



Mad Paws Holdings Limited
ACN 636 243 180
Level 3, 55 Pyrmont Bridge Road
Pyrmont, NSW, 2009

28 February 2022

Dear Shareholder

Extraordinary General Meeting – Notice and Proxy Form

Notice is hereby given that the Extraordinary General Meeting (**EGM**) of Mad Paws Holdings Limited (ASX: MPA) (**MPA** or **the Company**) will be held as a fully virtual meeting (**Meeting**) at 11:00am AEDT on Thursday, 31 March 2022.

In accordance with ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770 (dated 7 September 2021) and temporary relief measures approved by the federal government in Treasury Laws Amendment (2021 Measures No. 1) Act 2021 (Cth) the Company will not be dispatching physical copies of the Notice of Meeting (**Notice**) to shareholders.

The Notice of Meeting is being made available to shareholders electronically and can be viewed and downloaded online at the following link: <https://www.madpaws.com.au/investor-centre/asx-announcements/>. Alternatively, the Notice of Meeting will be posted on the Company's ASX market announcement page (ASX: MPA).

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting. If you wish to receive a hard copy of the Notice of Meeting, please contact the Company Secretary on belinda.cleminson@automicgroup.com.au.

The Meeting will be accessible to all shareholders virtually via a live webinar, further details of which are set out below.

All resolutions will be decided on a poll. The poll will be conducted based on votes submitted by proxy and at the Meeting by shareholders who can vote in accordance with the instructions set out below.

Venue – Virtual Meeting

If you wish to virtually attend the EGM (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_KikvbGltTq6WjvpJlmzGeA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Extraordinary General Meeting to the Company. Questions must be submitted in writing to belinda.cleminson@automicgroup.com.au at least 48 hours before the EGM.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the EGM will need to login to the Automic website <https://investor.automic.com.au/#/home> with their username and password.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.



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I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the EGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your *username* and *password*.
2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.
3. **(Live voting on the day)** If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

Voting by Proxy

Shareholders who wish to participate in the meeting virtually and who wish to vote on the day of the meeting can find further instructions on how to do so in the Notice of Meeting. Alternatively, shareholders are strongly encouraged to complete and submit their vote by proxy by using one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgment process please see the Online Proxy Lodgment Guide at https://www.automicgroup.com.au/virtual-agms/
By Post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy Form must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by shareholders, circumstances may have changed but this Notice is given based on circumstances as at the date of this release.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <https://www.madpaws.com.au/investor-centre/asx-announcements/>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Enquiries

Shareholders are encouraged to contact the Company Secretary, Belinda Cleminson on +61 2 8072 1400 if they have any queries in respect of the special arrangements applying to this Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read "B Cleminson".

Belinda Cleminson
Company Secretary



Mad Paws Holdings Limited

ACN 636 243 180

NOTICE OF EXTRAORDINARY GENERAL MEETING

Meeting to be held:

Thursday, 31 March 2022 at 11:00am (AEDT)

as a virtual meeting

**All proxies must be received by the Company no later than
11:00am (AEDT) on Tuesday, 29 March 2022**

This document is important and requires your attention. Shareholders are advised to read this document in its entirety before attending and voting at the meeting.

Notice of Extraordinary General Meeting

Mad Paws Holdings Limited ACN 636 243 180

Notice is given that an extraordinary general meeting of Mad Paws Holdings Limited ACN 636 243 180 (**Company**) will be held with the following details:

Location	as a virtual meeting
Date	Thursday, 31 March 2022
Time	11:00am (AEDT)

Important information for Shareholders about the Company's Extraordinary General Meeting (EGM)

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at 28 February 2022.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at www.madpaws.com.au/investor-centre/asx-announcements/.

Shareholders are urged to monitor the ASX announcements platform and the Company's website. Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the EGM as a fully virtual meeting, in a manner that is consistent with ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770 (dated 7 September 2021) and temporary relief measures approved by the federal government in Treasury Laws Amendment (2021 Measures No. 1) Act 2021 (Cth).

Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am (AEDT) on Thursday, 31 March 2022 as a virtual meeting.

If you are a shareholder and you wish to virtually attend the EGM (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_KikvbGltTq6WJvpJlmzGeA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to the Company Secretary at belinda.cleminson@automicgroup.com.au at least 48 hours before the EGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the EGM will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their *username* and *password*.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the EGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your *username* and *password*.
2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.
3. **(Live voting on the day)** If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

For further information on the live voting process please see the Registration and Voting Guide at <https://www.automicgroup.com.au/virtual-agms/>

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	<p>Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.</p> <p>For further information on the online proxy lodgment process please see the Online Proxy Lodgment Guide at https://www.automicgroup.com.au/virtual-agms/</p>
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. Proxy Forms received later than this time will be invalid.

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Special Business

RESOLUTION 1 – APPROVAL TO ISSUE PET CHEMIST COMPLETION CONSIDERATION SHARES

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of 63,043,478 Completion Consideration Shares to the Pet Chemist Vendors (or their nominees) on completion of the Pet Chemist Acquisition as part upfront consideration on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 2 – APPROVAL TO ISSUE PET CHEMIST EARN OUT CONSIDERATION SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of up to 15,000,000 Earn Out Consideration Shares to the Pet Chemist Vendors (or their nominees) as part of the earn out consideration for the Pet Chemist Acquisition on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF TRANCHE ONE PLACEMENT SHARES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve, ratify and confirm the allotment and issue of 30,555,558 Tranche One Placement Shares to be issued on or around 1 March 2022 at the price of \$0.18 per Share, to institutional, professional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 4 – ISSUE OF TRANCHE TWO PLACEMENT SHARES TO A RELATED PARTY – MR JAN PACAS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve, ratify and confirm the issue of 111,112 Tranche Two Placement Shares to Mr Jan Pacas (and/or his nominee(s)) at the issue price of \$0.18 per Share on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 5 – ISSUE OF TRANCHE TWO PLACEMENT SHARES TO A RELATED PARTY – MR JUSTUS HAMMER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve, ratify and confirm the issue of 138,889 Tranche Two Placement Shares to Mr Justus Hammer (and/or his nominee(s)) at the issue price of \$0.18 per Share on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 6 – ISSUE OF TRANCHE TWO PLACEMENT SHARES TO A RELATED PARTY – MR MICHAEL HILL

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve, ratify and confirm the issue of 138,889 Tranche Two Placement Shares to Mr Michael Hill (and/or his nominee(s)) at the issue price of \$0.18 per Share on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

RESOLUTION 7 – ISSUE OF TRANCHE TWO PLACEMENT SHARES TO A RELATED PARTY – MS VICKI ARISTIDOPOULOS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve, ratify and confirm the issue of 111,112 Tranche Two Placement Shares to Ms Vicki Aristidopoulos (and/or her nominee(s)) at the issue price of \$0.18 per Share on the terms and conditions set out in the Explanatory Memorandum.”

