

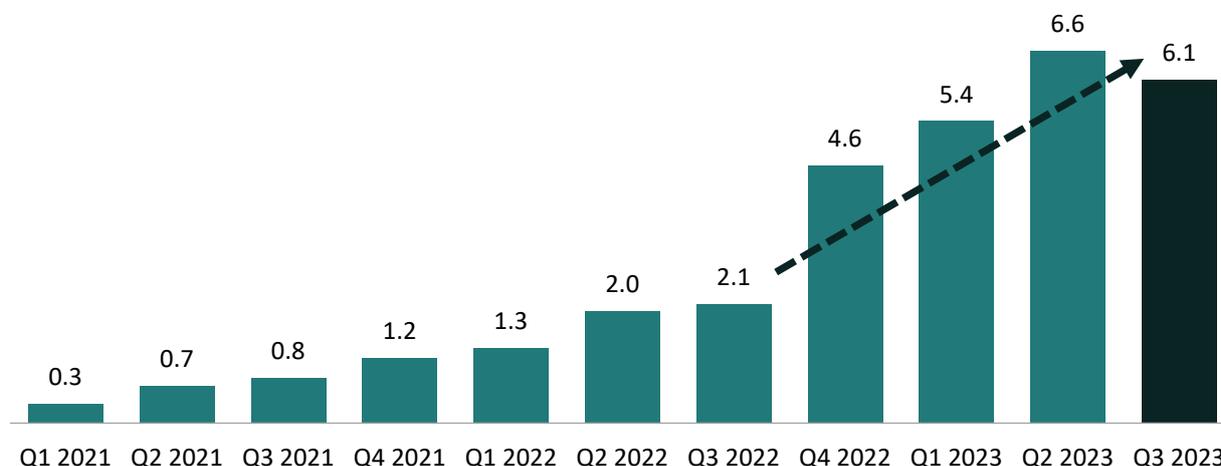
## QUARTERLY ACTIVITIES & CASHFLOW REPORT Quarter ended 31 March 2023

Investor Conference Call At 9.30am AEDT on Thursday 27 April 2023

**Mad Paws Holdings Limited (ASX:MPA) (Mad Paws or Company)** Australia's leading online pet ecosystem, seamlessly connecting pet owners with high quality services and products, is pleased to announce its March 2023 Quarterly (including the Appendix 4C and Activities Report). The operating results of the Group exclude pro-forma adjustments for the Pet Chemist business acquired on 1 April 2022 unless otherwise stated. All financial results are in Australian dollars and are unaudited.

### Highlights for the Quarter

Group Operating Revenue (unaudited) in millions



- **Strong growth across all key financial metrics for the Quarter**
  - **Group Operating Revenues - \$6.1m** - up 189% on pcp and up 53% on a pro-forma basis
  - **Marketplace Operating Revenue - \$1.4m** – up 44% on pcp
  - **E-Commerce & Subscription Revenue - \$4.7m revenue** – up 316% on pcp
  - **On track for Operating EBITDA break even target by mid-2023** - Marketplace EBITDA Margin of 7% and E-Commerce & Subscription Operating EBITDA improved by \$0.4 million to \$(0.4) million
- **Brand consolidation underway - accelerating Customer acquisition**
  - 30,000 new customers in the Quarter – up 90% on pcp
  - New Mad Paws home page released as first step in brand consolidation
- **Realignment of Dinner Bowl strategy completed**
  - Exited low margin raw and lightly cooked product lines to focus on high margin pet food lines
  - Mad Paws focusing on its core strength of driving demand through its existing customer base
- **Raised \$3.6m in a Placement and SPP supported by new and existing investors**
  - **Cash balance at 31 March 2023 of \$4.4m** – well capitalised to achieve EBITDA break even target

Justus Hammer, Co-Founder & CEO commented, “We are very excited about our results this quarter as we have been able to maintain our growth trajectory following on from the record high trading results we recorded in the December quarter, which is traditionally our busiest time. We are seeing a more consistent flow of revenue across the Group with the E-commerce trading in particular offsetting the quieter months for the marketplace of January and February before that ramped up again leading into Easter.



*We also completed the exit from our raw and lightly cook pet food lines incurring some one-off shut down costs this Quarter. While this did reduce our top-line, removing this low margin business and refocusing our resources elsewhere was the right decision and gets us closer to our goal of EBITDA break even mid this year.*

*The release of our new Mad Paws homepage as a first step in our journey of consolidating our brands and creating a more concise user experience has been very successful and we have seen already an uptick in cross-sells resulting from it. We are also very excited about pet stepper, our rich data pet profile. We've already acquired over 70,000 pet profiles of which 50% have over 50 data points per pet. This is just the beginning of Mad Paws utilising the potential of data rich pet profiles to drive our cross-sell strategy for the group."*

## Future Outlook

### Pathway to profitability and cash flow break-even

This Quarter, Mad Paws continued to make strong progress towards the goal of operating on an EBITDA positive basis. Whilst our marketplace operating EBITDA was impacted by the lower seasonal booking period and Easter holiday timing, we saw a significant improvement in operating EBITDA margins in our E-commerce and subscription vertical from -16% to -9%, representing a \$0.4 million improvement quarter on quarter. This improvement reflects the execution of our 3 strategic pillars i) Profitable revenue growth, ii) Prudent cost management and iii) disciplined capital management. During the Quarter we implemented a number of initiatives that better align our resources to high growth and high return areas, creating greater focus for our operating and marketing teams and we expect this to continue to contribute to EBITDA improvements in Q4 FY2023.

