

**madpaws**

## Q3 FY 2023 Update

Driving profitability through cross selling  
and increasing the share of wallet

Mad Paws Holdings Ltd (ASX: MPA)  
April 27, 2023





# Disclaimer

This Presentation contains summary information about the current activities of Mad Paws Holdings Limited ACN 636 243 180 (**Mad Paws**) as at the date of this Presentation or such earlier date as is specified. This Presentation has been prepared for information purposes only. Any person who receives this Presentation is not entitled to, and by receiving this Presentation undertakes not to rely on this Presentation (whether as to a matter of fact, forecast, opinion or belief) for any purpose whatsoever. This Presentation is of a general nature and does not purport to be complete or contain all information in relation to Mad Paws that an investor may require to assess the business, financial performance and operations of Mad Paws or should consider when making an investment decision, nor does it purport to address any or all issues which are or may be material to or of interest to the Recipient in relation to Mad Paws. An investment in Mad Paws is subject to known and unknown risks. The Recipient must conduct its own independent analysis of Mad Paws and the information in this Presentation and make its own independent decisions about Mad Paws and its business, prospects, financial position and performance before making any decision that relates, directly or indirectly to Mad Paws. The information contained in this Presentation does not take into account the investment objectives, financial situation or particular needs of any recipient and is not financial product advice. Before making an investment decision, recipients of this Presentation should consider their own needs and situation and, if necessary, seek independent, professional advice.

This Presentation is not a disclosure document, nor does it contain all the information which would be required in a disclosure document or a prospectus prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**), and the Recipient should not rely on this Presentation in connection with a proposed investment in Mad Paws. It should be read in conjunction with Mad Paws' other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au). This presentation is being provided to you on the basis that, and you represent and warrant for the benefit of Mad Paws that, you are a "professional investor" or "sophisticated investor" (within the meaning of section 708(11) and section 708(8) respectively of the Corporations Act and are also in each case, a "wholesale client" (within the meaning of section 761A of the Corporations Act). If you are not such a person, you are not entitled to view or attend this Presentation and you must notify Mad Paws immediately and promptly return this presentation to Mad Paws and destroy all copies, whether held in electronic or printed form or otherwise, without retaining any copies.

This Presentation does not constitute legal, accounting, financial, tax, regulatory, investment or other specialist advice or opinion nor is it a recommendation to acquire new Shares and does not and will not form any part of any contract for the acquisition of new Shares. None of the information set out in this Presentation, including any market or industry data prepared or generated by third parties, has been independently verified. None of Mad Paws, its shareholders, subsidiaries, associates, directors, officers, employees, agents, independent contractors and advisors (collectively the Mad Paws Parties) makes or gives any representation, warranty or guarantee, whether express or implied, in relation to the information contained in this Presentation including its completeness, accuracy, reasonableness, currency or reliability or the process by which it was prepared. In particular, none of Mad Paws' advisers have authorised, permitted or caused the issue or lodgment, submission, dispatch or provision of the information in this Presentation and there is no statement in this Presentation which is based on any statement made by any of them or by any of their affiliates, officers, directors, employees or agents.

Past performance information in this Presentation is given for illustrative purposes only and should not be relied upon, and is not, an indication of future performance. This Presentation contains "forward looking statements" including estimates, projections and other forward-looking information (Estimates and Projections) which involve subjective judgements and are based on assumptions about future events that are subject to significant uncertainties and contingencies, many of which are outside the control of Mad Paws. Forward looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Mad Paws. Such Estimates and Projections are provided as a general guide only and are not guarantees or predictions of future performance. The forward looking statements are based on information available to Mad Paws as at the date of this Presentation. The assumptions may or may not prove to be correct and there can be no assurance that actual outcomes will not differ materially from the Estimates and Projections. Without limiting the above, no representation, warranty or guarantee, whether express or implied, is made or given by the Mad Paws in relation to any Estimates and Projections, the accuracy, reliability or reasonableness of the assumptions on which an Estimates and Projections are based, or the process of formulating any Estimates and Projections, including that any Estimates and Projections contained in this Presentation will be achieved. Actual future results may vary significantly from the Estimates and Projections.

Except as required by law or regulation (including the ASX Listing Rules), none of the Mad Paws Parties accept any responsibility to update, supplement or correct this Presentation whether as a result of new information, future events, results or otherwise. To the fullest extent permitted by law, Mad Paws expressly disclaim any and all liability (whether direct, indirect or consequential and whether arising from negligence or otherwise) for, or based on, or relating to any information contained in this Presentation or for any errors in or omissions from this Presentation and no liability (whether under statute, in contract, tort or for negligence or otherwise) is accepted by Mad Paws for any loss or damage (whether foreseeable or not) that may arise by reason of, or in connection with, the information contained in this Presentation or by any purported reliance on it. Any recipient of this Presentation should independently satisfy themselves as to the accuracy of all information contained herein.

Non-IFRS information: This Presentation contains certain non-International Financial Reporting Standards (non-IFRS) financial information. Mad Paws believe the presentation of certain non-IFRS financial information is useful for users of this Presentation as they reflect the underlying financial performance of the business, however notwithstanding this, investors are cautioned not to place undue reliance on any non IFRS financial information included in this Presentation.

Financial information: This Presentation contains certain financial information. The financial information has been presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards, the International Financial Reporting Standards and other mandatory professional reporting requirements applicable to financial reports prepared in accordance with the Corporations Act. Financial information for FY18, FY19, FY20, FY21 and FY22 has been audited. All historical financial information prior to FY18 is unaudited and based on management accounts. All dollar values are in Australian dollars ("A\$", "AUD") unless indicated otherwise.

Not an offer: This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any other regulator and is not approved by or registered with any regulator). The Presentation is not and should not be considered an offer or an invitation to acquire shares in Mad Paws or any other financial products. This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, shares in Mad Paws may not be offered or sold, directly or indirectly, in the United States unless such Shares have been registered under the U.S. Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

An investment in Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Mad Paws including possible loss of income and principal invested. Mad Paws does not guarantee any particular rate of return or the performance of Mad Paws nor does it guarantee the repayment of capital from Mad Paws or any particular tax treatment. By accepting this Presentation, you agree to abide by the terms and conditions of this notice.

Statements made in this Presentation are made only as at the date of this Presentation, unless otherwise stated. The information in this Presentation remains subject to change without notice. This Presentation is confidential and not for further distribution. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express consent of Mad Paws. It is provided by Mad Paws on the basis that, by accepting this Presentation, persons to whom this Presentation is given agree to keep the information private and confidential, not copy, use, publish, record, disclose, disseminate or reproduce the information in this Presentation to any party, in whole or in part, without the prior written consent of Mad Paws (which may be withheld in its absolute discretion).

ersonal use only

01

Overview





## Our Purpose

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

## Our Vision

Being the most trusted and convenient brand to rely on for all pet-related needs.