Note: This resolution is subject to voting exclusions which are set out below.

Voting exclusions

VOTING EXCLUSIONS IN ACCORDANCE WITH THE CORPORATIONS ACT

RESOLUTIONS 1 and 2: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 1 or Resolution 2 by or on behalf of the Pet Chemist Vendors or their nominees, or any other person that is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Completion Consideration Shares or Earn Out Consideration Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company), or an associate of that person (or those persons).

RESOLUTION 3: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who participated in the Placement and received Tranche One Placement Shares and any other person that is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Tranche One Placement Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company), or an associate of that person (or those persons).

RESOLUTION 4: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Jan Pacas (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Tranche Two Placement Shares (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons).

RESOLUTION 5: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Justus Hammer (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Tranche Two Placement Shares (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons).

RESOLUTION 6: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Michael Hill (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Tranche Two Placement Shares (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons).

RESOLUTION 7: In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Ms Vicki Aristidopoulos (and/or her nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Tranche Two Placement Shares (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons).

However, the above voting exclusion statements under the ASX Listing Rules will not apply and, the Company need not disregard a vote cast in favour of any of Resolutions 1 – 7 (inclusive) if it is cast by a person as:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with the directions given on the Proxy Form or to the attorney to vote on the resolution in that way; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the Proxy Form to vote as the proxy or attorney decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 28 February 2022

By order of the Board

Belinda Cleminson

Company Secretary

Mad Paws Holdings Limited

Explanatory Memorandum

Mad Paws Holdings Limited ACN 636 243 180

Introduction

This Explanatory Memorandum accompanies the notice of extraordinary general meeting of the Company to be held at Thursday, 31 March 2022 at 11:00am (AEDT) as a virtual meeting.

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolution set out in the Notice and is intended to be read in conjunction with the Notice.

Background information in respect of Pet Chemist Acquisition

Background to the Acquisition

1. As announced to the ASX on 23 February 2022, the Company has signed a binding conditional agreement (**Share Sale Agreement**) to purchase 100% of the issued share capital in Animal Magnetism Pty Ltd ACN 614 468 398 (**Target**), which is the parent company for Aussie Pet Meds Pty Ltd ACN 614 035 282 which owns and operates Pet Chemist Online (**Pet Chemist**), a leading Australian online supplier of pet medication and premium pet healthcare products¹ (**Acquisition**).
2. Pet Chemist Online provides an online platform through the website petchemist.com.au, through which customers can purchase parasite control, veterinary diets, and pet health care products and it facilitates the supply of prescription medication.
3. By acquiring Pet Chemist Online, the market leader in facilitating supply of online pet medication and premium pet healthcare products, the Company continues to execute on its strategy, expanding its products and offerings into the health vertical. The acquisition will add a complementary revenue stream to the Company and will allow it to leverage synergies and cross-selling opportunities to drive growth and shareholder value.
4. Pet Chemist's co-founder, Howard Humphreys, will continue to be the CEO of the Pet Chemist business following Acquisition and will also be appointed to the Board of Directors of the Company effective from completion of the Acquisition. Pet Chemist's Head of Operations, Melissa Cronin (B. Pharm. MPS) will also continue with Pet Chemist post-acquisition.²

Acquisition consideration

5. The purchase price for the Acquisition comprises the following components:
 - (a) \$20 million payable at completion (**Completion Consideration**) comprising \$5.5 million in cash (subject to net debt and working capital adjustments) and \$14.5 million in ordinary, fully paid shares in the Company issued on completion of the Acquisition at an issue price of \$0.23 per Share (63,043,478 shares) (**Completion Consideration Shares**); and
 - (b) up to a further \$5 million payable in deferred consideration across two earn out tranches (**Earn Out Consideration**) based on the satisfaction of certain revenue-based performance hurdles of the Pet Chemist business during FY23 and FY24. If the performance milestones for FY23 and FY24 are achieved, a maximum of \$5 million in Earn Out Consideration will be paid over two tranches as follows:

First Earn Out

¹ Based upon website traffic estimates compiled by Megantic & Similar web – July 21.

² Howard Humphreys (in his own capacity) and Melissa Cronin (as trustee for the Nye Pet Chemist Trust) are majority shareholders of Pet Chemist, respectively holding 56% and 20% of existing Pet Chemist shares prior to the Acquisition. The other Pet Chemist shareholders are Wesi Corp Pty Ltd ACN 153 813 793 (16%) and Lenmar Nominees Pty Ltd ACN 112 225 117 as trustee for Humphreys Family Trust (8%).

- (i) Maximum earn out of \$2,500,000 calculated based on the Earn Out Revenue generated during the first earn out period from 1 July 2022 to 30 June 2023:
 - (A) if Earn Out Revenue is equal to or less than \$16.8 million, then 0% of \$2,500,000 is payable;
 - (B) if Earn Out Revenue equals or exceeds \$22.8 million, then 100% of \$2,500,000 is payable; and
 - (C) if Earn Out Revenue is greater than \$16.8 million but less than \$22.8 million, such pro-rata amount of \$2,500,000 equal to the amount that Earn Out Revenue is to \$6 million is payable.