Overall, the Marketplace business continued to have a positive EBITDA profile despite the lower seasonal booking profile with EBITDA margins expected to return to previous reported levels of ~25%.

### Outlook for the remainder of the 2023 Financial Year

Moving forward in 2023, Mad Paws is seeking to deliver long term sustainable value by improving customer growth and retention, while at the same time building share of wallet. Mad Paws is focused on continuing to grow its share of the Australian pet market and achieving profitability in the medium term.

The key short-term goal is to create a single platform for customers to book or buy any of the Mad Paws products or services reducing friction for our customers and allowing us to cross sell existing customers to increase our share of wallet.

For our marketplace business, Mad Paws will focus on increasing sitter supply to match owner demand, efficient customer acquisition, continued improvements in our search algorithms and maximising operating EBITDA.

For our subscription and e-commerce business, Mad Paws will seek to accelerate growth by improving efficiencies in gross margins and new customer acquisition, as well as further leveraging the cross-sell opportunities across our 358,000 customers.

Mad Paws is also in the process of upgrading our warehouse facility for the Pet Chemist business which will help us to further increase our product range while improving operating efficiencies.

Mad Paws remains highly focussed on efficient revenue growth, prudent cost management and disciplined management of capital to drive the best outcome for shareholders. Based on current trading, Mad Paws believes it is still on track to deliver the goal of break-even EBITDA by mid-way through calendar year 2023.

## Investor Call details

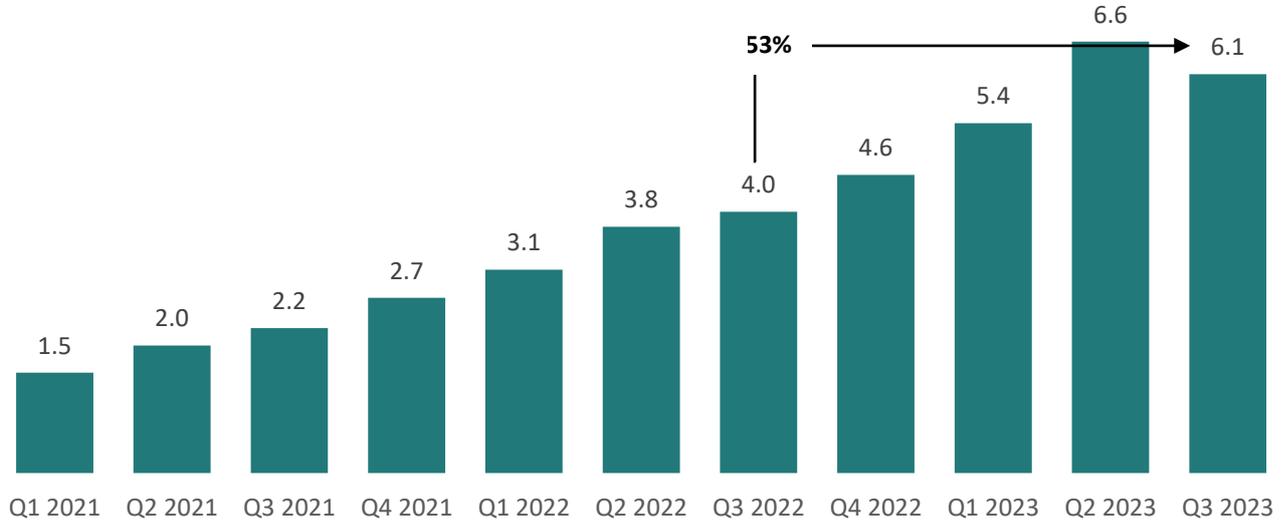
Mad Paws' CEO, Justus Hammer is hosting an Investor Webinar at 9.30am AEDT on Thursday 27 April 2023 to discuss the results of the Quarter and the future business outlook. Shareholders and investors wishing to attend the Investor Webinar can register to attend using the link below:

[https://us06web.zoom.us/webinar/register/WN\\_Ruszn5ZcQeCkjin7HLKj4jQ](https://us06web.zoom.us/webinar/register/WN_Ruszn5ZcQeCkjin7HLKj4jQ)

[investors@madpaws.com.au](mailto:investors@madpaws.com.au)

