



**madpaws**  
**Q3 FY24 results**

Your pets' best life. Sorted.

29 April 2024

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Your paragraph text

# 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

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 loves pets to live their lives to the fullest.




Qantas Partnership and access to Qantas FF



> 2 million pet care services provided



#16 - 2023 Deloitte Tech Fast 50



#5 - 2023 AFR Fast 100



## madpaws GROUP

**madpaws**

**Australia #1**

Pet services marketplace

 **PET CHEMIST**

**Australia #1**

Online pet chemist

 **waggy**


**Australia #1**

Toys & treats subscription box

**S A S H.**

**High growth**

Premium dog beds and accessories



**1.1m**  
Subscribed Pet Owner e-mails



**1.3m**  
Monthly website visits



**53,000**  
Brand ambassadors: Pet Sitters and Dog Walkers



**70%+**  
Customer repeat rate

# The positive impact of pet ownership remains strong

The pet market boom is resulting in a high growth, recession-proof market



## Pet humanisation and premiumisation are driving spend



Prioritisation of pet needs



Increasing spend per pet



Increasing spend on pet products and services



Recession resilience

# 73%

of all households would like to add a pet to their family. This tells us that pet ownership is becoming a way of life for most Australians, estimated at 7.3 million households.



# 85%

of pet owners say their pet has vastly improved their lives.



## Part of the family

Owners nowadays have a more human-like relationship with pets and more inelastic spend.



## Average household spend for dogs and cats represents a large wallet size

### Dog

\$3,237 pa



### Cat

\$2,074 pa



# Breadth and depth of our data create unrivalled competitive advantages



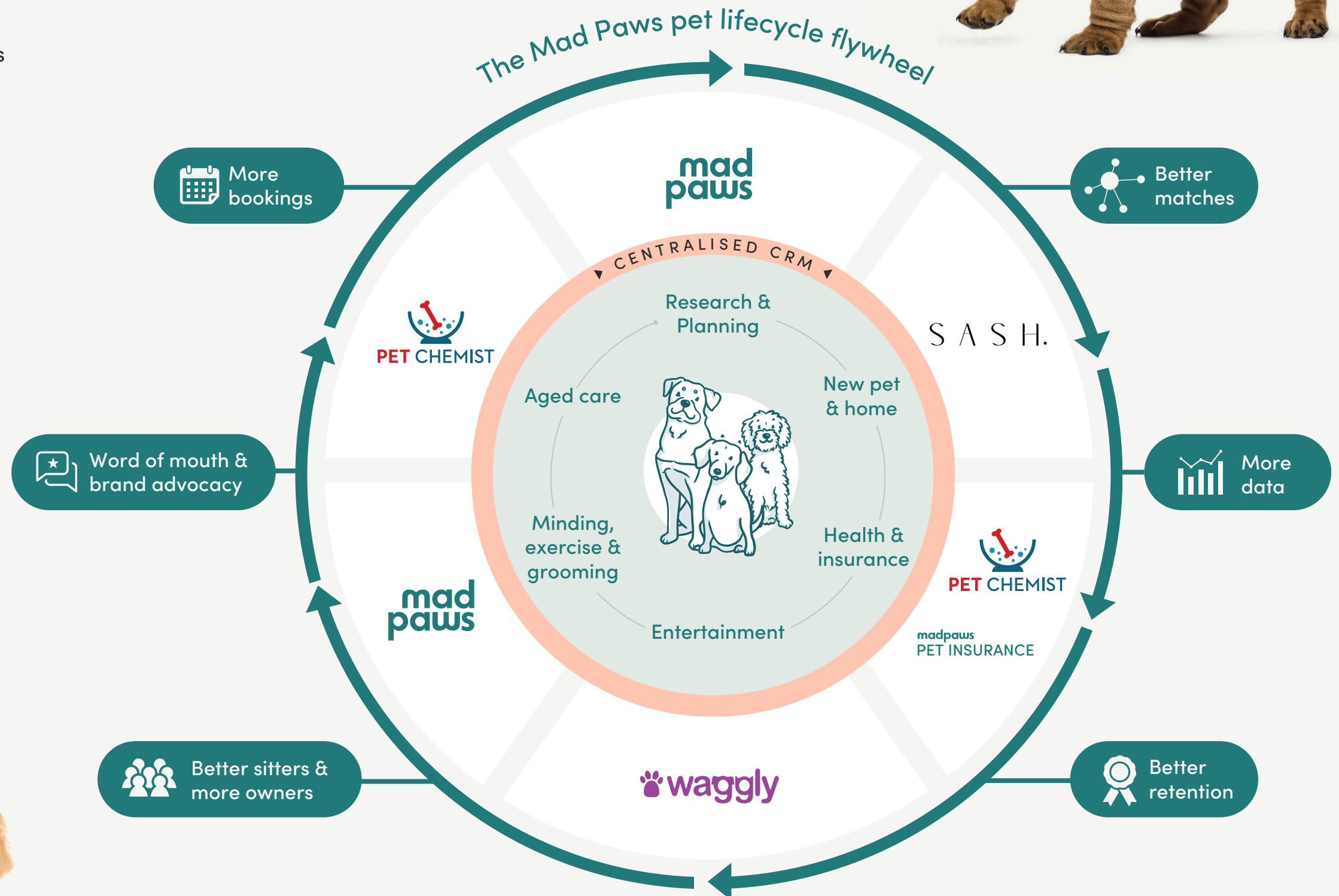
Where personalised care is priority, Mad Paws leverages the family of brands to connect with Australian Pet Owners across every stage in the pet lifecycle.

Anchored by our significant first-party data points, we're able to seamlessly attract, engage and delight customers.

- Allows us to capture a larger customer network - more products equals more solutions and more data
- Enabling greater scope to achieve maximum value from owned and earned data



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# Mad Paws Group Q3 FY24 Highlights

**\$16.1m**

Group GMV  
+11%

**\$6.6m**

Operating Revenue  
+13%<sup>1</sup>

**11%**

Marketing as a % of  
Revenue Vs 15% pcp

**(\$0.4m)**

Operating EBITDA  
+\$0.7m  
vs pcp

**(\$0.2m)**

YTD Operating  
Cash Flow  
+\$3.1m vs pcp

**\$3.55m**

Available Funding

<sup>1</sup> Excluding closed Dinner bowl product lines

# Seven West Media Investment

Collaboration signifies our strategic alignment with industry leaders and underscores our commitment to building a strong and resonant brand presence, making Mad Paws a household name.



**SWM has agreed to make a strategic investment of \$5.25 million in Mad Paws via a share placement, giving it a 10.8% stake in the company. The investment was priced at \$0.12 per share, representing a premium to the last traded price.**

Payment for the \$5.25 million investment will be split between \$1.25 million in cash and the equivalent of \$4 million in advertising across Seven's television, publishing and digital media assets, which have a combined reach of more than 19 million Australians a month.

The cash funds from the strategic investment will be deployed to develop advertising and creative content as well as fast track Mad Paws progression to a single platform.

## PROGRESS UPDATE

- The launch of our brand campaign is on track to debut in Q1 FY25.
- Internal Brand/Marketing teams have collaborated closely with Seven West Media and are in the final stages of selecting a creative agency.
- Current plan sees marketing spend including non cash contra to increase by 168% in 1H FY25 against pcp.

“ Mad Paws has built a high-quality digital eco-system over the past three years and is now in a strong position to consolidate and grow its brand via national brand marketing.