Second Earn Out

- (ii) Maximum earn out of \$2,500,000 calculated based on the Earn Out Revenue generated during the first earn out period from 1 July 2023 to 30 June 2024:
 - (A) if Earn Out Revenue is equal to or less than \$22.8 million, then 0% of \$2,500,000 is payable;
 - (B) if Earn Out Revenue equals or exceeds \$32.7 million then 100% of \$2,500,000 is payable; and
 - (C) if Earn Out Revenue is greater than \$22.8 million but less than \$32.7 million, then such pro-rata amount of \$2,500,000 equal to the amount that Earn Out Revenue is to \$9.9 million is payable.

- 6. In relation to Howard Humphreys and Melissa Cronin only, they will only be entitled to their relevant proportion of the Earn Out Consideration where they continue to be an employee of the Company's group at the end of the relevant earn out period or where employment has ceased, they are a good leaver or they were dismissed without cause.
- 7. Each earn out tranche will be paid 40% as a cash payment and 60% in ordinary, fully paid shares in the Company (**Earn Out Consideration Shares**), issued at the Company's Shares 15-day VWAP prior to 30 June 2023 (first tranche) and 30 June 2024 (second tranche), unless:
 - (a) the issue of Earn Out Consideration Shares to a Pet Chemist Vendor (or their nominee) would cause the holder to breach the takeover prohibitions in Chapter 6 of the Corporations Act; or
 - (b) if when aggregated with any Earn Out Consideration Shares previously issued to all Pet Chemist Vendors, the number of Earn Out Consideration Shares would exceed the maximum number of Earn Out Consideration Shares for which shareholder approval was obtained under Resolution 2 (see below),
 in which case the applicable component of the Earn Out Consideration Shares so restricted will be payable to as a cash payment.
- 8. Payment of the Earn Out Consideration may be accelerated if the Company ceases to own or operate the Pet Chemist business or sells the shares in Animal Magnetism or Aussie Pet Meds prior to the expiry of FY24. If an acceleration event occurs, the Earn Out Consideration that has not yet been paid will be accelerated and vest in full regardless of whether the Earn Out Revenue performance hurdles have been satisfied, and in such case the relevant Earn Out Consideration Shares will be the price equal to the 15 day VWAP prior to 11.59pm on last Business Day immediately prior to the date the relevant acceleration event is first announced or completed.

Pet Chemist Acquisition conditions precedent

- 9. Completion of the Acquisition is subject to the following conditions precedent being satisfied or otherwise waived on or before 31 March 2022:

- (a) the Company obtaining all shareholder and regulatory approvals necessary to complete the Acquisition, including the shareholder approvals contemplated at the Meeting to which this Notice relates;
 - (b) the Company completing a share placement raising a total amount of at least \$5.5 million;
 - (c) the PC Vendors obtaining all third party consents which are reasonably required to complete the Acquisition (including obtaining change of control consent from certain key suppliers and the landlord of the Target (if and as applicable));
 - (d) no material adverse change in respect of the Target or the Pet Chemist business occurring in the period since 1 February 2022; and
 - (e) Howard Humphreys and Melissa Cronin entering into executive services agreements with the Target or the Company.
10. Assuming Resolutions 1 and 2 are approved, and the other conditions precedent are satisfied, the Company expects the Pet Chemist Acquisition to be completed in early April 2022.

Funding the Acquisition

11. On 23 February 2022, in addition to announcing the Acquisition, the Company also announced its intentions to undertake a capital raising to raise \$5.6 million by way of a share placement to existing and new sophisticated, professional and institutional shareholders at \$0.18 per share (**Placement**) and a Share Purchase Plan to raise up to a further \$1.5 million from existing eligible shareholders at the same issue price as the Placement (**SPP**) (collectively the **Capital Raise**). Refer to the Section “*Background information in respect of the Capital Raise*” from paragraph 38 for further details regarding the Capital Raise.

Further information

12. Refer to the Company’s ASX announcement and investor presentation released to the ASX on 23 February 2022 for further information about the Pet Chemist business, the Pet Chemist Acquisition and the Capital Raising, including key risks.

Resolutions

13. In Resolutions 1 and 2, the Company is seeking the approval of Shareholders pursuant to ASX Listing Rule 7.1 for the issue of the Completion Consideration Shares and the Earn Out Consideration Shares to the Pet Chemist Vendors (or their nominees).
14. Further details regarding each of these Resolutions is provided below.

Resolution 1 –Approval to issue Pet Chemist Completion Consideration Shares

Listing Rule Requirements – ASX Listing Rule 7.1

15. The issue of the Completion Consideration Shares to the Pet Chemist Vendors (or their nominees) as part consideration for the Acquisition is subject to shareholder approval for the purposes of ASX Listing Rule 7.1 as provided for in this Resolution.
16. The Completion Consideration Shares are ‘equity securities’ under the ASX Listing Rules. ASX Listing Rule 7.1 restricts the number of equity securities that a listed company can issue or agree to issue in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions.
17. The proposed issue of the Completion Consideration Shares does not fall within any of the permitted exceptions and the number of proposed Completion Consideration Shares will exceed the 15% limit in ASX Listing Rule 7.1. Accordingly, in Resolution 1 the Company is seeking Shareholder approval under and for the purposes of ASX Listing Rule 7.1 for the issue of the Completion Consideration Shares.

18. If Resolution 1 is passed, the Company will be able to proceed with the issue of the Completion Consideration Shares and they will be issued with Shareholder approval under ASX Listing Rule 7.1 and therefore not use up the Company's 15% placement capacity.
19. If Resolution 1 is not passed, the Company will only be able to issue the Completion Consideration Shares to the extent it has available remaining placement capacity. As the proposed number of Completion Consideration Shares exceeds the Company's available 15% placement capacity to accommodate the issue of the Completion Consideration Shares, the Company will be unable to satisfy its obligations under the Share Sale Agreement to complete the issue of all of the Completion Consideration Shares to the Pet Chemist Vendors at Completion of the Acquisition.
20. As is noted in paragraph 9 above, the Share Sale Agreement includes a condition precedent that the issue of the Completion Consideration Shares has been approved by the Company's Shareholders. If Resolution 1 is not passed, this condition precedent will not be satisfied, giving rise to a right (by the Company or the Pet Chemist Vendors) to terminate the Share Sale Agreement.