## Detailed Trading results

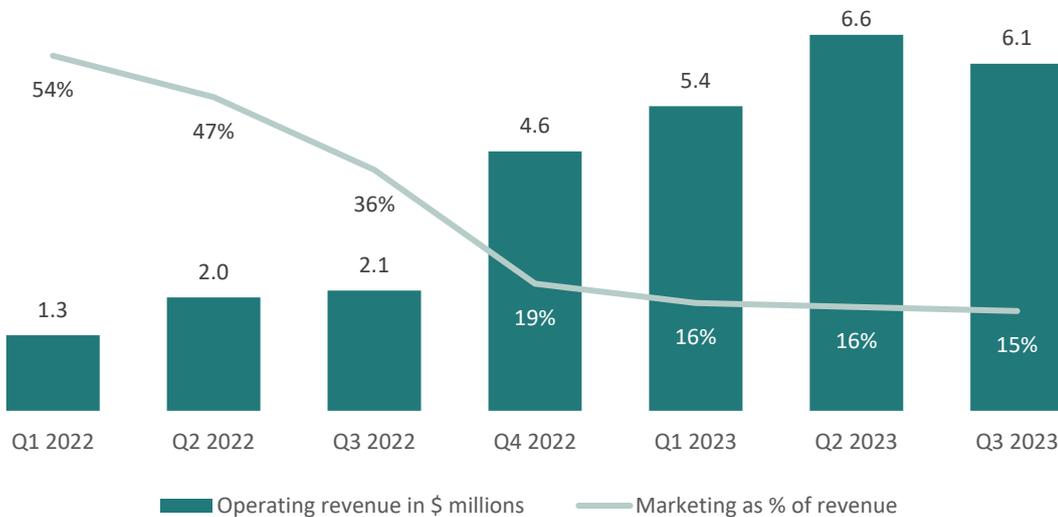
Group Pro-Forma Operating Revenue (unaudited) in millions



Group pro-forma Operating revenue increased 53% from \$4.0 million in Q3 FY22 to \$6.1 million in Q3 FY23. The growth reflects strong performance in our Marketplace vertical which increased 44% in Q3 FY23 driven by continued growth in new customers +10% vs pcp, repeat customer bookings increase +10% vs pcp combined with higher average booking values and take rate % improvements.

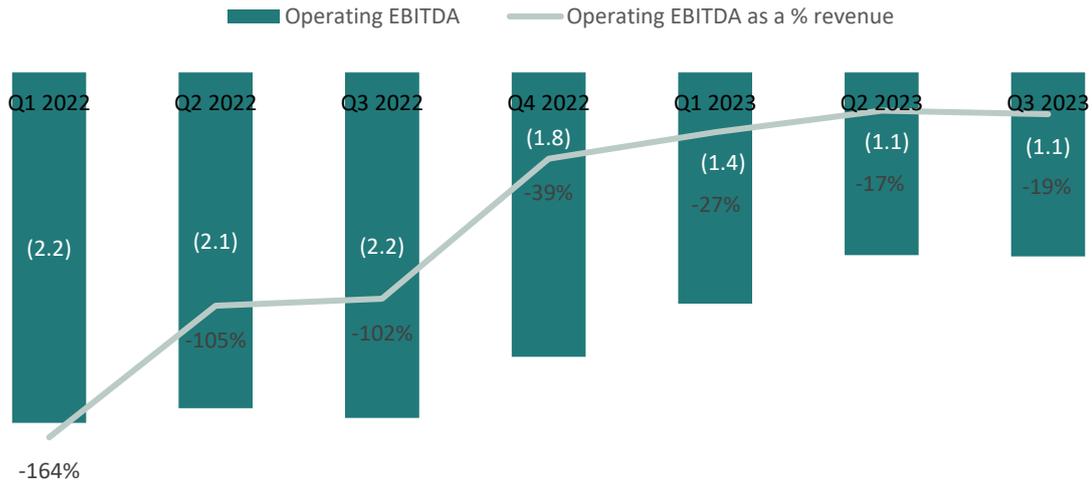
Pro-forma ecommerce & subscription revenues were \$4.7 million, an increase of \$1.7 million from Q3 FY22. On a sequential quarter basis ecommerce & subscription revenues decreased by 5% due to the exit of raw and lightly cooked Dinner bowl product lines and the realignment of the Waggly shop revenue to the Pet Chemist platform. All these initiatives were net EBITDA positive and a key driver of the improvement in e-commerce EBITDA margins quarter on quarter (QoQ). Pet Chemist revenue increased 66% on a pro-forma basis due to several factors including higher new customer acquisition +31% vs pcp, improvements in repeat customer transactions +69% vs pcp as well as the implementation of our range expansion strategy which increased the proportion of over-the-counter orders to 58%. In addition, Waggly subscription revenue increased by 95% vs Q3 FY22 driven by the continued success in new subscriber acquisition and stable attrition rates.