We know brand awareness is critical for driving trust and demand for a digital marketplace business. We look forward to working with the Mad Paws team to help them become a household name across Australia. ”

**Jeff Howard**

SWMCEO and Managing Director





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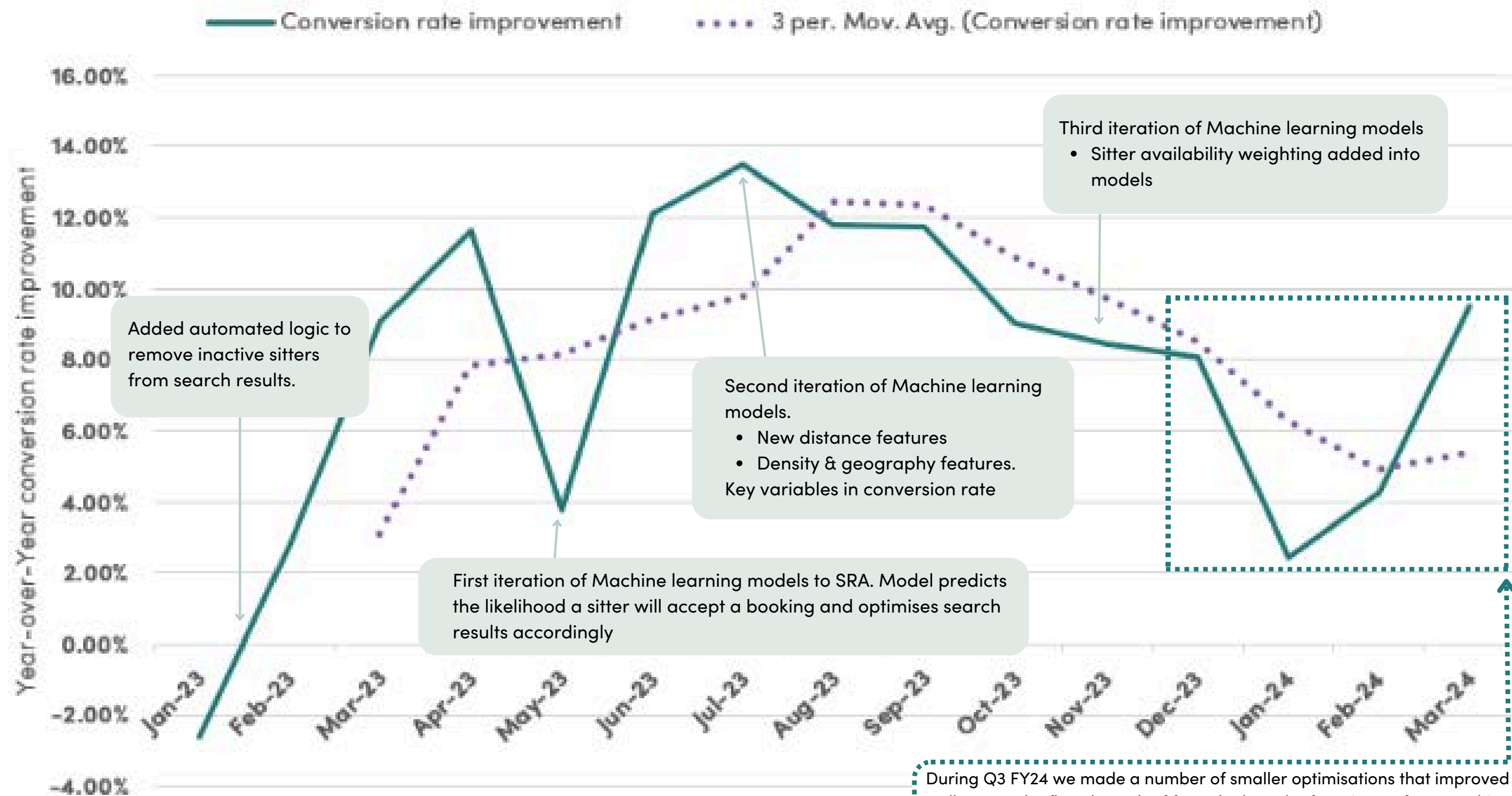
# Marketplace

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

# Data science and machine learning drives conversion rate

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

## Year-over-Year marketplace conversion rate change %



During Q3 FY24 we made a number of smaller optimisations that improved conversion rate, as well as saw the flow through of from the launch of version 3 of our machine learning models

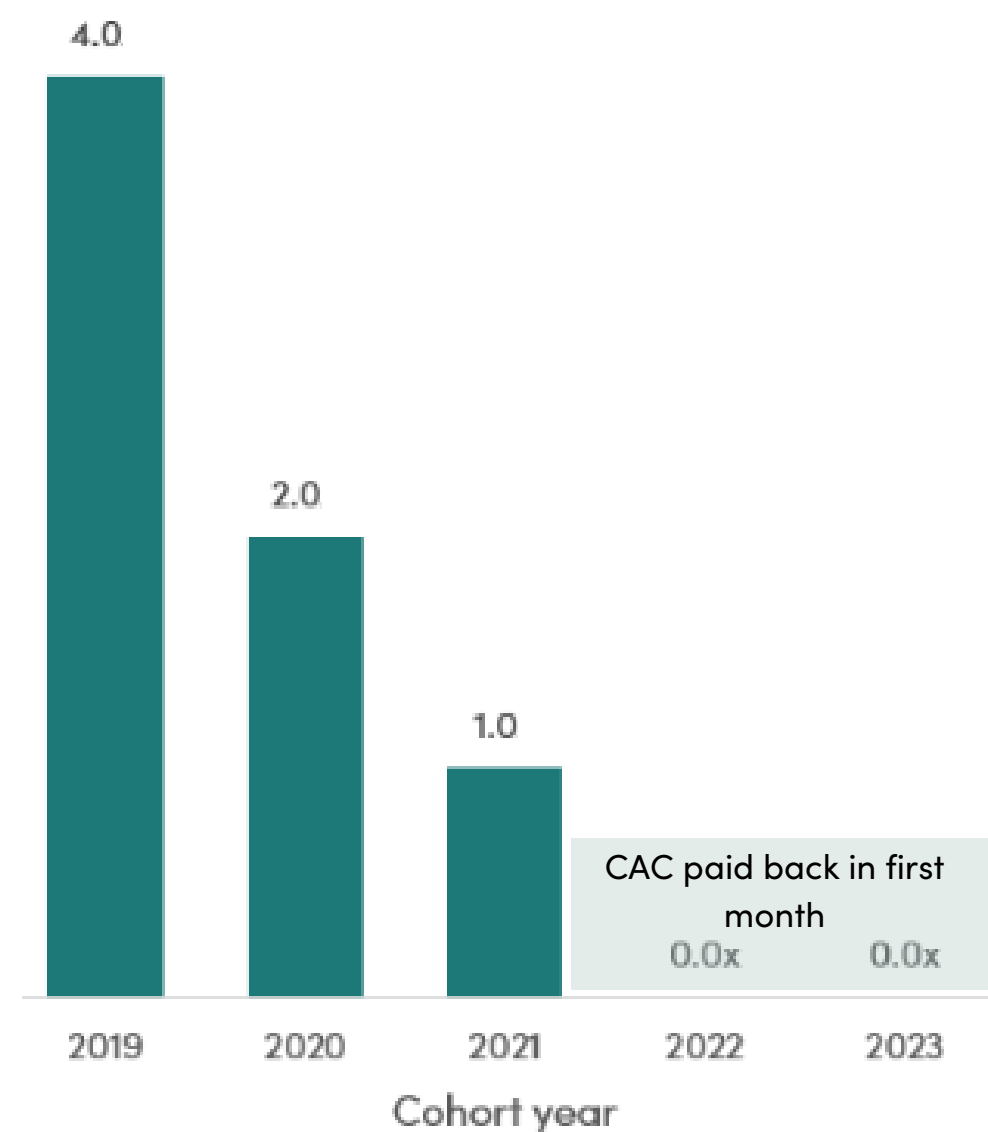
Larger focus on foundational work for the next generation algorithm to be released in early FY25

Conversion rate represents paid bookings in the month divided by the number of unique booking requests in the month