Technical information required by ASX Listing Rule 7.1

21. For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

Persons to whom the securities will be issued	The Pet Chemist Vendors or their nominees.
Number and class of securities to be issued	63,043,478 fully paid ordinary shares in the Company, ranking equally in all respects with existing fully paid ordinary shares in the Company on issue (i.e. the Completion Consideration Shares). ³
Proposed issue date of the securities	The Completion Consideration Shares are expected to be issued on completion of the Acquisition, which is expected to occur on or around 1 April 2022, subject to the satisfaction or waiver of conditions precedent stated in the Acquisition Share Sale Agreement (including approval of this Resolution 1). No Completion Consideration Shares will be issued more than 3 months after the date of this Meeting.
Purpose of the issue, including the intended use of funds	The Company is issuing the Completion Consideration Shares as part consideration for the Pet Chemist Acquisition. As such, it will not be raising any funds from the issue.
Price or other consideration that the Company will receive for the securities	The Company will receive 100% of the shares on issue in Animal Magnetism Pty Ltd in exchange for payment of the purchase price for the Acquisition described above (which includes the Completion Consideration Shares). The Completion Consideration Shares will be issued at a deemed price of \$0.23 per Share, with an aggregate deemed value of approximately \$14.5 million at the \$0.23 share price.
Material terms of the Share Sale Agreement pursuant to which the securities will be issued	See paragraph 22 of this Explanatory Memorandum below.

³ The issue of Consideration Shares is subject to an overriding requirement that a Seller's relevant interest in voting shares in the Company does not breach the takeover prohibitions in Chapter 6 of the Corporations Act, in which case, the earn out component payable to that Seller will be paid in cash.

Voting exclusion

As specified under the “Voting exclusion” heading under Resolution 1 in this Notice of Meeting.

22. The material terms of the Share Sale Agreement pursuant to which the Completion Consideration Shares will be issued are summarised below:

Parties to the Share Sale Agreement	<p>Pet Chemist Vendors: Wesi Corp Pty Ltd ACN 153 813 793, Melissa Therese Mary Cronin as trustee for the Nye Pet Chemist Trust, Howard Humphreys; and Lenmar Nominees Pty Ltd ACN 112 225 117 as trustee for Humphreys Family Trust.</p> <p>Buyer: Mad Paws Holdings Limited ACN 636 243 180.</p> <p>Other parties: Individuals associated with the Pet Chemist Vendors (to provide warranties and indemnities alongside the vendors).</p>
Nature of the Share Sale Agreement	The Buyer will purchase 100% of the issued share capital in Animal Magnetism Pty Ltd ACN 614 468 398 from the Pet Chemist Vendors. The Buyer will also indirectly acquire 100% ownership of a wholly owned subsidiary, Aussie Pet Meds Pty Ltd ACN 614 035 282.
Purchase price	See paragraph 5 above of this Explanatory Memorandum.
Conditions precedent to Completion	See paragraph 9 of this Explanatory Memorandum below.
Warranties	The Pet Chemist Vendors and their associated individuals have provided customary warranties and indemnities in favour of the Buyer, including, without limitation, as to title, capacity, its financial position, the share capital and compliance with laws.
Escrow	<p>All of the Completion Consideration Shares will be voluntarily escrowed from the date of issue, to be released from the voluntary escrow restrictions in tranches as follows:</p> <ul style="list-style-type: none"> (a) 25% released 12 months after Completion; (b) 25% released 15 months after Completion; (c) 25% released 18 months after Completion; and (d) 25% released 21 months after Completion.
Other terms and conditions	The Acquisition is otherwise on other terms commercially sound for transactions of this kind.

Recommendation

23. The Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Chairperson of the meeting intends to vote all undirected proxies in favour of Resolution 1.

Resolution 2 – Approval to issue Pet Chemist Earn Out Consideration Shares

Listing Rule Requirements – ASX Listing Rule 7.1

24. The issue of the Earn Out Consideration Shares to the Pet Chemist Vendors (or their nominees) as part consideration for the Acquisition is subject to shareholder approval for the purposes of ASX Listing Rule 7.1 as provided for in this Resolution.
25. As noted in paragraph 5(b) above, Earn Out Consideration may be payable to the Pet Chemist Vendors in two tranches based on the Pet Chemist Online business satisfying certain revenue-

based performance hurdles during FY23 and FY24. If calculated to be payable, the Company will have an obligation to pay 60% of the calculated Earn Out Consideration for each tranche payable as scrip consideration, with the applicable Earn Out Consideration Shares to be issued at the 15-day VWAP prior to 30 June 2023 (first tranche) and 30 June 2024 (second tranche), respectively.

26. As noted above in paragraph 16 for Resolution 1, broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue or agree to issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.
27. The proposed issue of the Earn Out Consideration Shares does not fit within any of these permitted exceptions and would exceed the Company's available 15% placement capacity available at the date that the acquisition agreement was entered into (being the date that the Company agreed to issue the Earn Out Consideration Shares). Accordingly, Resolution 2 seeks Shareholder approval to the issue of the Earn Out Consideration Shares under and for the purposes of Listing Rule 7.1.
28. If Resolution 2 is passed, the Company will be able to issue the Earn Out Consideration Shares to the Pet Chemist Vendors, assuming the relevant earn out hurdles are satisfied, and the Earn Out Consideration Shares will be excluded from, and not use, the Company's Listing Rule 7.1 15% placement capacity going forward.
29. If Resolution 2 is not passed, the Company will not have sufficient remaining 15% placement capacity to accommodate the agreement to issue the Earn Out Consideration Shares, with the effect that, assuming the relevant earn out hurdles are satisfied, the Company will not be able to satisfy its obligations under the Share Sale Agreement to issue the Earn Out Consideration Shares to the Pet Chemist Vendors at the time the relevant earn out tranche is due for payment.
30. As is noted in paragraph 9 above, the Share Sale Agreement includes a condition precedent that the issue of the Earn Out Consideration Shares has been approved by the Company's shareholders. If Resolution 2 is not passed, this condition precedent will not be satisfied, giving rise to a right (by the Company or Pet Chemist Vendors) to terminate the Share Sale Agreement.