### Group Marketing as a % of Operating Revenue



Marketing as a percentage of revenue was 15%, down from 36% in the previous corresponding period. The year-over-year improvement has been driven by the implementation of data-driven strategies in the marketplace and the focus on SEO, resulting in a reduction of the blended CAC. In our eCommerce and subscription vertical, the acquisition of Pet Chemist (with its favourable customer acquisition economics) had a significant impact. In addition, we have implemented several website conversion optimizations that have improved new customer conversion rates as well as implemented a number of sourcing strategies to reduce the cost of our subscription offers.

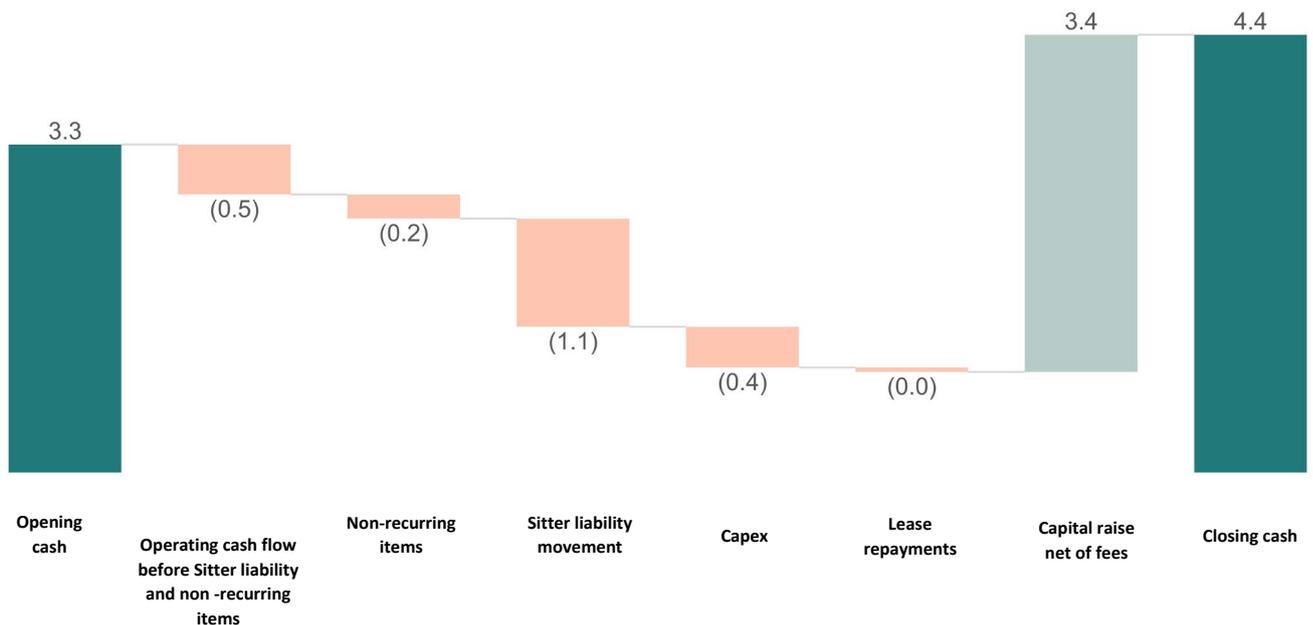
## Group Operating EBITDA in \$ millions



Group operating EBITDA margins decreased by 2 percentage points on a quarter-on-quarter basis due to the lower seasonal booking period for our marketplace vertical. The seasonal effect of the marketplace was offset by significant improvement in our e-commerce and subscription vertical, which improved EBITDA by \$0.4 million in the quarter. Our Marketplace vertical is expected to see EBITDA% improvements in Q4 FY23 due to the busy Easter holiday bookings period. Gross margins for the marketplace were 93%, and 26% for e-commerce and subscription.

## Corporate & Cash flow

### Cash flow bridge for the Quarter



Operating cash outflow before sitter liability movement and non-recurring items was \$0.5m reflecting the lower seasonal booking period for our marketplace vertical. The Group incurred \$0.2m of non-recurring cash outflows in the Quarter relating to the exit of Dinner bowl raw and lightly cooked products as well as other restructuring costs. As previously highlighted (and outlined in the table below) our marketplace business has a favourable working capital cycle with the customer paying for the service up front and payment to the pet sitter happening after the service has taken place. As Q3 FY23 follows the Christmas and school holiday booking peak booking period, the cash impact of the sitter liability is negative in this period, but this is expected to be neutral by the end of Q4 FY23.

in \$ millions	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Last 4 quarters
Sitter liability movement	(1.1)	1.1	0.3	0.6	0.9

## Financing and Investment Activities

Mad Paws continued to invest in key areas of the pet life cycle in the Quarter, with \$0.4m invested in product initiatives in our marketplace vertical. Specifically, the launch of our new home page, foundational re-branding work across our other sites and work to introduce machine learning and AI into our search ranking algorithm.