# Mad Paws at a glance: A MARKET LEADING, AUSTRALIAN PET ECOSYSTEM

Mad Paws provides a safe and convenient digital platform that connects pet owners with high quality services and products.

Mad Paws has built a loyal and growing, market leading community of pet owners and sitters, enabling their loved pets to live their lives to the fullest



**madpaws**  
GROUP

**madpaws**  
Australia's #1  
Pet Services  
Marketplace

**waggly**  
Australia's #1  
Toys & treats  
subscription box

**PET CHEMIST**  
Australia's #1  
Online Pet  
Chemist

**S A S H.**  
High Growth  
Premium dog beds  
and accessories



**1.1m**

Subscribed &  
active pet  
owner e-mails



**1.3m**

Monthly  
website  
visits



**40k**

Brand  
ambassadors:  
Pet Sitters and  
Dog Walkers



**70%+**

Customer  
repeat rate



Qantas Partnership  
and access to  
Qantas FF



**> 2 million**  
pet care services  
provided

**Deloitte.**

**#29**

2022 Deloitte  
Tech Fast 50



# Pets and their impact on Australian's Lives

ersonal use only



## Pet ownership is a way of life

for most Australians

estimated **7.3 millions** households (73% of all households) would like to add a pet to their family



## 70% of pet

**owners** say their pets have improved their lives during the pandemic

Owners now have different, **more human like relationships with pets,** more inelastic spend



## Pet Humanisation and Premiumisation are Driving Spend



Prioritisation of Pet Needs



Increasing Spend Per Pet



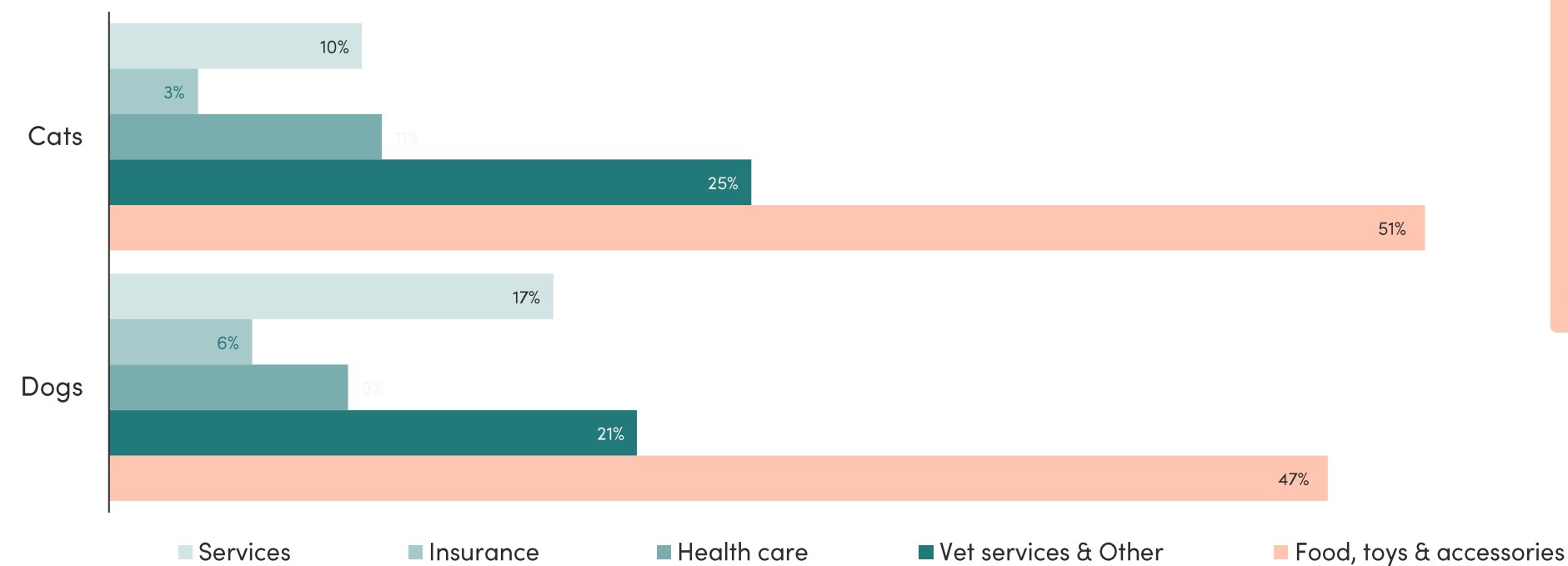
Increasing Spend on Pet Products and Services



Recession resilience

# Mad Paws Strategy is focused on the largest components of the \$30.3 billion Australian pet market

Owner spend by category



<sup>1</sup>Average household spend for dogs and cats represents a large wallet size