Technical information required by ASX Listing Rule 7.1

31. For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

Persons to whom the securities will be issued	The Pet Chemist Vendors or their nominees.
Number and class of securities to be issued	<p>Up to a maximum of 15,000,000 fully paid ordinary shares in the Company, ranking equally in all respects with existing fully paid ordinary shares in the Company on issue (i.e. the Earn Out Consideration Shares).</p> <p>The actual number of Earn Out Consideration Shares to be issued is not presently known and will depend on the extent to which the Pet Chemist revenue for FY23 and FY24 exceeds certain prescribed targets and the price at which the Earn Out Consideration Shares are issued.⁴ Refer to paragraphs 32 and 33 below for worked examples in relation to the potential dilutive effect.</p> <p>The Company has agreed to cap the number of potential Earn Out Consideration Shares to 15 million shares, reflecting the full scrip component of the Earn Out Consideration being payable (\$3 million) and shares being issued at a floor price of \$0.20. To the extent the total number of Earn Out Consideration Shares which is calculated to be</p>

⁴ As noted above, the Earn Out Consideration Shares will be issued at a share price which is equal to the Company's 15-day VWAP prior to 30 June 2023 (in relation to the first earn out tranche) and 30 June 2024 (in relation to the second earn out tranche).

	payable will exceed 15 million shares, the Company will pay the excess amount in cash. ⁵
Proposed issue date of the securities	<p>Assuming the Acquisition is completed, the Earn Out Consideration Shares are expected to be issued in two tranches as follows:</p> <ul style="list-style-type: none"> • following agreement or determination of the total amount of the first tranche Earn Out Consideration payable which will be calculated based on the Earn Out Revenue generated in FY23 (noting \$1.5 million maximum value of the Earn Out Consideration Shares for this earn out tranche); and • following agreement or determination of the total amount of the second tranche Earn Out Consideration payable which will be calculated based on the Earn Out Revenue generated in FY24 (noting \$1.5 million maximum value of the Earn Out Consideration Shares for this earn out tranche). <p>In either event, in accordance with the terms of the waiver of ASX Listing Rule 7.3.4 that has been granted by the ASX (refer paragraphs 34 to 36 of this Explanatory Memorandum below) no Earn Out Consideration Shares will be issued later than 31 December 2024.</p>
Purpose of the issue, including the intended use of funds	The Earn Out Consideration Shares (if and as applicable) will be issued as part of the consideration for the Acquisition. As such, it will not be raising any funds from the issue.
Price or other consideration that the Company will receive for the securities	The Company will receive 100% of the shares on issue in Animal Magnetism Pty Ltd in exchange for payment of the purchase price for the Acquisition described above (which includes the Earn Out Consideration Shares). The Earn Out Consideration Shares will be issued with an aggregate deemed value of up to \$3 million.
Material terms of the Share Sale Agreement pursuant to which the securities will be issued	<p>See paragraph 22 of this Explanatory Memorandum above.</p> <p>In addition, in relation to 'Escrow', all of the Earn Out Consideration Shares be voluntarily escrowed for a 6 month period from the date of their issue.</p>
Voting exclusion	As specified under the "Voting exclusion" heading under Resolution 2 in this Notice of Meeting.

Dilutive effect

32. As noted above, up to a maximum of 15,000,000 Earn Out Consideration Shares may be issued by the Company if the prescribed earn out targets are achieved (refer paragraph 5(b) above), with the actual number of Earn Out Consideration Shares to be issued to be determined based on the extent to which the Pet Chemist revenue for FY23 and FY24 exceeds the prescribed targets and the price at which the Earn Out Consideration Shares are issued.⁶
33. The below table sets out examples of the maximum number of Earn Out Consideration Shares that would be issued assuming the full \$3 million scrip component of the Earn Out Consideration is payable, illustrating Earn Out Consideration Shares issued at \$0.18, \$0.20, \$0.23 (being the issue price of the Completion Consideration Shares) and \$0.26, to demonstrate the potential dilution to

⁵ The issue of Earn Out Consideration Shares is subject to an overriding requirement that a Seller's relevant interest in voting shares in the Company does not breach the takeover prohibitions in Chapter 6 of the Corporations Act, in which case, the earn out component payable to that Seller will be paid in cash.

⁶ As noted above, the Earn Out Consideration Shares will be issued at a share price which is equal to the Company's 15-day VWAP prior to 30 June 2023 (in relation to the first earn out tranche) and 30 June 2024 (in relation to the second earn out tranche).

existing shareholders.⁷

Assumed issue price	Number of Earn Out Consideration Shares	Percentage of issued share capital prior to Acquisition and Capital Raising*	Percentage of issued share capital after Acquisition and Capital Raising**
\$0.18	15,000,000***	6.79%	4.43%
\$0.20	15,000,000	6.79%	4.43%
\$0.23	13,043,478	5.9%	3.88%
\$0.26	11,538,461	5.22%	3.45%

*Based on the Company's issued shares as at 23 February 2022 (220,899,366 shares), being prior to the issue of shares in the Placement, SPP and the issue of Completion Consideration Shares on Completion of the Pet Chemist Acquisition, no convertible securities are exercised or converted and no additional Shares issued

**Based on the Company's issued shares as at 23 February 2022 (220,899,366 shares), and assuming 31,055,560 Shares are issued in the Placement, 8,333,333 Shares issued in the SPP and 63,043,478 Completion Consideration Shares are issued on Completion of the Pet Chemist Acquisition, no convertible securities are exercised or converted and no additional Shares issued (total 336,375,215 Shares on issue).

***As noted below, the Earn Out Consideration Shares will be capped at a maximum of 15,000,000. In this scenario, approximately 1.67 million shares will be paid as a cash payment (representing a total of \$300,000) in addition to the issue of 15,000,000 shares (on top of the cash component of the applicable earn out).