During the Quarter, the Group completed a placement and an SPP raising \$3.4 million after related costs. At the end of the Quarter, Mad Paws had a cash balance of \$4.4 million. Based on current trading and expectations, with the Group's prudent cost management and disciplined capital allocation, the target is still to achieve cashflow breakeven in mid 2023.

As detailed in Item 6.1 of the accompanying Appendix 4C, this Quarter the Company paid \$181k in relation to the CEO and the Executive Director remuneration and Directors' fees.

## Use of funds

In accordance with ASX Listing Rule 4.7C.2, Mad Paws provides the following update on its use of funds (unaudited) below. All expenditure outlined in Mad Paws IPO has now been completed.

Use of funds	IPO Prospectus \$m	Total expenditure post admission to the ASX as at 31 March 23 (\$m)	Status
Marketing/Sales	4.5	4.5	Final
Operational team	2.8	2.8	Final
Product Development	2.7	2.8	Final
Other Working Capital	0.9	0.9	Final
IPO expenses	1.1	1.1	Final
<b>Total</b>	<b>12.0</b>	<b>12.0</b>	Final

## ASX Waiver

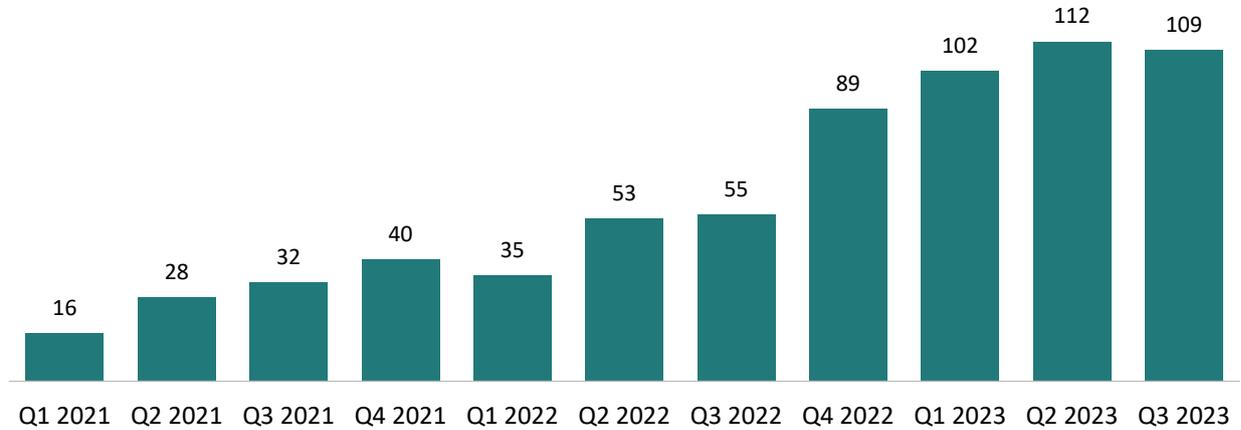
The Company received an ASX waiver in February 2022 with regards to Listing Rule 7.3.4 to issue deferred considerations shares to a maximum 15,000,000 ordinary shares no later than 31 December 2024.

As at 31 March 2023, there were no deferred consideration shares issued and there are up to 15,000,000 ordinary shares remaining to be issued.

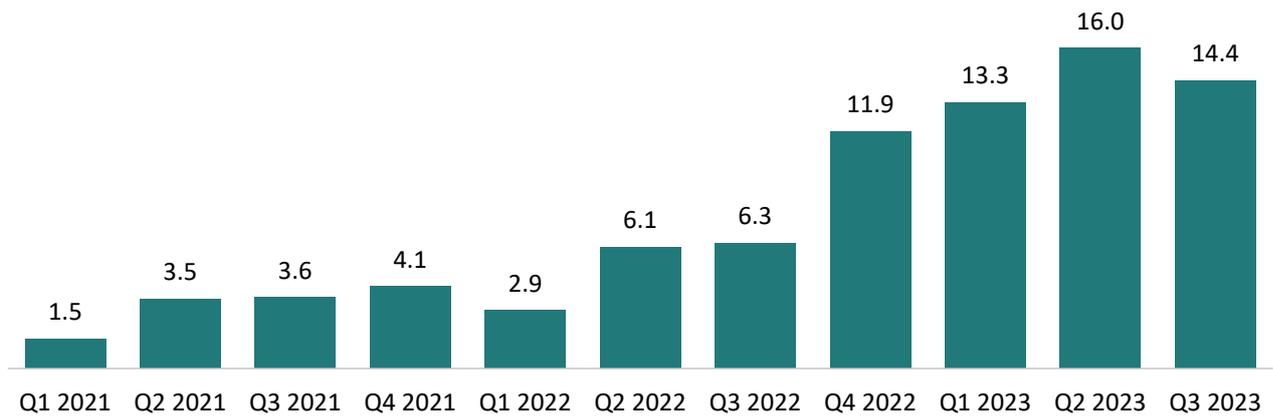
## Key performance metrics for the Quarter

