement of unconditional trading of the Shares on ASX.
Mad Paws	means the business operated by Mad Paws Pty Ltd.
Maximum Subscription	means the maximum subscription amount being sought by the Company under the Offer, being \$12 million (before costs of the Offer).
Minimum Subscription	means the minimum subscription amount being sought by the Company under the Offer, being \$10 million (before costs of the Offer).
New Shares	means Shares to be issued by the Company.
Non-Executive Directors	means the non-executive Directors of the Company, being Jan Pacas, Mike Hill, and Josh May.
Noteholders	has the meaning given to that term in Section 10.8.
Offer	means the offer of Shares under this Prospectus, which is comprised of the Institutional Offer, Broker Firm Offer, Customer Offer, and Cleansing Offer. This Prospectus also includes the offer of Options under the EIP Offer and JLM Options Offer.
Broker Firm Offer Closing Date	means the date on which the Broker Firm Offer is expected to close, being 17 March 2021. This date may be varied without prior notice.
Offer Information Line	means 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.
Offer Management Agreement	means the offer management agreement dated on or about the date of this Prospectus between the Company and the Joint Lead Managers as described in Section 10.8.
Offer Opening Date	means the date on which the Broker Firm Offer, Customer Offer and Cleansing Offer are expected to open, being 9.00am (AEDT) on 22 February 2021. This date may be varied without prior notice.
Offer Period	means the period during which investors may apply for Offer Shares under the Offer which commences on the Offer Opening Date and ends on the Cleansing Offer Closing Date.
Offer Price	means the price per Offer Share (being \$0.20).

Offer Settlement Date	means 22 March 2021.
Offer Shares Allotment Date	means 23 March 2021.
Offer Shares	means the Shares to be issued under the Offer.
Official List	means the official list of the ASX.
Old ESOP Options	means the options formerly held by individuals pursuant to Mad Paws' now expired employee stock option plan, which were cancelled in exchange for the issue by the Company of the Legacy ESOP Options.
Options	means an option to acquire a Share.
Original Mad Paws Shareholders	means the former shareholders of Mad Paws who transferred their shares in Mad Paws to the Company pursuant to the Share Purchase Agreement. For a summary of the key terms of the Share Purchase Agreement, please refer to section 10.4 of this Prospectus.
Pacific Insurance	means Pacific International Insurance Pty Limited ACN 169 311 193.
Pro Forma Financial Information	has the meaning given to it in Section 4.
Prospectus	means this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	means 12 February 2021.
Qantas	means Qantas Airways Limited ACN 009 661 901.
Section	means a section of this Prospectus.
Securities	means Shares in the Company.
Service Fee	means the fee payable by a pet service provider to Mad Paws for each booking made through the Mad Paws marketplace, with such amount to be deducted from the fees payable by the pet owner to the pet service provider for the services provided pursuant to the relevant booking.
Share	means a fully paid ordinary share in the capital of the Company (to be listed under the proposed ASX code MPA).
Shareholder	means a registered holder of a Share.
Share Registry or Automic	means Automic Pty Ltd ACN 152 260 814.
Statutory Financial Information	has the meaning given to it in Section 4.
Subsidiaries	has the meaning given to it in the Corporations Act.
Successful Applicants	means an Applicant who is issued Shares under the Offer.
U.S. Institutional Investor Certificate	means an investor certificate signed by an IAI.
US Securities Act	means <i>US Securities Act of 1933</i> (as amended).

Corporate Directory

Company

Mad Paws Holdings Limited
3/55 Pyrmont Bridge Road, Pyrmont, NSW 2009
<https://www.madpaws.com.au>

Directors

Jan Pacas (Chair)
Justus Hammer (Group CEO and Managing Director)
Mike Hill
Josh May

Company Secretary

Belinda Cleminson

Joint Lead Managers

Foster Stockbroking Pty Ltd

Level 25
52 Martin Place
Sydney NSW 2000
<https://www.fostock.com.au>

CCZ Statton Equities Pty Ltd

Level 24
9 Castlereagh Street
Sydney NSW 2001
<https://ccz.com.au>

Share Registry

Automic Pty Ltd

Level 5,
126 Phillip Street
Sydney NSW 2000
<https://www.automicgroup.com.au>

Auditor

Crowe Sydney

Level 15
1 O'Connell Street
Sydney NSW 2000 Australia
www.crowe.com.au

Investigating Accountant

Crowe Audit Australia

Level 15
1 O'Connell Street
Sydney NSW 2000 Australia
www.crowe.com.au

Legal Advisor

Talbot Sayer

Level 27, 123 Eagle Street
Brisbane QLD 4000
www.talbotsayer.com.au

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Mad Paws Holdings Limited

ACN 636 243 180