ASX waiver of Listing Rule 7.3.4

34. Pursuant to ASX Listing Rule 7.3.4, if Shareholder approval is received pursuant to Resolution 2, the approval will only remain valid for Earn Out Consideration Shares that are issued within 3 months of the Meeting.
35. The Company notes that it has applied for, and ASX has granted, a waiver from ASX Listing Rule 7.3.4 to permit the Company to issue the Earn Out Consideration Shares after the date which is three months after the Meeting (**Waiver**).
36. The Waiver has been granted on the basis of the following conditions:
 - (a) The Earn Out Consideration Shares are issued immediately upon satisfaction of each of the relevant milestones applying to the applicable earn out tranches, and in any event no later than 31 December 2024.
 - (b) The performance hurdles applying in relation to the Earn Out Consideration Shares must not be varied.
 - (c) The maximum number of Earn Out Consideration Shares to be issued is capped at 15,000,000 Shares.
 - (d) Adequate details regarding the dilutionary effect of the Earn Out Consideration Shares on the Company's capital structure have been included in this Notice (refer to paragraphs 32 and 33 above).
 - (e) For any annual reporting period during which any of the Earn Out Consideration Shares have been issued or any of them remain to be issued, the Company's annual report will set out the number of Earn Out Consideration Shares issued in that annual reporting period, the number of Earn Out Consideration Shares that remain to be issued and the basis on which the Earn Out Consideration Shares may be issued.
 - (f) In any half year or quarterly report for a period during which any of the Earn Out Consideration Shares have been issued or remain to be issued, the Company must include

⁷ The workings in the table are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

a summary statement of the number of Earn Out Consideration Shares issued during the reporting period, the number of Earn Out Consideration Shares that remain to be issued and the basis on which the Earn Out Consideration Shares may be issued.

- (g) The Notice contains the full terms and conditions of the Share Sale Agreement pursuant to which the Earn Out Consideration Shares are to be issued as well as the conditions of the Waiver.

Recommendation

- 37. The Directors unanimously recommend Shareholders vote in favour of Resolution 2. The Chairperson of the meeting intends to vote undirected proxies in favour of Resolution 2.

Background information in respect of the Capital Raise

Background to the Capital Raise

- 38. On 23 February 2022, at the same time as announcing the Acquisition, the Company also announced its intention to undertake a Capital Raise to raise up to a total of A\$7.09 million comprising:
 - (a) a Placement to be undertaken in two tranches to raise a total of approximately A\$5.59 million at an issue price of \$0.18; and
 - (b) a share purchase plan to raise up to A\$1.5 million, to provide eligible shareholders the opportunity to subscribe for up to \$30,000 worth of new fully paid ordinary shares in the Company (**SPP**) at the same price as the Placement.
- 39. Petra Capital Pty Limited and CCZ Equities Australia Pty Ltd have been jointly appointed to act as joint lead managers and joint bookrunners to the Placement (**Joint Lead Managers**) pursuant to a mandate entered into with the Company. In consideration for the services provided by the Joint Lead Managers in relation to the Capital Raise, the Company has agreed to pay a placement fee of 6% plus GST of the total amount raised by the Company under the Placement payable in equal proportions to each Joint Lead Manager. The Placement fee payable to the Joint Lead Managers excludes proceeds received in the Placement from funds managed by Bombora Investment Management Pty Ltd.
- 40. The funds raised under the Capital Raise are intended to be used to fund the upfront cash consideration payable to the Sellers at Completion of Acquisition and general working capital.
- 41. A total of total of 31.06 million fully paid Shares are expected to be issued in the Placement (**Placement Shares**), at an issue price of A\$0.18 per Share using the Company's existing 15% placement capacity pursuant to ASX Listing Rule 7.1 and additional 10% placement capacity pursuant to 7.1A. The Placement Share issue price represented a 10.0% discount to the last close price of \$0.20 on 18 February 2022 and a 9% discount to the 15-day VWAP of Mad Paws' ordinary shares.
- 42. Of the Placement Shares:
 - (a) 30,555,558 Placement Shares (representing approximately \$5.5 million raised) are to be issued on or around 1 March 2022 to various new and existing sophisticated, professional and other exempt investors (**Tranche One Placement Shares**); and
 - (b) 500,002 Placement Shares (representing approximately \$90,000 raised) are to be issued to Mr Jan Pacas, Mr Justus Hammer, Mr Michael Hill and Ms Vicki Aristidopoulos, each Directors of the Company, conditional on shareholder approval under Resolutions 4, 5, 6 and 7 (**Tranche Two Placement Shares**).

Resolutions

- 43. In Resolution 3, the Company is seeking the approval of Shareholders pursuant to ASX Listing Rule 7.4 to ratify the issue of the Tranche One Placement Shares.

44. In Resolutions 4, 5, 6 and 7, the Company is seeking the approval of Shareholders pursuant to ASX Listing Rule 10.11 for the issue of Tranche Two Placement Shares to the named Directors.
45. Further details regarding each of these Resolutions is provided below.

Resolution 3 – Ratification of prior issue of Tranche One Placement Shares

Background

46. The Tranche One Placement Shares will be issued without shareholder approval from the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1 and 10% placement capacity pursuant to ASX Listing Rule 7.1A.
47. The Company is seeking the approval of Shareholders pursuant to ASX Listing Rule 7.4 to ratify the issue of the Tranche One Placement Shares to refresh the Company's available placement capacity.

ASX Listing Rules

48. As noted above, ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, unless an exception in ASX Listing Rule 7.2 applies.
49. Further, ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A. The Company received approval for this additional 10% placement capacity at its 2021 AGM.
50. 8,465,622 of the Tranche One Placement Shares were issued within the Company's available placement capacity under ASX Listing Rule 7.1, whilst 22,089,936 of the Tranche One Placement Shares were issued within the Company's available placement capacity under ASX Listing Rule 7.1A.
51. The issue of the Placement Shares using the Company's existing available 15% capacity in ASX Listing Rule 7.1 and additional 10% capacity in ASX Listing Rule 7.1A will reduce the Company's capacity to issue further equity securities without shareholder approval for the 12 month period following the date the relevant securities were issued.
52. Under ASX Listing Rule 7.4, a company can seek ratification of securities issued that have been made or agreed to be made without shareholder approval under ASX Listing Rule 7.1 within the previous 12 month period if:
 - (a) the issue does not breach ASX Listing Rule 7.1; and
 - (b) shareholders subsequently approve such issue.
53. The effect of such ratification is that the issue of the Shares is then deemed to have been made with Shareholder approval, thus not counting towards the 15% limit or the 10% limit. The approved securities are also included in the base number for calculating the Company's 15% limit, thereby increasing the number of equity securities the Company can issue without first having to obtain Shareholder approval under ASX Listing Rule 7.1. Accordingly, under Resolution 3, the Company seeks the approval of Shareholders for, and ratification of, the issue of the Tranche One Placement Shares so as to restore the capacity of the Company to issue further securities under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A.
54. If Resolution 3 is approved, the issue of the Tranche One Placement Shares will be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1 and will be excluded in calculating the Company's available 15% placement capacity under ASX Listing Rule