### Group metrics

#### Group Bookings/transactions in 000s

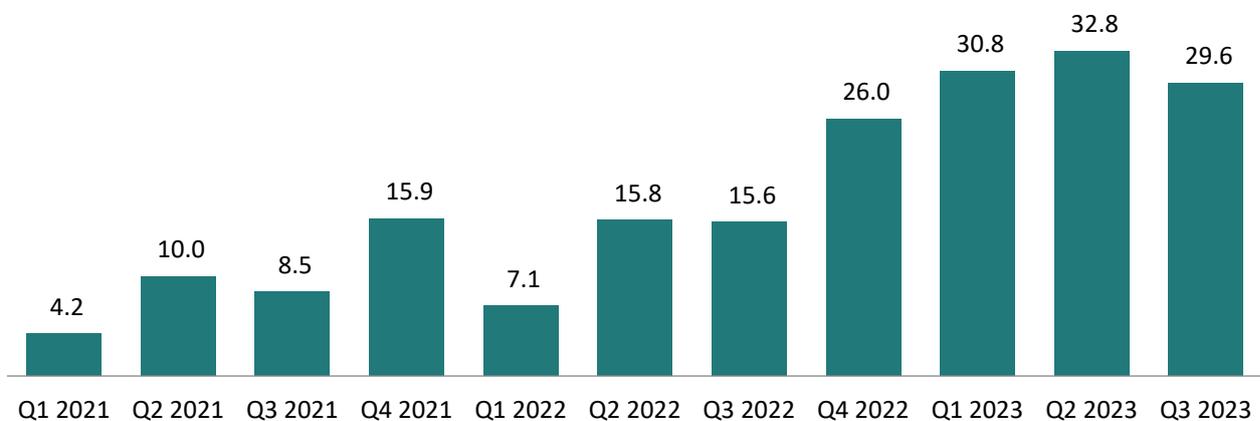


#### Group Gross Merchandise Value (GMV<sup>1</sup>) in \$ millions



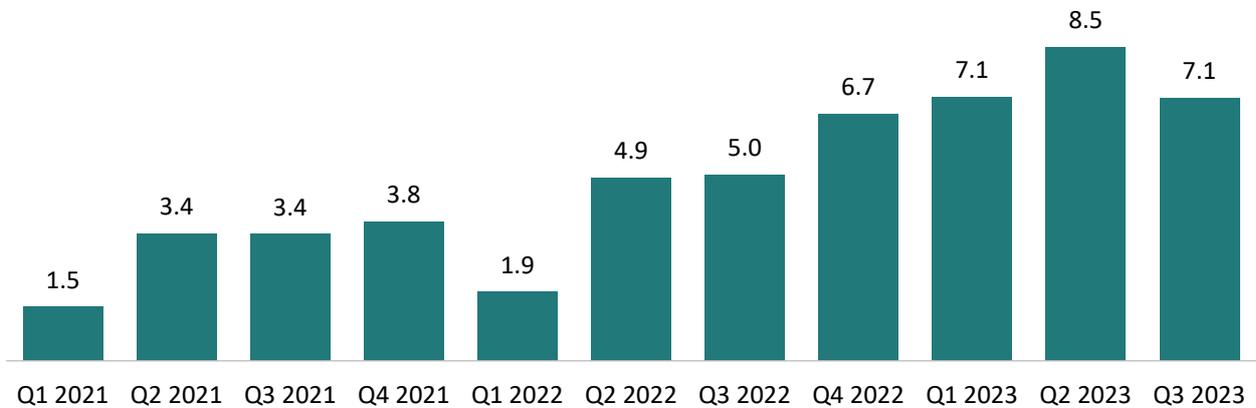
<sup>1</sup>GMV is a non-IFRS measure, it represents the total value of transactions processed by All Mad Paws businesses, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.