**Dogs**  
\$3,237 pa



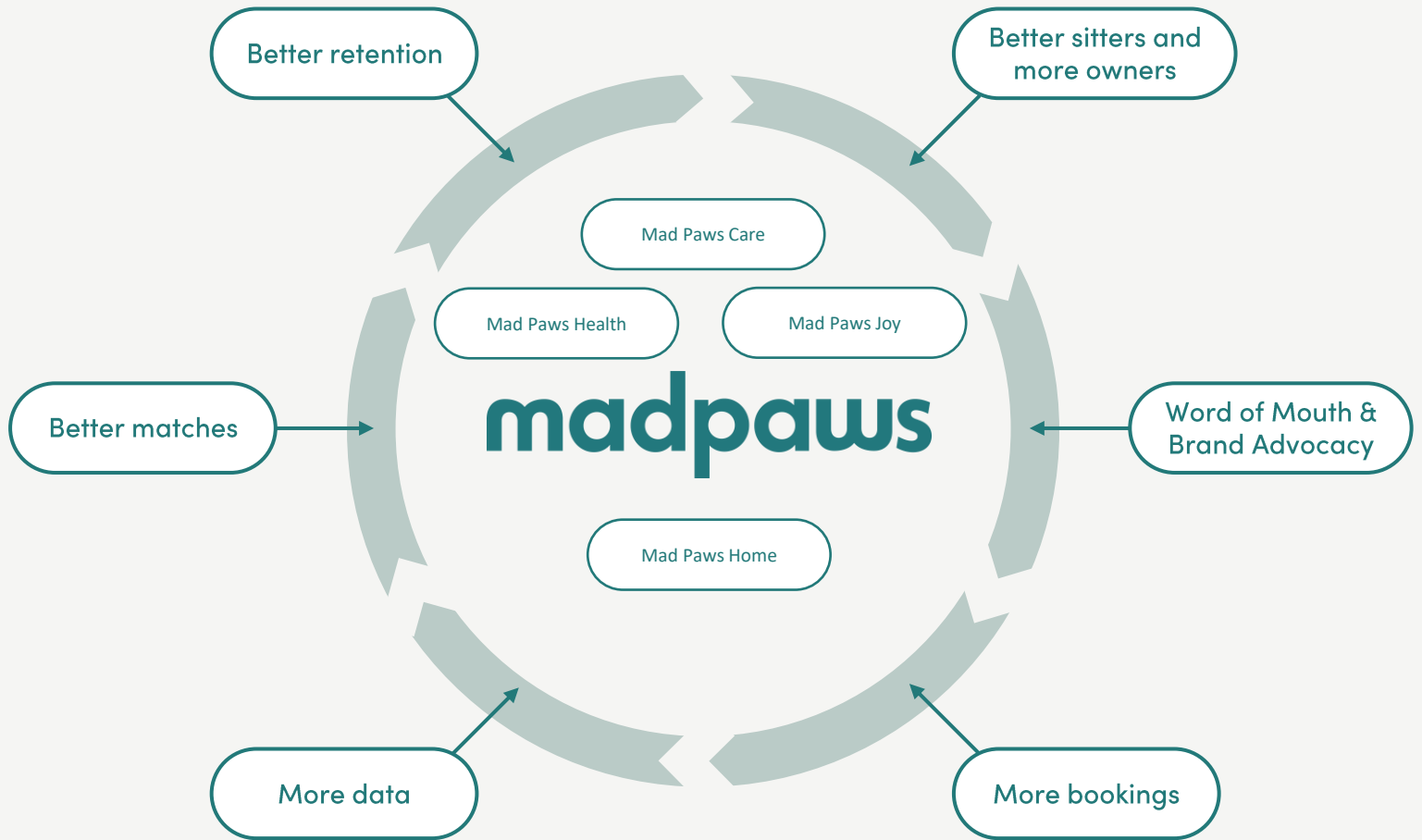
**Cats**  
\$2,074 pa

Implied TAM for Dogs and Cats of \$30.3 billion

## Mad Paws is Building a Powerful Network Effect

The Mad Paws platform is driving powerful momentum as more owners and sitters enjoy benefits of the pet eco system which ultimately leads to greater loyalty, repeat rates and a larger share of wallet for Mad Paws

- Over 260,000 pet profiles created in the last 24 months
- 65,000 data rich pet profiles (up to 100 data points per pet – only launched in Q2 FY23)
- 63% higher engagement rate for personalised campaigns compared to generic campaigns for Mad Paws





## Q3 FY23 Highlights

**\$6.1m**

Operating Revenue

+189% on pcp

+53% on a pro-forma basis

**\$4.7m**

Ecommerce Revenue

+316% on pcp

**\$1.4m**

Marketplace revenue

+44% on pcp

**30,000**

New customers acquired

+90% on pcp

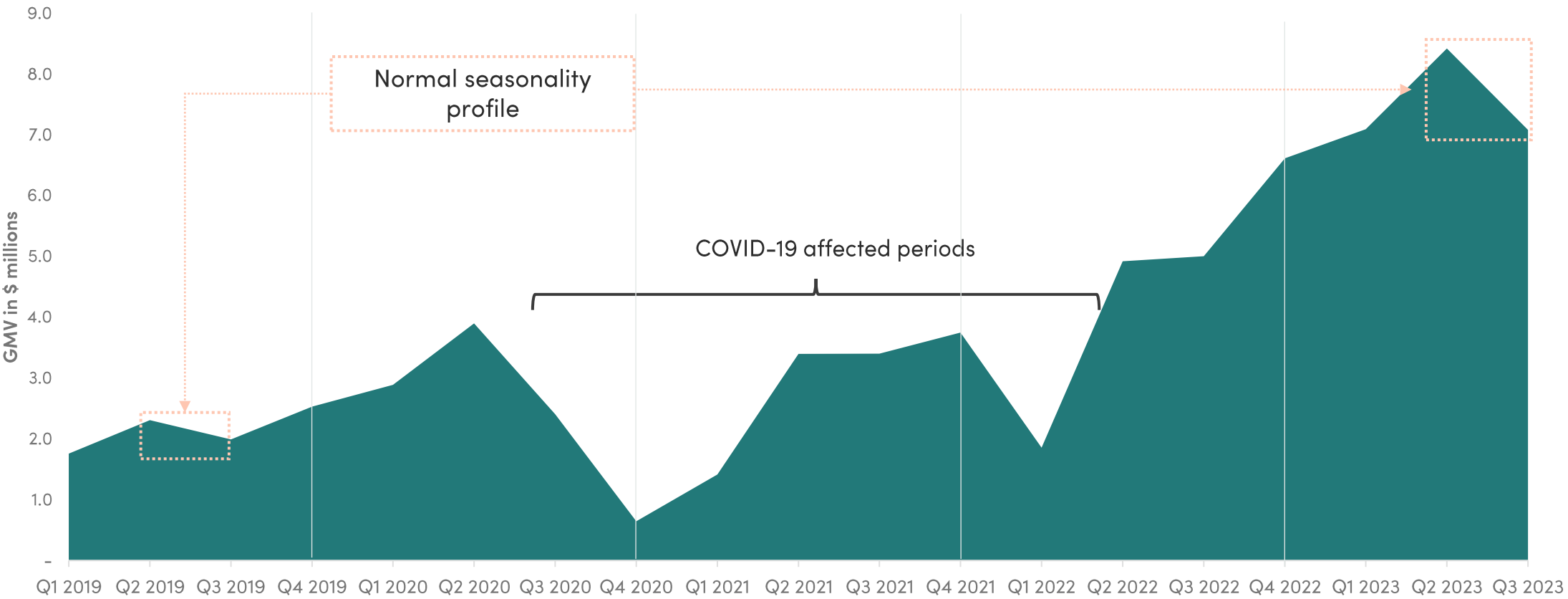
On track for Operating  
EBITDA break even target  
by mid 2023

**\$4.4m**

Cash balance

After COVID impacted periods, the Pet Services Marketplace is transitioning back to a pre-COVID growth profile with growth peaks aligning to peak travel and holiday periods

Quarterly Marketplace GMV FY19 – Q3 FY23





## Q3 FY23 Execution Milestones

### Pet Services Marketplace

- Maintained strong year on year growth at higher marketing efficiency
- Launched the new Mad Paws homepage – the first step in our brand consolidation strategy
- Continued to drive improvements for the sitter and user experience which resulted in higher retention and lifetime values
- New technology for our search ranking algorithm released
- Over 70,000 data rich pet profiles live on the platform

### eCommerce & Subscriptions

#### FOOD

- Shut down low margin food lines
- Commercial partnership with a local partner now active
- Maintaining high margin kibble subscription to help EBITDA growth

#### JOY

- Focus on subscription box successful with 100% year on year growth
- New operational process to improve efficiencies
- Moving Waggly shop to Pet Chemist helped us to improve operational efficiency it represents another step for our brand consolidation