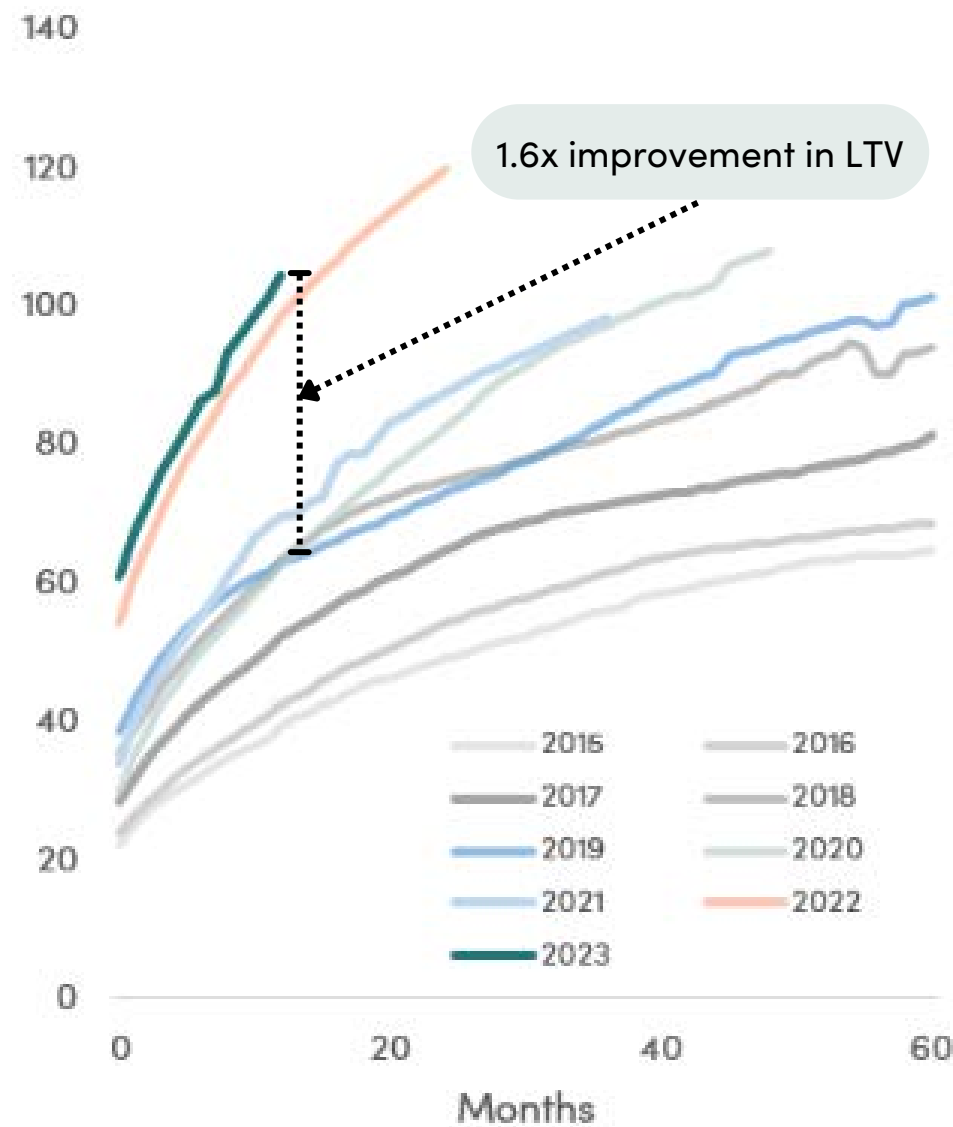
# Platform investment drives strong improvement in unit economics

Significant improvements in Lifetime value and acquisition cost

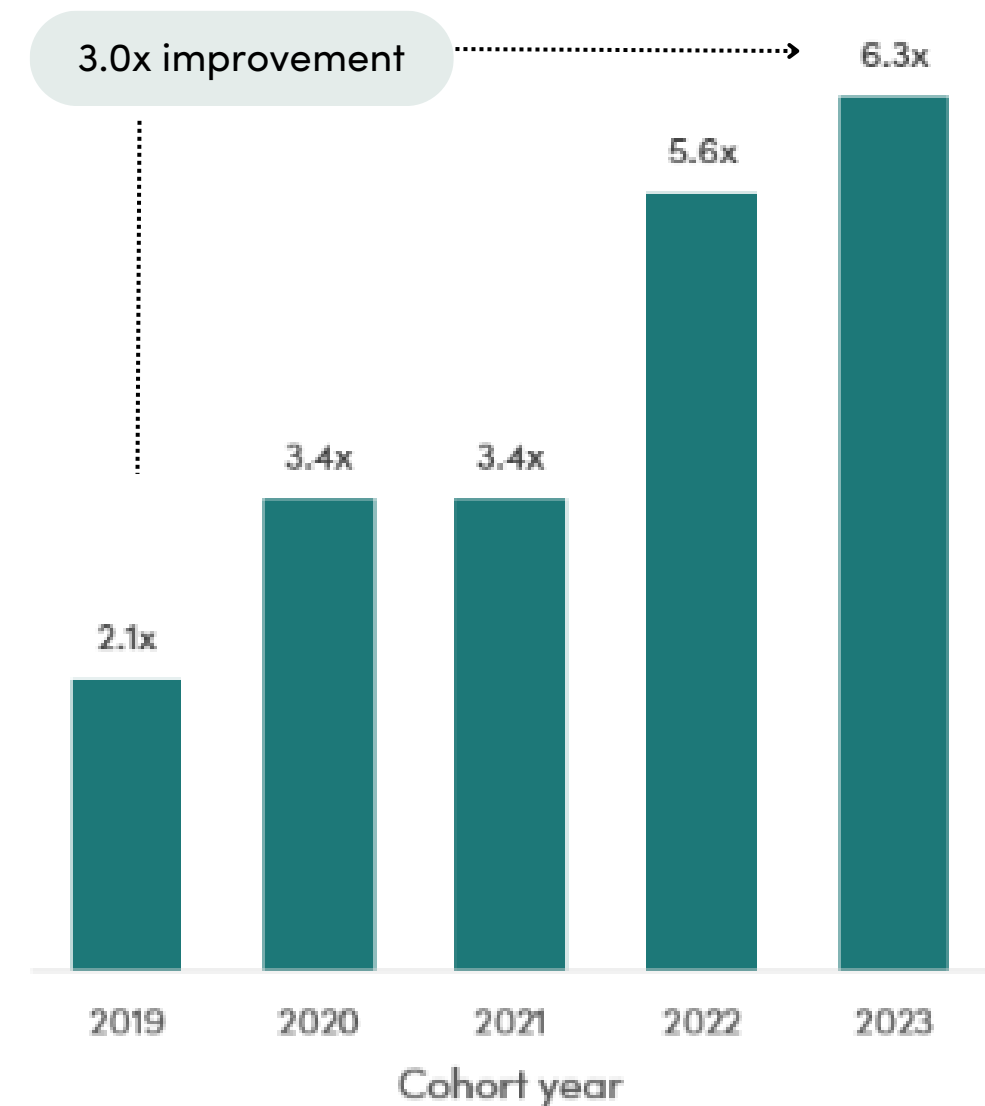
## Acquisition cost payback in Months



## Lifetime value by yearly cohort



## Lifetime value to CAC ratio\*



Our owner penetration in Australia is less than 5% demonstrating the significant growth opportunities in the future

\*Lifetime value to CAC ratio as based on a 7 year Lifetime value estimate

# e-Commerce operational highlights

Refocus on prescription drugs drives more efficient customers acquisition and better margins.