#### Group New customers in 000s

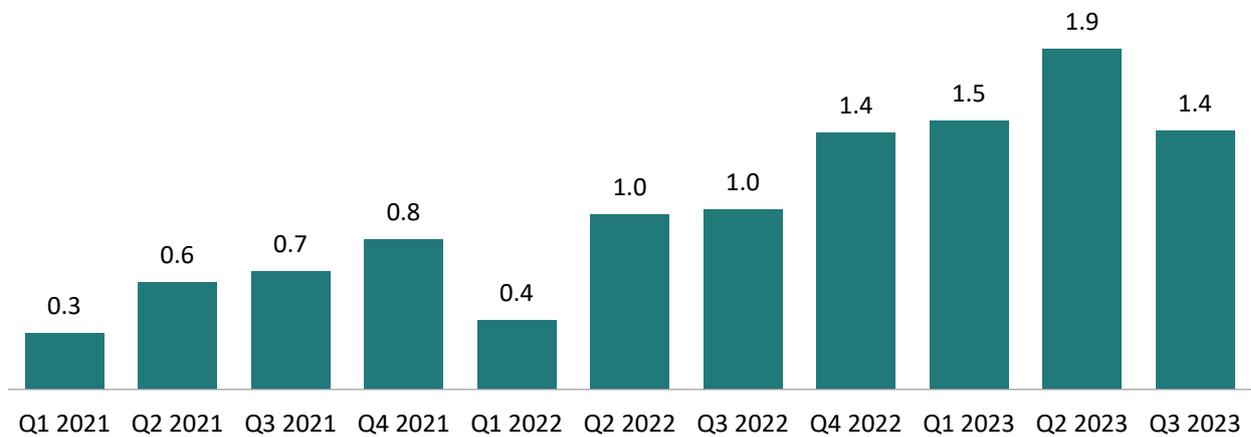


## Segment metrics

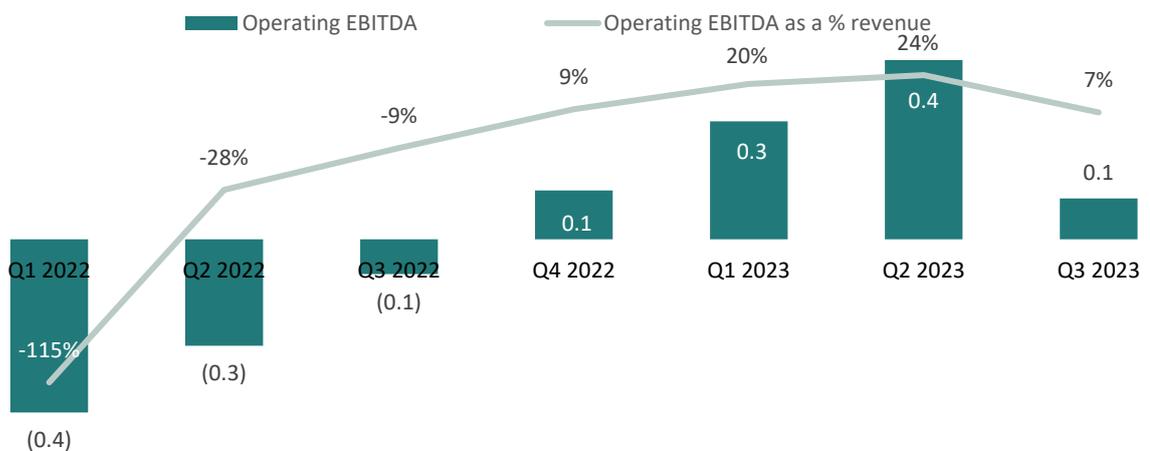
Marketplace GMV in \$ millions



Marketplace Revenue in \$ millions

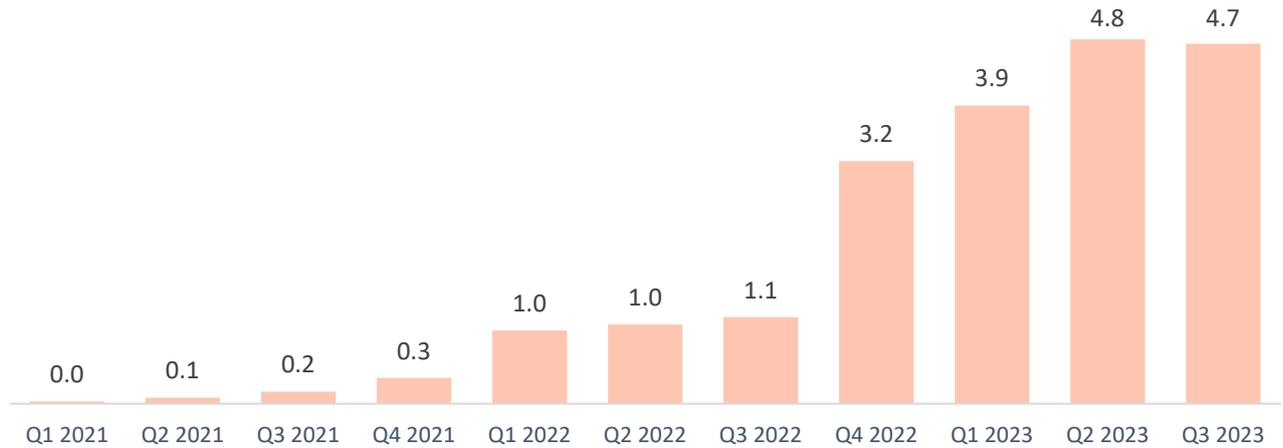


Marketplace Operating EBITDA in \$ millions

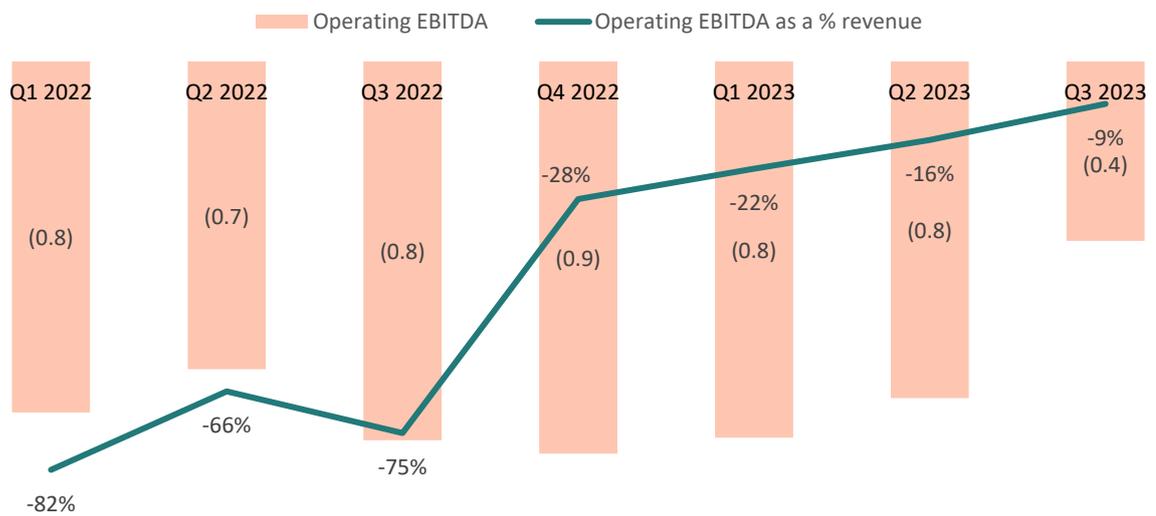




E-commerce & Subscription revenue in \$ millions



E-commerce & Subscription Operating EBITDA in \$ millions



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

-ENDS-

CONTACTS

Mad Paws	Investor Enquiries
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## About Mad Paws

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

The Mad Paws pet ecosystem supports over 300,000 active pet owners, facilitating over 400,000 transactions last year, driven by the rapid growth in pet ownership and increased spending on pets in this \$30 billion Australian pet market. The Mad Paws marketplace is the leading online platform for pet owners to book their pet sitting, walking, day care and grooming services, with one of over 40,000 registered pet carers Australia wide. With over 2 million pet care services since inception the Mad Paws pet services marketplace is the leading marketplace of its kind in Australia. Mad Paws also operates an online only e-Commerce division offering pet healthcare, prescription medicine, pet treats and specialty items to improve the every day life of Australian pets, with brands including Pet Chemist, Waggly, Dinner Bowl and Sash beds.

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

For more information: [www.madpaws.com.au](http://www.madpaws.com.au)

## Forward Looking Statements

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

## Glossary

Term	Definition	Calculation/Comment
GMV	Gross Merchandise Value	GMV is a non-IFRS measure, it represents the total value of transactions processed by Mad Paws, on a cash basis, before deducting pet service provider payments, cancellations and refunds, chargebacks, discounts and GST.
ARR	Annual Recurring Revenue	Annual recurring revenue (ARR) = Closing subscribers at the end of period X Subscription price X 12 months
Operating Revenue	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