#### HEALTH

- New operational processes to improve efficiencies
- New warehouse identified and terms agreed to facilitate growth and product expansion
- Started developing products for private label strategy to improve margins

#### HOME

- Profitable growth for the vertical
- New products launched successfully
- Relunched FB campaigns with significant success – record low CAC's

# 02

## Financial Results

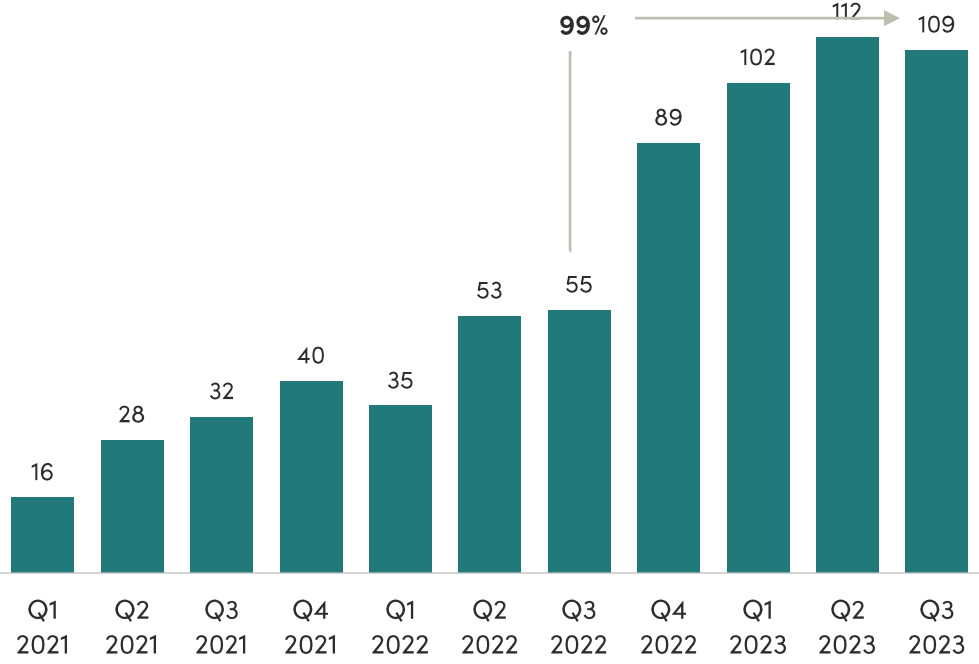




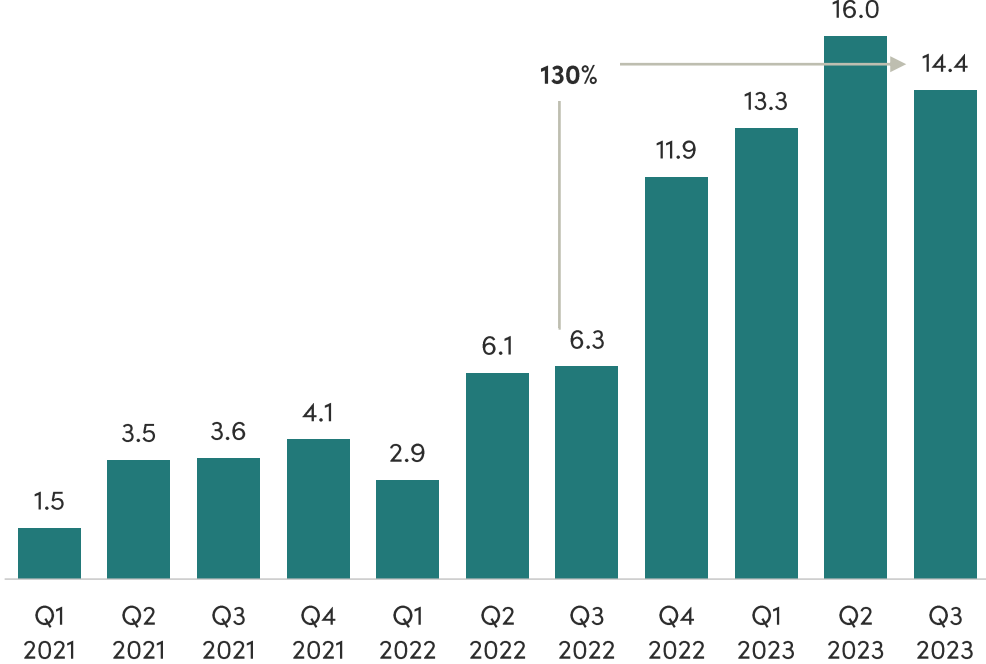
# Execution of our Pet Life Cycle Strategy continues with strong growth