7.1 and the additional 10% limit under ASX Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche One Placement Shares. The Company will therefore be able to issue additional equity securities without the securities in the subject of Resolution 3 counting towards the 15% placement capacity for the purposes of ASX Listing Rule 7.1 and the 10% placement capacity for the purposes of ASX Listing Rule 7.1A.

55. If Resolution 3 is not approved, it will not invalidate the issue of the Tranche One Placement Shares, however the issue of the Tranche One Placement Shares will not be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1. The Company will therefore have the Tranche One Placement Shares as counting towards the 15% placement capacity for the purposes of ASX Listing Rule 7.1 and additional 10% placement capacity for the purposes of ASX Listing Rule 7.1A. This will limit the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche One Placement Shares.
56. For the purposes of ASX Listing Rule 7.5, the following information is provided:
 - (a) 30,555,558 Tranche One Placement Shares will be issued in total on or around 1 March 2022;
 - (b) the Tranche One Placement Shares will be issued at an issue price of \$0.18 per Share;
 - (c) when issued, the Tranche One Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary shares on issue;
 - (d) the Tranche One Placement Shares will be issued to institutional, sophisticated and professional investors, all unrelated parties of the Company who qualify under the requirements of section 9 and 708 of the Corporations Act 2001 identified by the Joint Lead Managers;
 - (e) net proceeds raised from the issue of the Tranche One Placement Shares (together with the issue of the Tranche Two Placement Shares and the issue of shares under the SPP) will be used to fund the Acquisition along with existing cash reserves; and
 - (f) a voting exclusion statement is set out under Resolution 3 in the Notice of Meeting.

Recommendation

57. The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Chairperson of the meeting intends to vote all undirected proxies in favour of Resolution 3.

Resolutions 4 – 7 (inclusive) – Issue of Tranche Two Placement Shares to Related Parties – Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos

Purpose of Resolutions

58. As noted above, out of the total 31,055,560 Placement Shares proposed to be issued in the Placement, 30,555,558 Tranche One Placement Shares are proposed to be issued on or around 1 March 2022 to various institutional, sophisticated and professional investors who are all unrelated parties of the Company. Resolution 3 seeks subsequent Shareholder approval to ratify the issue of the Tranche One Placement Shares.
59. Directors Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos, (or their respective nominees) also wish to participate in the Placement by subscribing for an aggregate of 500,002 Tranche Two Placement Shares.
60. Resolutions 4 to 7 (inclusive) seek Shareholder approval under ASX Listing Rule 10.11 for the issue of the Second Tranche Placement Shares to each of Mr Jan Pacas, Mr Justus Hammer, Mr

Michael Hill and Ms Vicki Aristidopoulos (and/or their nominee(s)), all of whom are Directors of the Company.

61. If Resolutions 4 to 7 (inclusive) are passed, the Company will be able to proceed with the proposed issue of the Second Tranche Placement Shares to each of Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos (and/or their nominee(s)). If Resolutions 4 to 7 (inclusive) are passed, the Tranche Two Placement Shares will be issued shortly after the Meeting, and in any event no later than 1 month after the date of the Meeting.
62. If any of Resolutions 4 to 7 (inclusive) are not passed, the Company will not be able to proceed with the issue of the Second Tranche Placement Shares to the relevant Director. The Company notes that whilst this will reduce the total fund raised from the Capital Raise by \$90,000 this does not impact the Company's ability to proceed with the Acquisition, as it will have raised approximately \$5.5 million from the issue of the Tranche One Placement Shares issued or around 1 March 2022 (which is equal to the amount of the upfront cash consideration payable at Completion).

Chapter 2E of the Corporations Act

63. Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:
 - (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
 - (b) give the benefit within 15 months following such approval,
 unless the giving of the financial benefit falls within an exception set out in section 210 to 216 of the Corporations Act.
64. The issue of the Second Tranche Placement Shares to Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos (and/or their nominee(s)) constitutes giving a financial benefit to them. Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos are each a related party of the Company by virtue of being Directors.
65. The Directors (other than Jan Pacas who has a material personal interest in Resolution 4) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 4 because the Tranche Two Placement Shares will be issued to Jan Pacas on the same terms as Tranche One Placement Shares issued to non-related party participants in the Placement (with the exception of the issue date) and as such the giving of the financial benefit is on arm's length terms.
66. The Directors (other than Justus Hammer who has a material personal interest in Resolution 5) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 5 because the Tranche Two Placement Shares will be issued to Justus Hammer on the same terms as Tranche One Placement Shares issued to non-related party participants in the Placement (with the exception of the issue date) and as such the giving of the financial benefit is on arm's length terms.
67. The Directors (other than Michael Hill who has a material personal interest in Resolution 6) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 6 because the Tranche Two Placement Shares will be issued to Michael Hill on the same terms as Tranche One Placement Shares issued to non-related party participants in the Placement (with the exception of the issue date) and as such the giving of the financial benefit is on arm's length terms.
68. The Directors (other than Vicki Aristidopoulos who has a material personal interest in Resolution 7) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 7 because the Tranche Two Placement Shares will be issued to Vicki Aristidopoulos on the same terms as Tranche One Placement Shares issued to non-related party participants in the Placement (with the exception of the issue date) and as such the giving of the financial benefit is on arm's length terms.