## Focus on recurring revenues

Heavy focus for Pet Chemist on driving Autoship customers - up 108% vs. pcp

## Operational efficiency

Focus on automation and process improvements to increase warehouse output

## First home brand product launched

First Pet Chemist home brand supplement has been launched. We are now expanding promotional channels and exposure before expanding the range further

## Refocus on health products for Pet Chemist

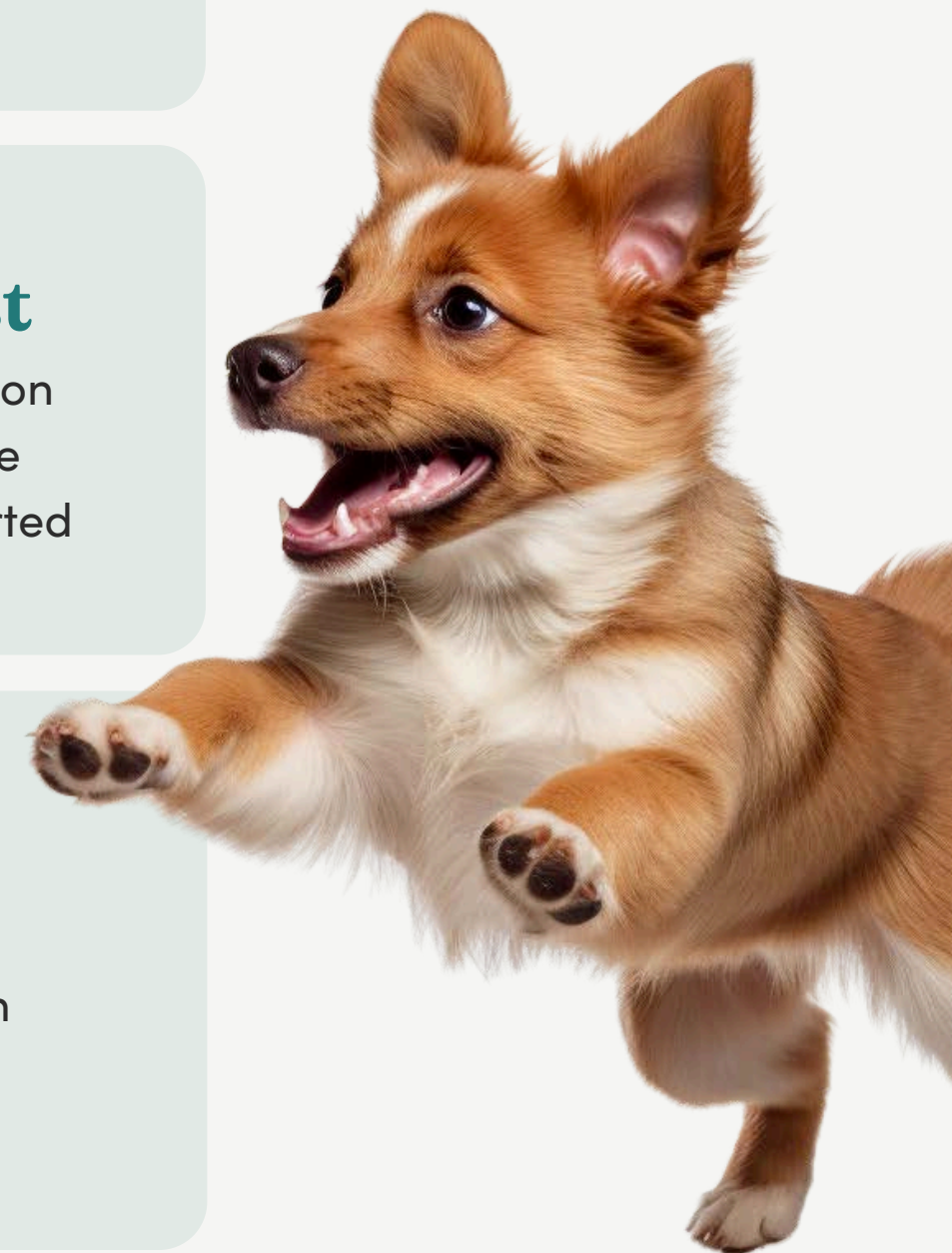
Refocusing on our strength in prescription medications, using prescriptions to drive new customers that can then be converted in to OTC customers

## Improve customer acquisition cost

Optimisations to our marketing mix and spend as well as cross-sell resulted in record marketing efficiencies and a drop in acquisition cost of 31% vs. pcp

## Internationalisation for Sash

Successful test in the UK market - 3PL in progress of being set up - expected to profitably scale volume in Q4 this FY