Quarterly Bookings/Transactions in 000s



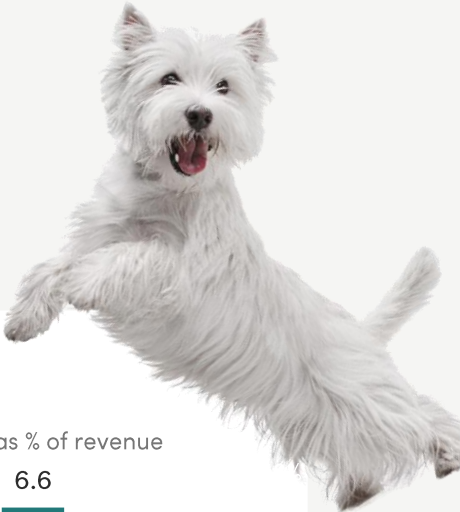
Quarterly GMV<sup>1</sup> in millions



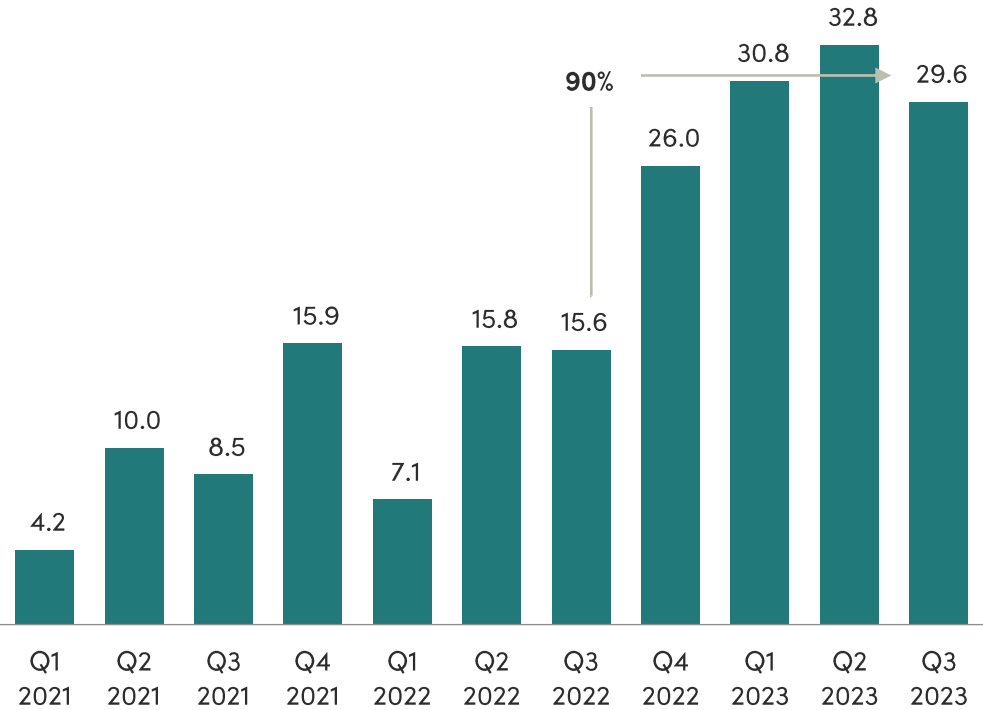
<sup>1</sup>GMV is the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.

Strong new customer acquisition and efficiency trends

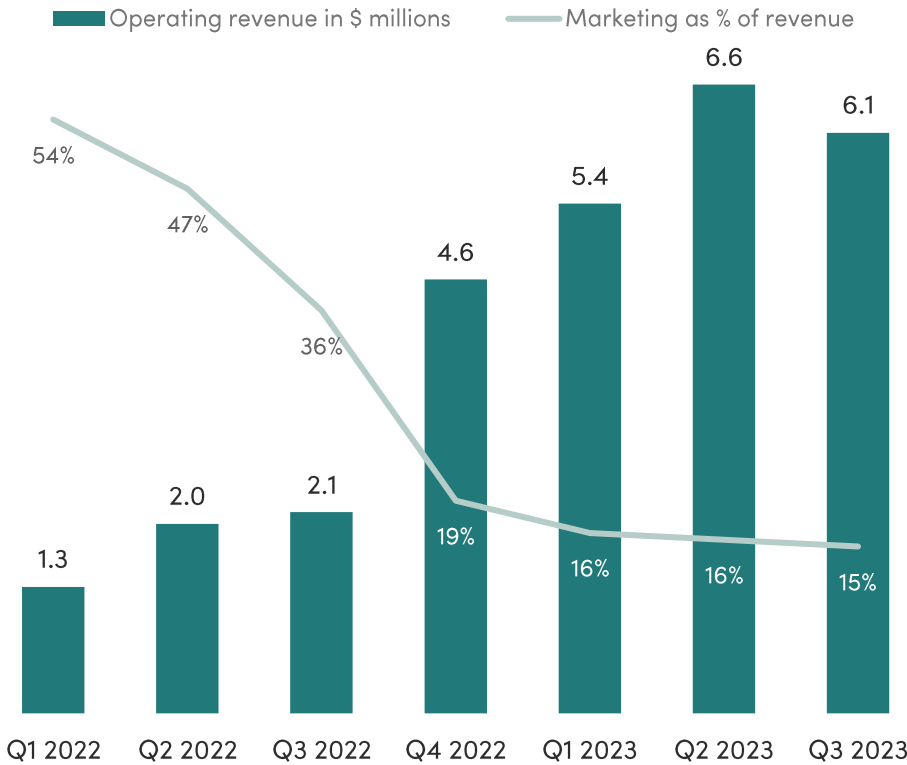
- New Mad Paws home page released as the first step to brand consolidation



Quarterly New Customer in 000s



Quarterly Marketing as a % of Revenue



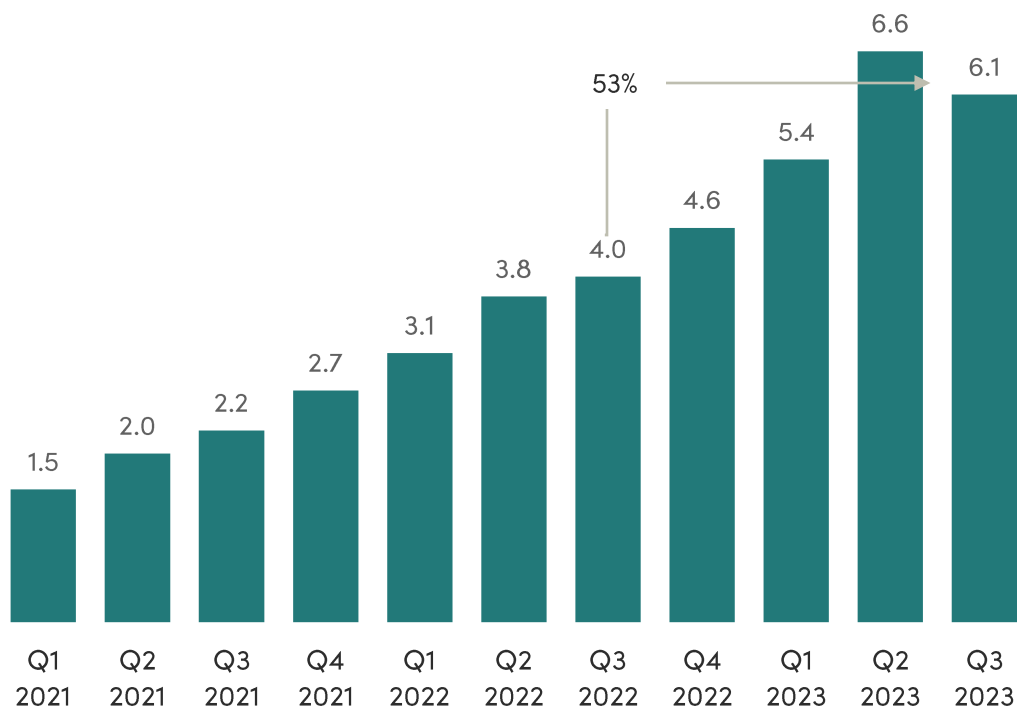
<sup>1</sup>FY21 and FY22 Operating Revenues are audited. December 22 Operating Revenues are unaudited