ASX Listing Rule 10.11

69. ASX Listing Rule 10.11 provides that unless one of the exemptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.
70. The proposed issue of the Tranche Two Placement Shares to the Directors (and/or their nominee(s)) falls within Listing Rule 10.11.1 (because they are Directors of the Company and consequently related parties of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.8
71. If Resolutions 4, 5, 6 and 7 are passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares to the named Directors. In addition, the issue of those Tranche Two Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.9. If some but not all of Resolutions 4, 5, 6 or 7 are not passed, the Company will not be able to proceed with the issue of those Tranche 2 Placement Shares to those related parties for whom the resolution was not passed, but may still proceed with the issue to the other directors for which the resolution was passed.
72. If Resolutions 4, 5, 6 and 7 are not passed, the Company will not be able to issue the Tranche Two Placement Shares pursuant to the Placement to the Directors (and/or their nominee(s)), but this would not prevent the Company from proceeding with the Acquisition or the issue of the First Tranche Placement Shares as noted in paragraph 62.

Information required pursuant to ASX Listing Rule 10.13

73. For the purposes of Listing Rule 10.13, information regarding the issue of the Tranche Two Placement Shares to each of Mr Jan Pacas, Mr Justus Hammer, Mr Michael Hill and Ms Vicki Aristidopoulos is as follows:

The names of the persons to whom the Company will issue the securities	Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos (and/or their nominee(s)).
Which category in rules 10.11.1 – 10.11.5 the person falls within and why	Jan Pacas, Justus Hammer, Michael Hill and Vicki Aristidopoulos fall within ASX Listing Rule 10.11.1 as they are Directors of the Company. Their nominee(s) (if applicable) would fall under ASX Listing Rule 10.11.4 as associates of the abovementioned Directors.
The number and class of securities to be issued to the person	<p>(a) Jan Pacas – 111,112 Tranche Two Placement Shares;</p> <p>(b) Justus Hammer - 138,889 Tranche Two Placement Shares;</p> <p>(c) Michael Hill – 138,889 Tranche Two Placement Shares; and</p> <p>(d) Vicki Aristidopoulos - 111,112 Tranche Two Placement Shares.</p>

⁸ The Company notes that any participation by a Director in the SPP falls within exception 4 of Listing Rule 10.2 and does not require shareholder approval.

⁹ Exception 14, Listing Rule 7.2.

If the securities are not fully paid ordinary securities, a summary of the material terms of the securities	N/A – the proposed Tranche Two Placement Shares are ordinary shares on the same terms as all other ordinary shares on issue in the Company.
The date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting	It is proposed that the Directors (and/or their nominee(s)) will be issued the Tranche Two Placement Shares no later than 1 month after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the issue	\$0.18 per Share, the same price as the Tranche One Placement Shares.
The purpose of the issue, including the intended use of any funds raised by the issue	The purpose of the issue is to raise funds, the intended use of which is outlined in paragraph 40.
<p>If the person is:</p> <p>(a) a director and therefore a related party under rule 10.11.1; or</p> <p>(b) an associate of, or person connected with, a director under rules 10.11.4 or 10.14.5,</p> <p>and the issue is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package</p>	N/A.
If the securities are issued under an agreement, a summary of any other material terms of the agreement	N/A.
A voting exclusion statement	A voting exclusion statement is included in Resolutions 4 to 7 (inclusive).

74. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Tranche Two Placement Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, under ASX Listing Rule 7.2 exception 14 the issue of the Tranche Two Placement Shares to the Directors (or their nominee(s)) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Recommendation

75. The Directors other than Mr Jan Pacas, Mr Justus Hammer, Mr Michael Hill and Ms Vicki Aristidopoulos (who are proposed recipients of the Tranche Two Placement Shares under Resolutions 4, 5, 6 and 7) (as and where applicable) recommend that Shareholders vote in favour of Resolutions 4, 5, 6 and 7 (as and where applicable). The Chairperson of the meeting intends to vote all undirected proxies in favour of Resolutions 4, 5, 6 and 7.

Glossary

Defined Term	means
Animal Magnetism or Target	means Animal Magnetism Pty Ltd ACN 614 468 398
ASX Listing Rules	means the Listing Rules of ASX.
Aussie Pet Meds	means Aussie Pet Meds Pty Ltd ACN 614 035 282.
Capital Raise	has the meaning given in paragraph 11.
Company	means Mad Paws Holdings Limited ACN 636 243 180
Completion	means completion of the Pet Chemist Acquisition.
Completion Consideration	has the meaning given in paragraph 5(a).
Completion Consideration Shares	has the meaning given in paragraph 5(a).
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Earn Out Consideration	has the meaning given in paragraph 5(b).
Earn Out Consideration Shares	has the meaning given in paragraph 7.
Earn Out Revenue	means revenue of the Pet Chemist business generated from customer receipts and services fees received under the pharmacy services fulfilment agreement or other such services agreement) for the first earn out period, or the second earn out period (as applicable).
FY23	means the 12 month period ending 30 June 2023.
FY24	means the 12 month period ending 30 June 2024.
Joint Lead Managers	has the meaning given in paragraph 39.
Meeting	means the meeting convened by this Notice.
Notice or Notice of Meeting	means this notice of general meeting including the Explanatory Memorandum and the proxy form.
Pet Chemist Acquisition or Acquisition	has the meaning given in paragraph 1.
Pet Chemist Vendors	means Wesi Corp Pty Ltd ACN 153 813 793, Melissa Therese Mary Cronin as trustee for the Nye Pet Chemist Trust, Howard Humphreys and Lenmar Nominees Pty Ltd ACN 112 225 117.
Placement	has the meaning given in paragraph 11.
Placement Shares	has the meaning given in paragraph 41.
Resolutions	means the resolutions set out in this Notice, or any one of them, as the context requires.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Share Sale Agreement	has the meaning given in paragraph 1.
SPP	has the meaning given in paragraph 11.
Tranche One Placement Shares	has the meaning given in paragraph 42(a).
Tranche Two Placement Shares	has the meaning given in paragraph 42(b).
VWAP	means volume weighted average price.
Waiver	has the meaning given in paragraph 35.



Mad Paws Holdings Limited | ABN 39 636 243 180

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

[HolderNumber]

Holder Number:

[HolderNumber]

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

Your proxy voting instruction must be received by **11:00AM (AEDT) on Tuesday, 29th March 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