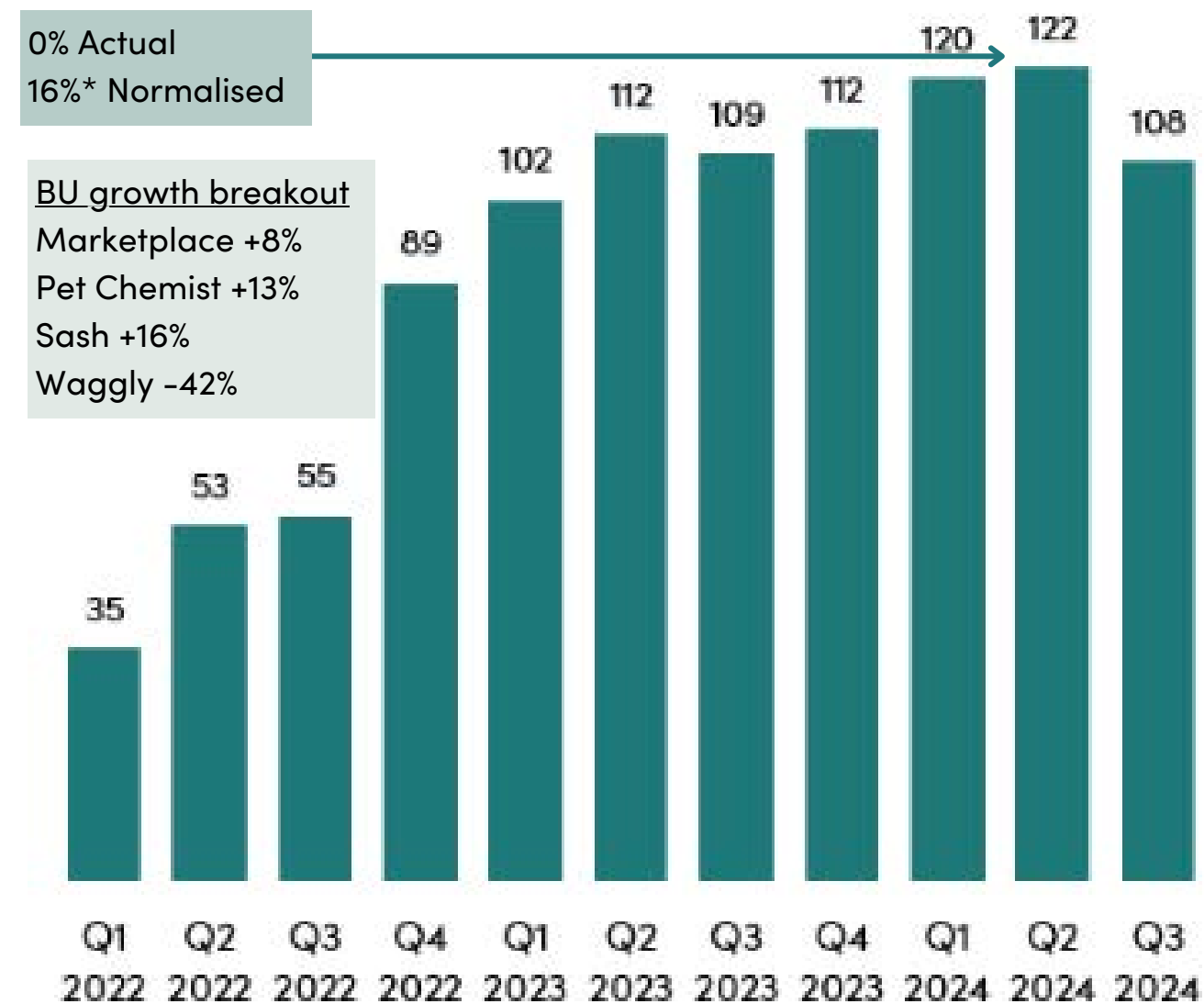


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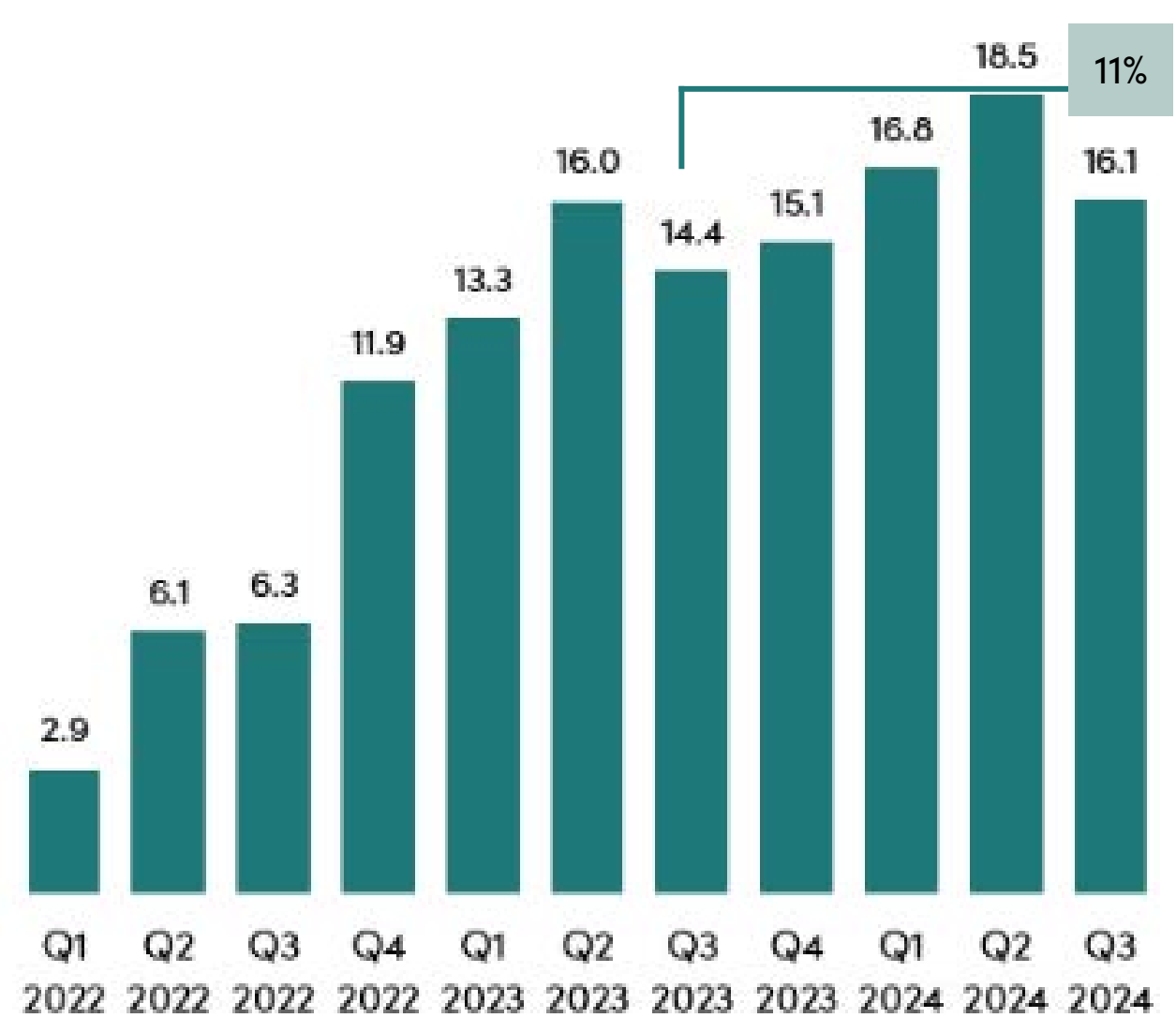
# Financial Performance

# Growth across transactions and GMV

## Quarterly Bookings/Transactions in 000s



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



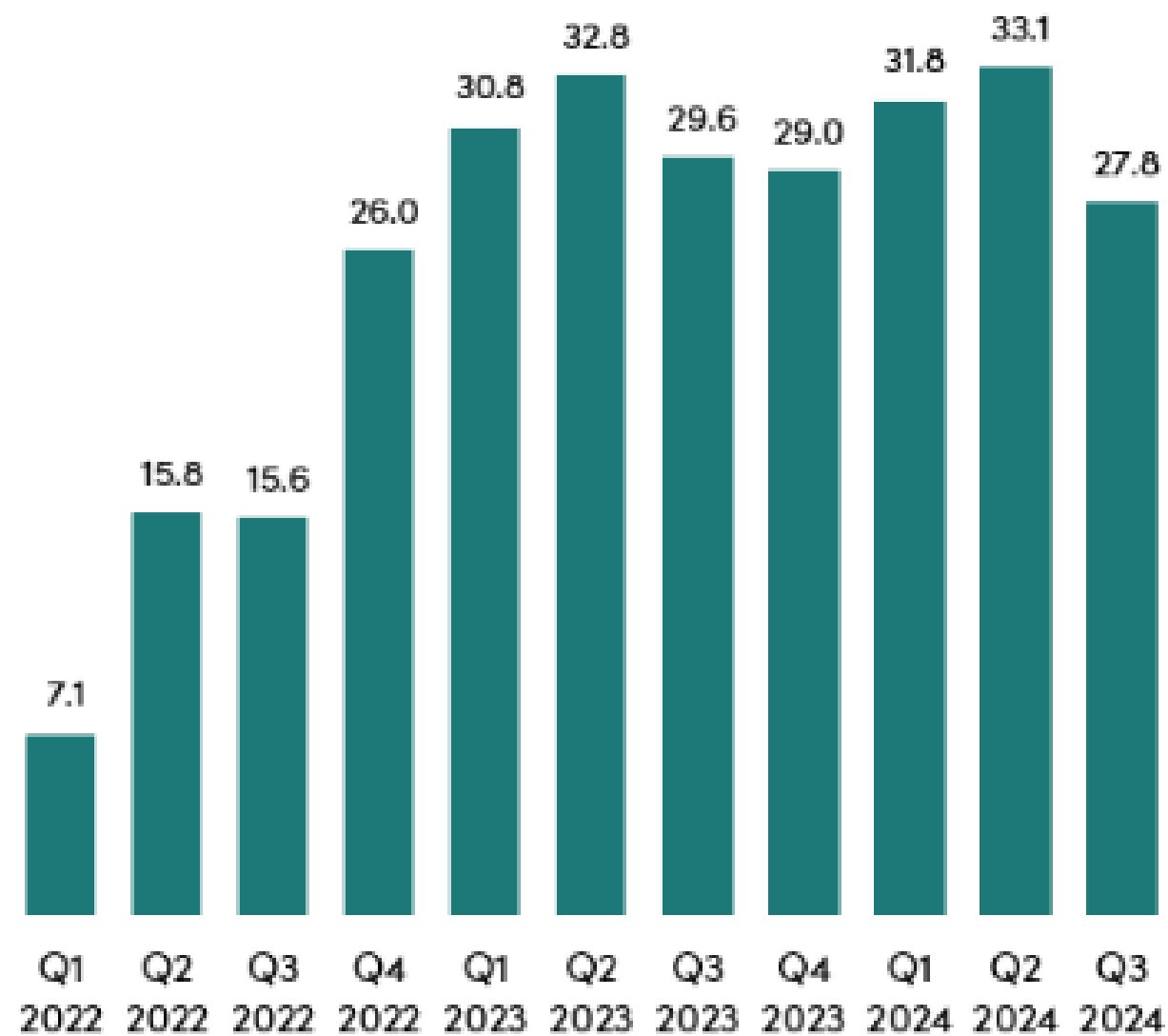
\*Q3 FY24 transaction growth adjusted for closed Dinnerbowl product lines and Waggly changes