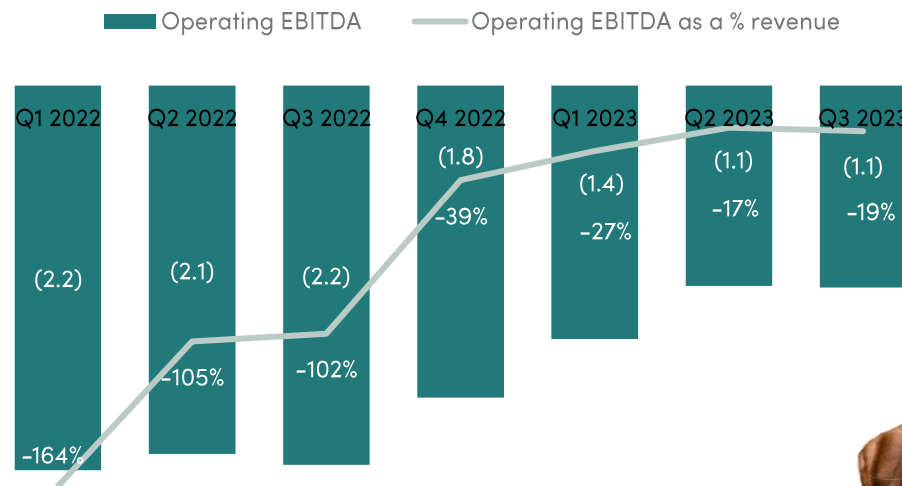
# Operating EBITDA breakeven in mid calendar Year 2023

- Significant improvement in Ecomm Operating EBITDA loss offsetting expected seasonality in the marketplace

Quarterly Pro-forma Operating Revenue in millions



Quarterly Operating<sup>1</sup> EBITDA in millions



<sup>1</sup>Operating EBITDA excludes the impact of the run down of the Dinner bowl raw and lightly cooked operations  
<sup>2</sup>FY21 and FY22 Operating Revenues are audited. December 22 Operating Revenues are unaudited

# 03

## Segment Performance



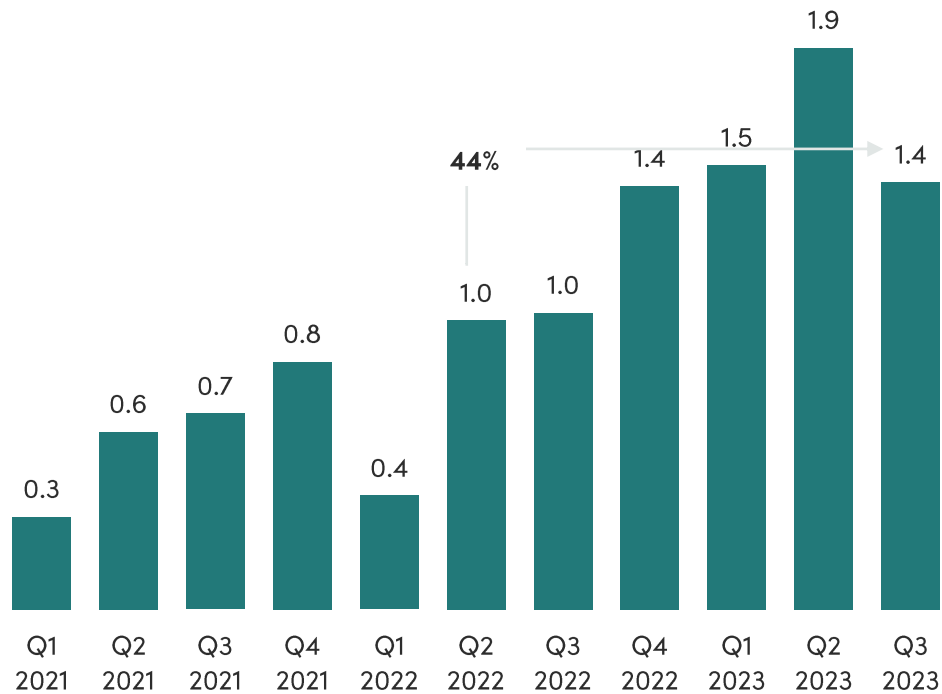


## Marketplace Performance

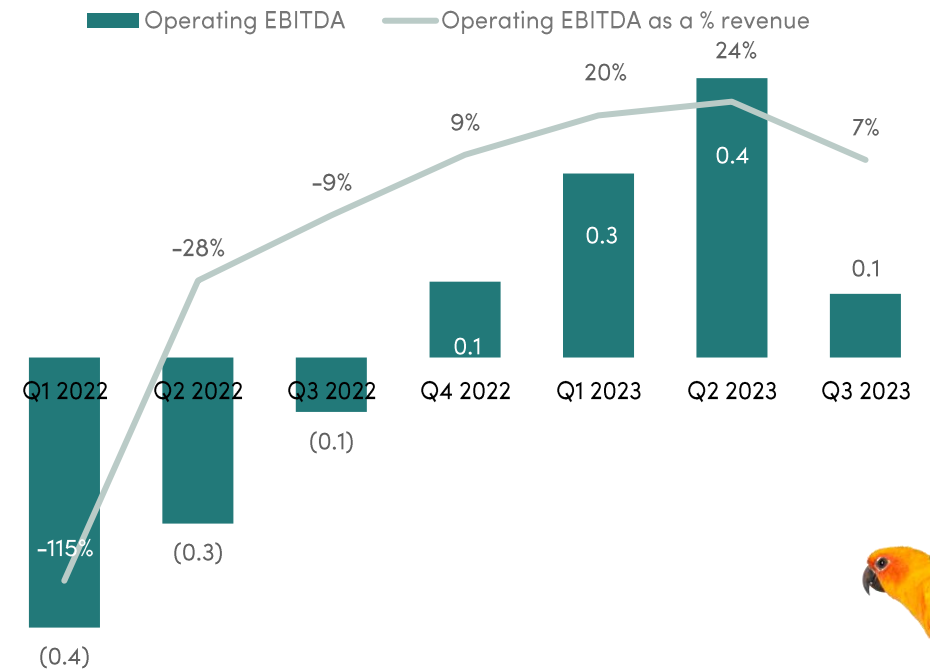
Marketplace performance continues to perform strongly, benefiting from pent up travel demand, new customer and repeat customer growth. Quarterly EBITDA margins reduced due to seasonally lower booking period