FCF	Free cash flow before strategic investments	FCF = Free cash flow less maintenance capex excludes strategic marketing and technology investments and sitter liability working capital movements

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Mad Paws Holdings Limited

**ABN**

39 636 243 180

**Quarter ended ("current quarter")**

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,896	34,420
1.2 Payments for		
(a) research and development	-	
(b) product manufacturing and operating costs	(10,119)	(27,299)
(c) advertising and marketing	(924)	(2,814)
(d) leased assets	-	-
(e) staff costs	(2,235)	(6,219)
(f) administration and corporate costs	(422)	(1,593)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	17
1.5 Interest and other costs of finance paid	(13)	(26)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	411
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,814)</b>	<b>(3,103)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(6)	(23)
(c) property, plant and equipment	(5)	(92)
(d) investments	-	(7)
(e) intellectual property	(394)	(1,160)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(405)</b>	<b>(1,282)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3,573	3,573
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(220)	(220)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other Lease liabilities	(44)	(175)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>3,309</b>	<b>3,178</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,266	5,563
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,814)	(3,103)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(405)	(1,282)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,309	3,178
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,356</b>	<b>4,356</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	4,356	3,266
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,356</b>	<b>3,266</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	181
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Payments in 6.1 relate to CEO, Executive Director remuneration and Director's fees in the quarter

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,814)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,356
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,356
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023.....

Authorised by: The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.