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

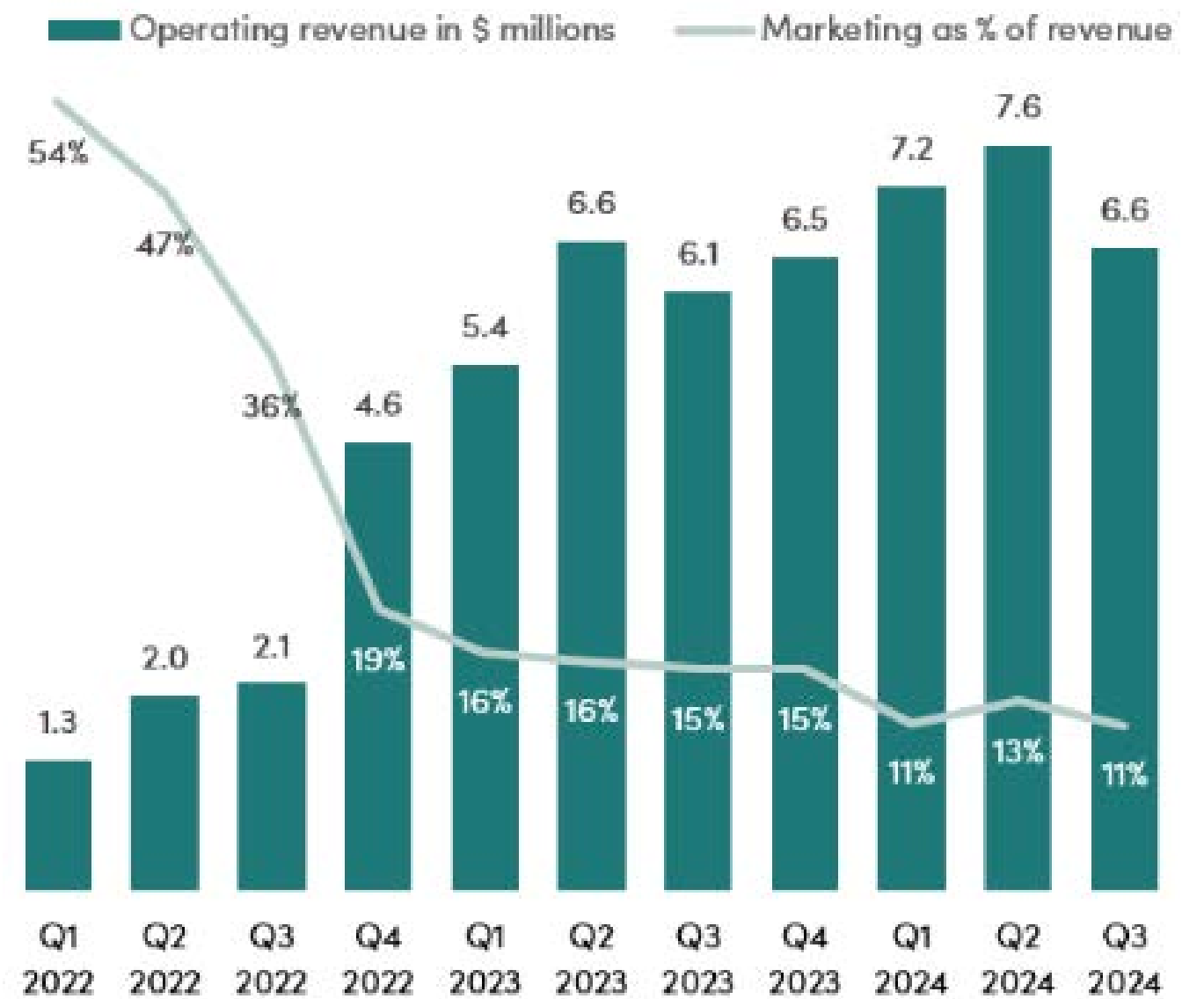
# Improved customer acquisition efficiency

Optimisation of customer acquisition costs continues to improve as we focus on profitability and establish foundations for deployment of SWM contra

## Quarterly new customers in 000s



## Quarterly Marketing as a % of Revenue



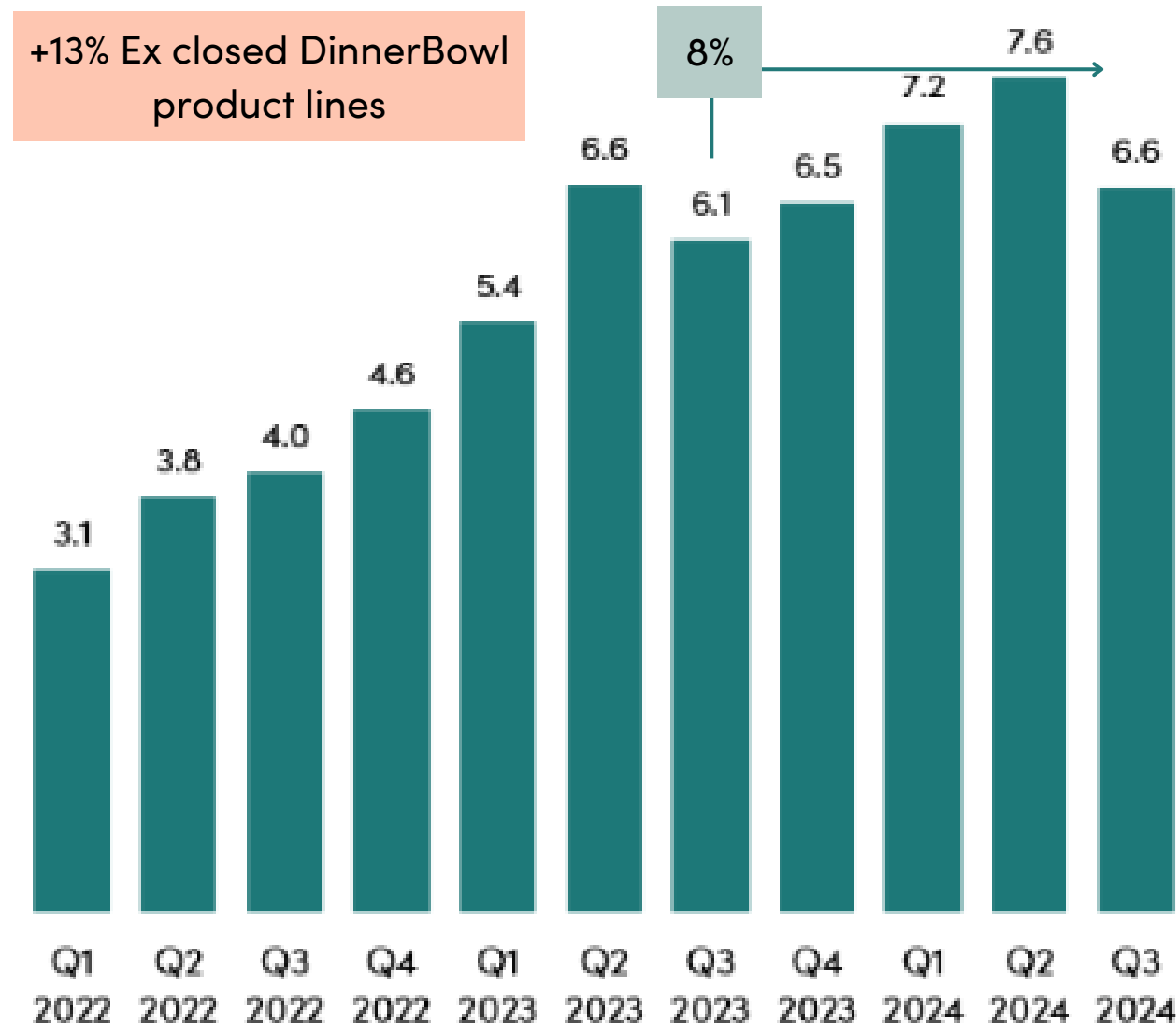
4 percentage point improvement in marketing as % of revenue vs pcp