### Quarterly Marketplace Operating Revenue in millions



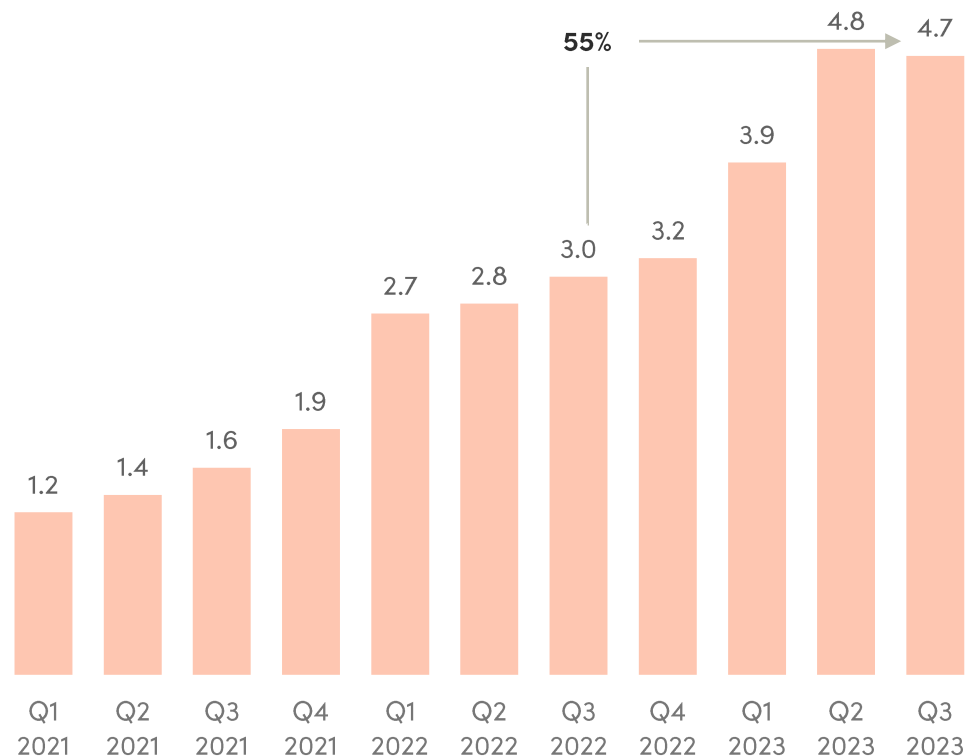
### Quarterly Operating EBITDA in millions



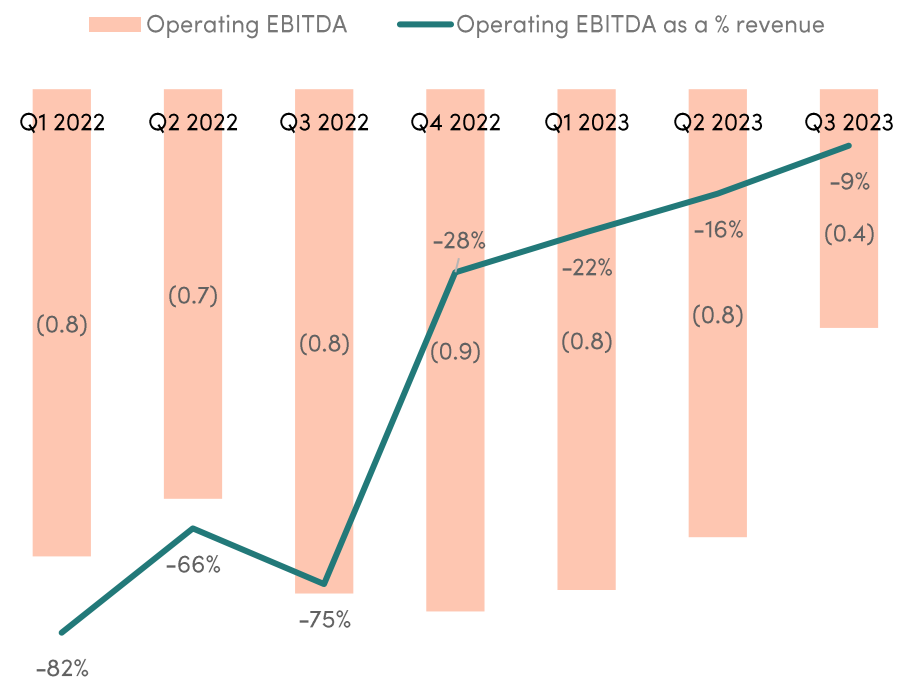
## eComm & Subscription Performance

Focus on gross margin improvements, customer acquisition costs and disciplined capital management drive a step change in Operating EBITDA loss

### Quarterly Pro-forma Operating Revenue in millions

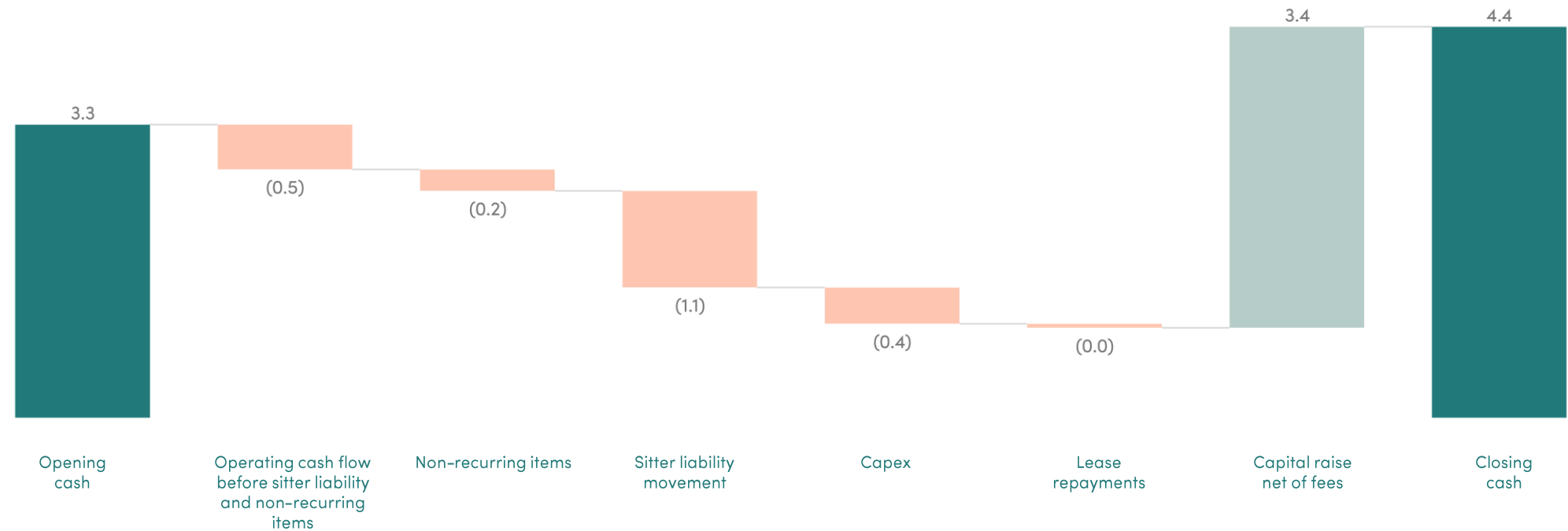


### Quarterly Operating<sup>1</sup> EBITDA in millions



<sup>1</sup>Operating EBITDA excludes the impact of the run down of the Dinner bowl raw and lightly cooked operations

Q3 FY23 Cash Flow Waterfall





# 04

## Conclusion



# Strategic Focus For FY23



## Pet Services Marketplace

With our marketplace now contributing positive EBITDA to the group, we are laser focused on improving our marketplace efficiency using data and experimentation to improve retention, lifetime value and using our data rich user profiles to increase cross sale to our other verticals.