<sup>1</sup> Q1 to Q3 FY24 revenues are unaudited

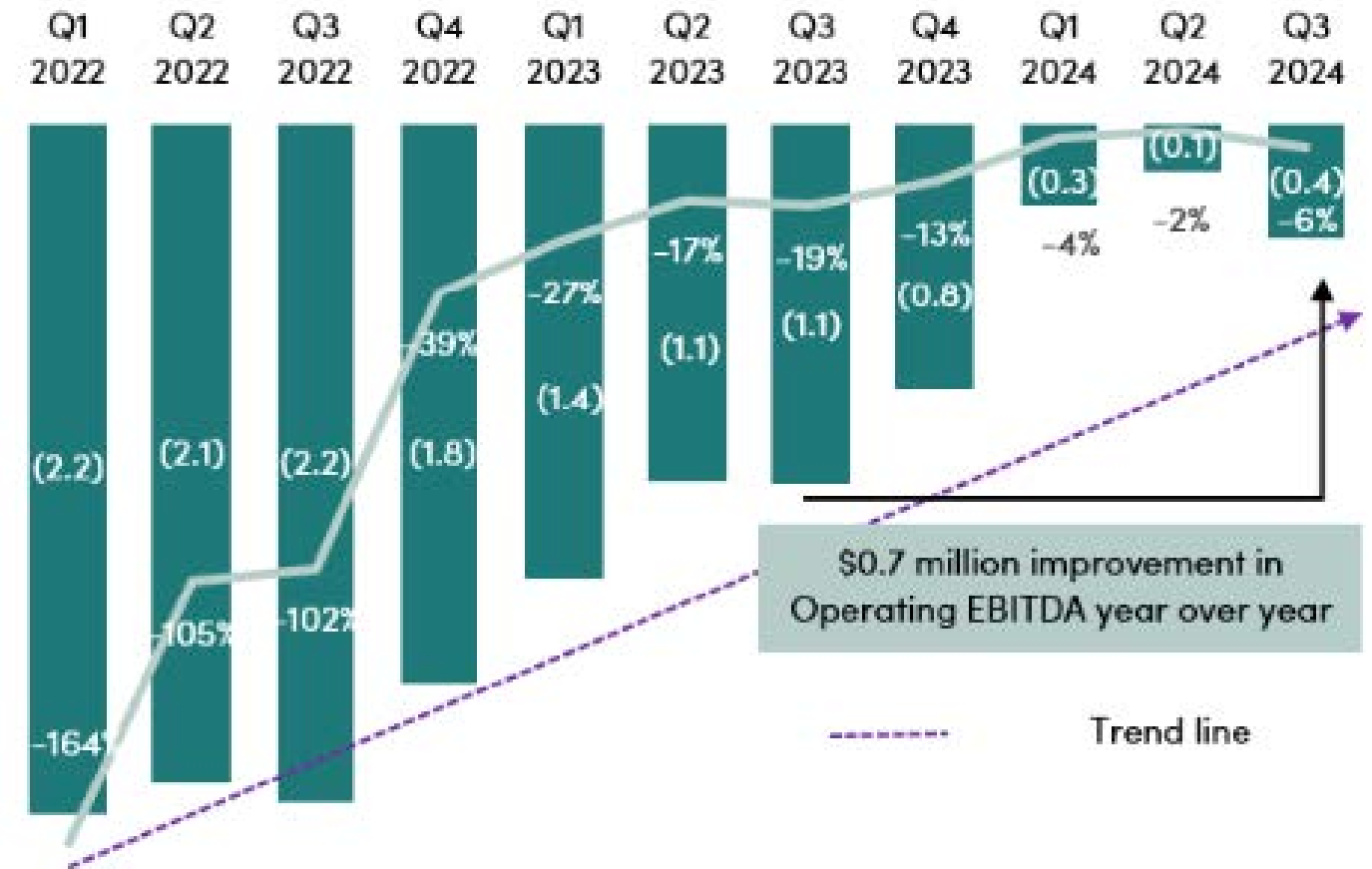
# Group Revenue & Operating EBITDA

Continued improvement towards profitability in seasonally lower quarter

## Quarterly Pro-forma Revenue in millions



## Quarterly Operating EBITDA in millions



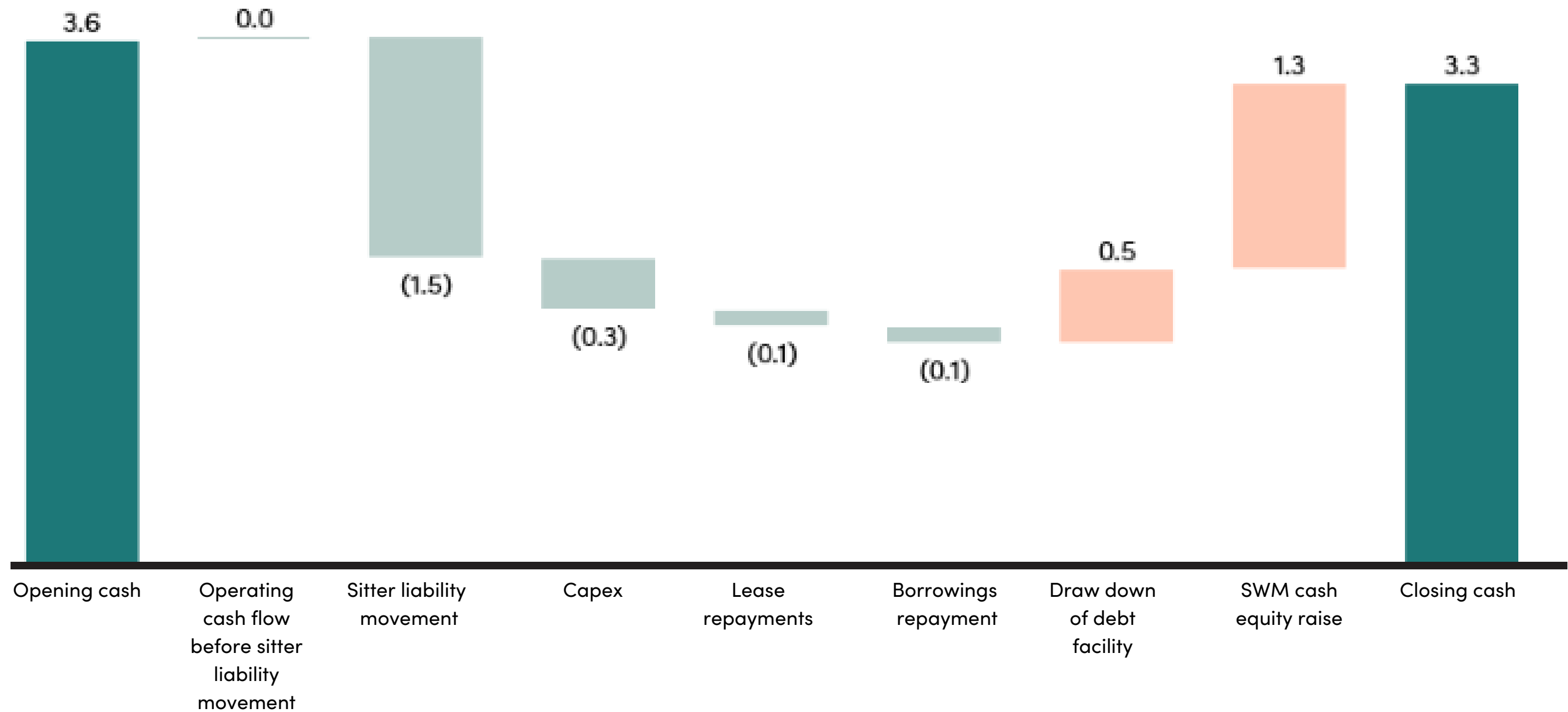
13 percentage point improvement in EBITDA margins vs pcp

<sup>1</sup>Operating EBITDA excludes the impact of the run down of the Dinner Bowl raw and lightly cooked operations in Q3 FY23  
<sup>2</sup>Q1 to Q3 FY24 revenues and Operating EBITDA are unaudited



# Q3 FY24 Cash flow bridge

Seasonal swing in sitter liability offsets neutral operating cash flow before sitter liability for the quarter