## Upselling and Margins

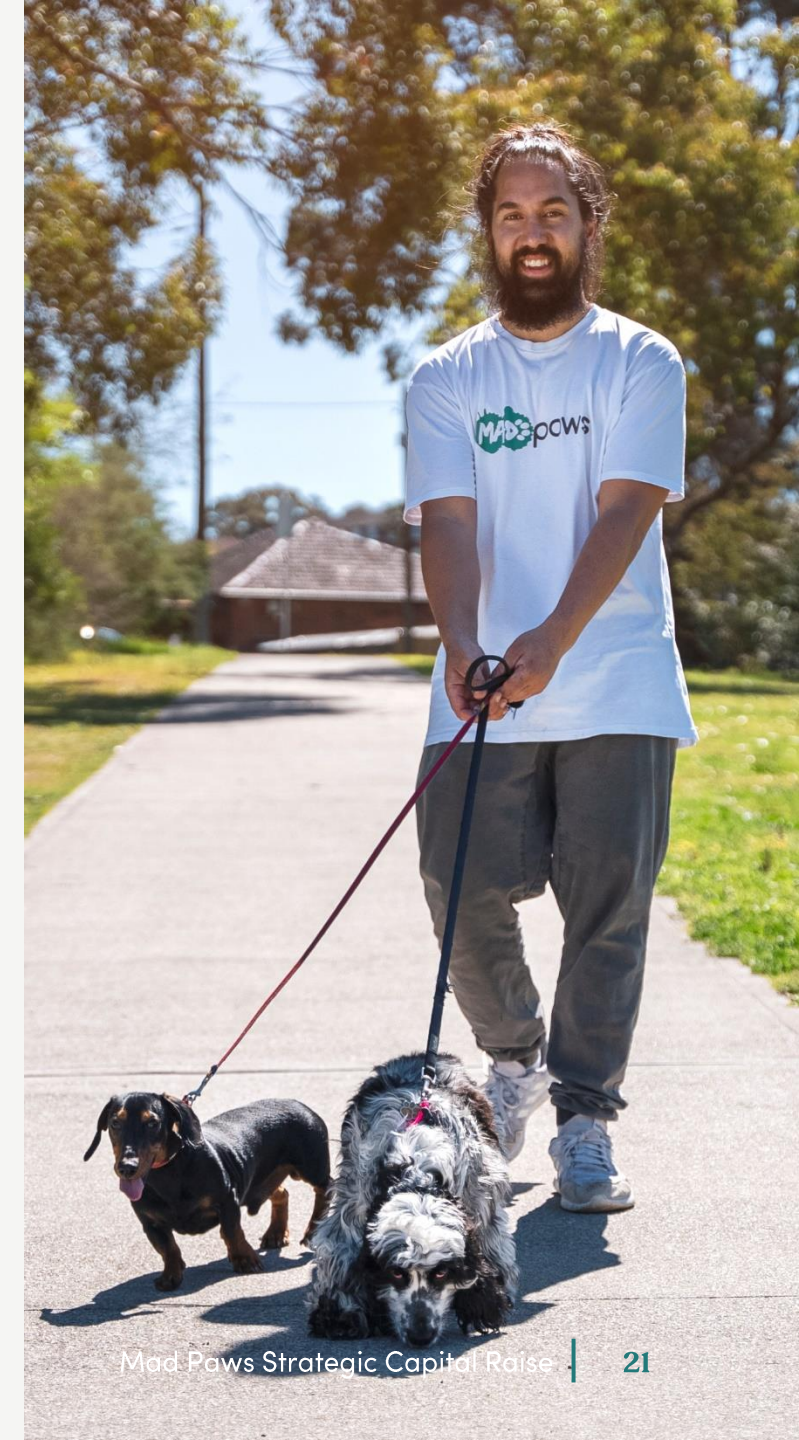
We have made significant headway putting our subscription business in a position to scale them even faster. With customer acquisition in a very good place, we are now laser focused on increasing our average order value through “add to box” as well as increasing margin through better sourcing taking advantage of our volume and internal capabilities.

## Cross Selling

We have now launched the first step of our brand consolidation project with the new Mad Paws homepage. The next step for us is to make our customer experience even more cohesive and enjoyable. We are doing this by focusing on our loyalty offering which presents a huge opportunity for the Mad Paws group

## Ecommerce Efficiencies

Optimising the current set up we have to better service our customers and at the same time reduce operating cost and increase margins.





## Mad Paws has Never Been Better Placed for Accelerated Growth

**Pet ownership has dramatically increased** with 62% of all Australians now owning at least one pet, 48% of which are dog owners and 37% cat owners<sup>1</sup>.

**Pet humanization and premiumisation is driving an increase** in spend on pet services and pet needs.

**Pet Industry is now worth \$30B in Australia** and the popularity of gourmet meals continues to rise<sup>1</sup>.

**Covid has accelerated the shift from offline to online validating the future demand and growth** in pet care services and subscription services.

**Travel is normalizing to pre-covid levels**, particularly international travel is still at depressed levels which presents an opportunity for the marketplace

**Strong track record of revenue growth** diversified across the pet life cycle

**Strong balance sheet with cash of \$4.4m** at 31 March 23, with revenue growth and prudent cost management expected to deliver cash flow breakeven and profitability



<sup>1</sup> Animal Medicines Australia, Pets in Australia (2019): A national survey of pets and people.



# 06

## Appendix – Glossary

# Glossary

Term	Definition	Calculation/Comment
GMV	Gross Merchandise Value	GMV is a non-IFRS measure, it represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.
ARR	Annual Recurring Revenue	Annual recurring revenue (ARR) = Closing subscribers at the end of period X Subscription price X 12 months
Operating Revenue	Non GAAP measure of revenue	Operating revenue is revenue recognised in accordance with IFRS before the deduction of promotional voucher cost for subscription customers
Operational EBITDA	Management’s core earnings metric	Operational EBITDA (earnings before interest, tax, depreciation, amortisation and non-operating, non-recurring income and costs) is a financial measure which is not prescribed by Australian Accounting Standards (‘AAS’) and represents the profit under AAS adjusted for non-specific non-cash and significant items. The directors consider operational EBITDA to reflect the core earnings of the consolidated entity
LTM	Last Twelve Months	Refers to the trailing 12 month period ending on the reporting date, or as otherwise indicated
CAC	Customer Acquisition Cost	Refers to the cost to acquire a customer across the Group’s brand and consists of performance marketing costs such as social, search, affiliates and general performance marketing costs
TAM	Total Addressable Market	Represent the current overall revenue opportunity of the Australian Pet market sourced from “Animal Medicines Australia, Pets and the Pandemic: A social research snapshot of pets and people in Australia” report