\$3.3m in cash and \$0.25m undrawn debt facility at the end of the quarter

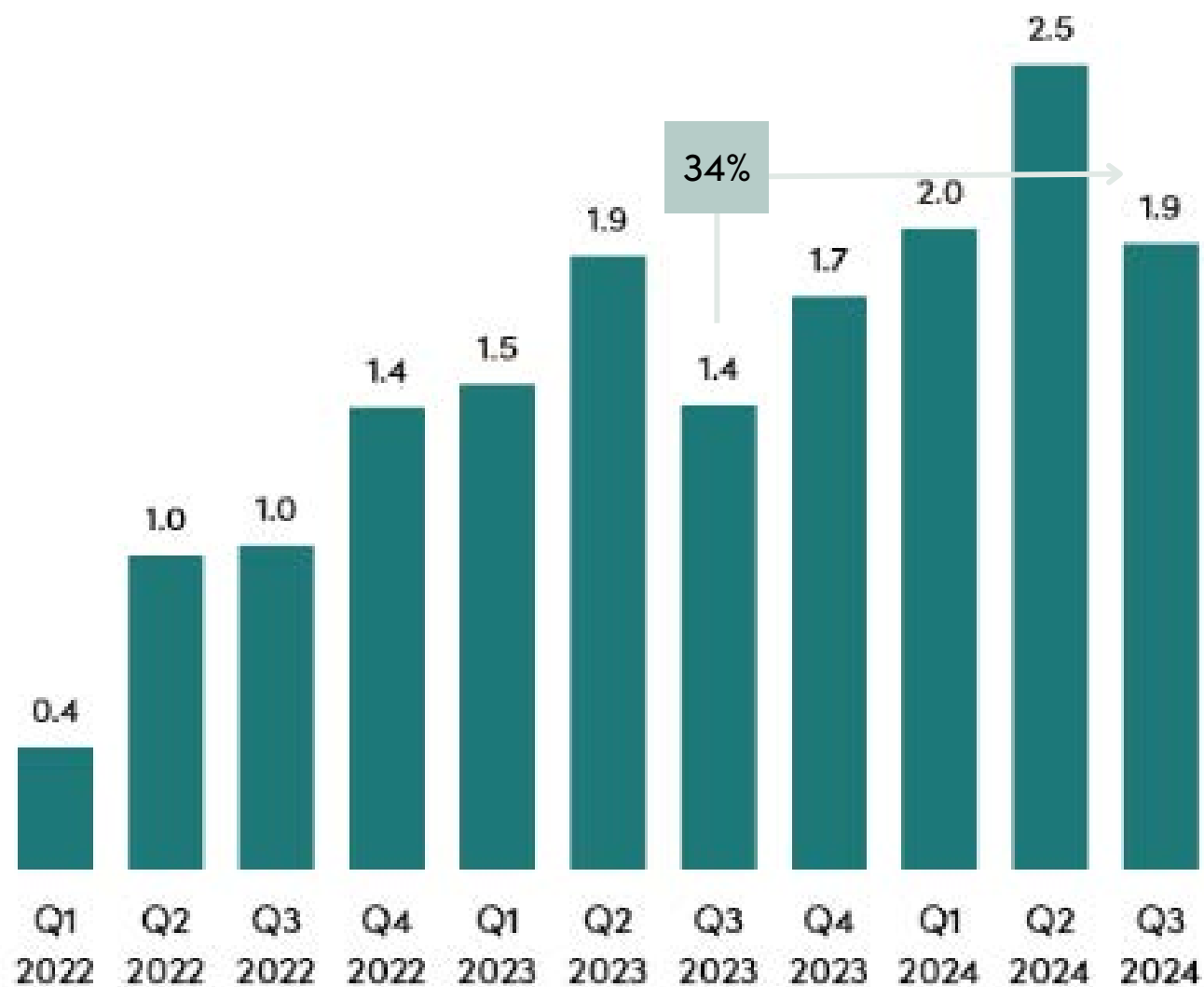
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# Division Performance

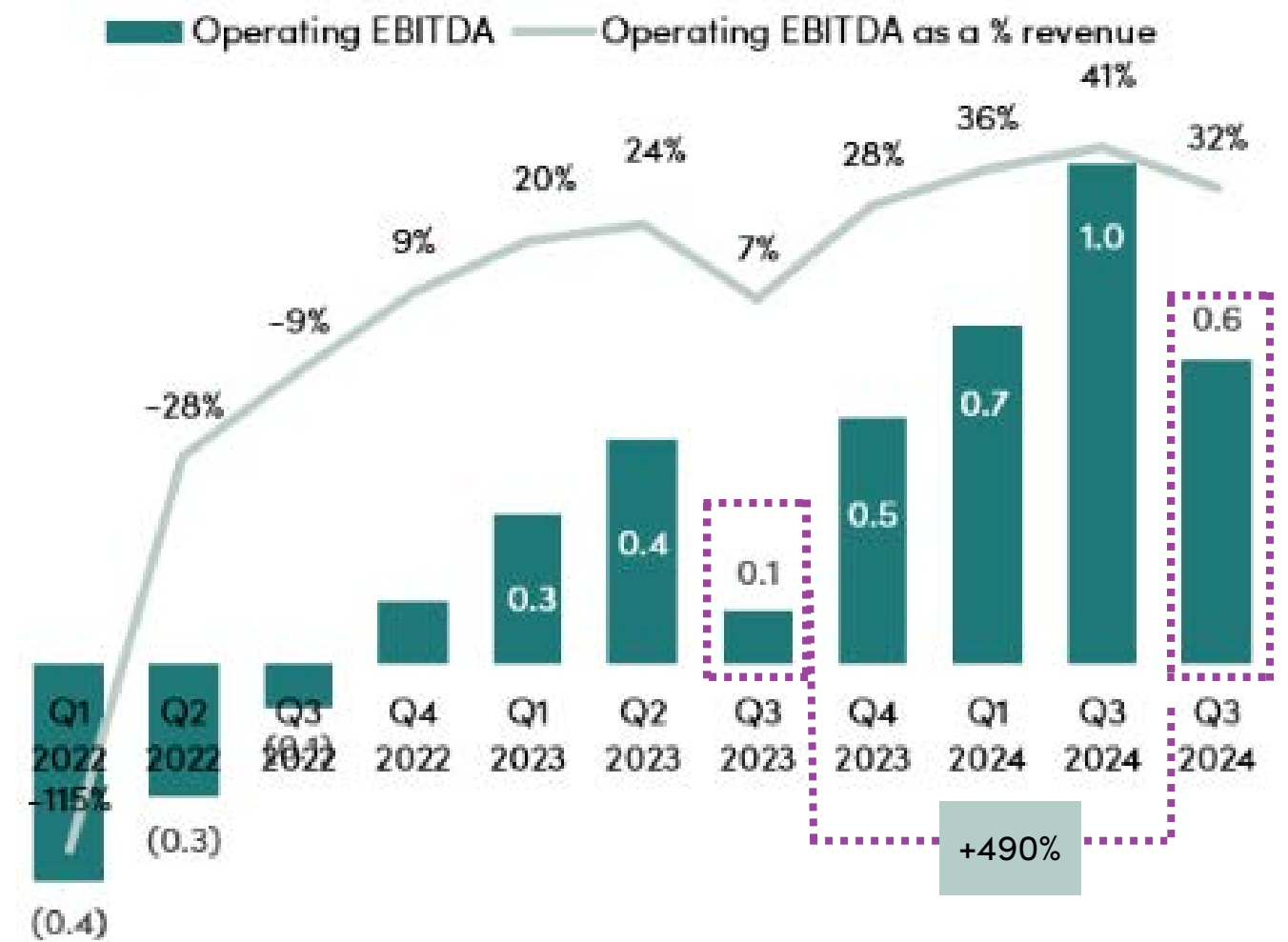
# Marketplace performance

Profitable revenue growth and cost optimisation drive 490% improvement in operating EBITDA

## Quarterly marketplace revenue in millions



## Quarterly operating EBITDA in millions



Platform investments drive LTV and EBITDA

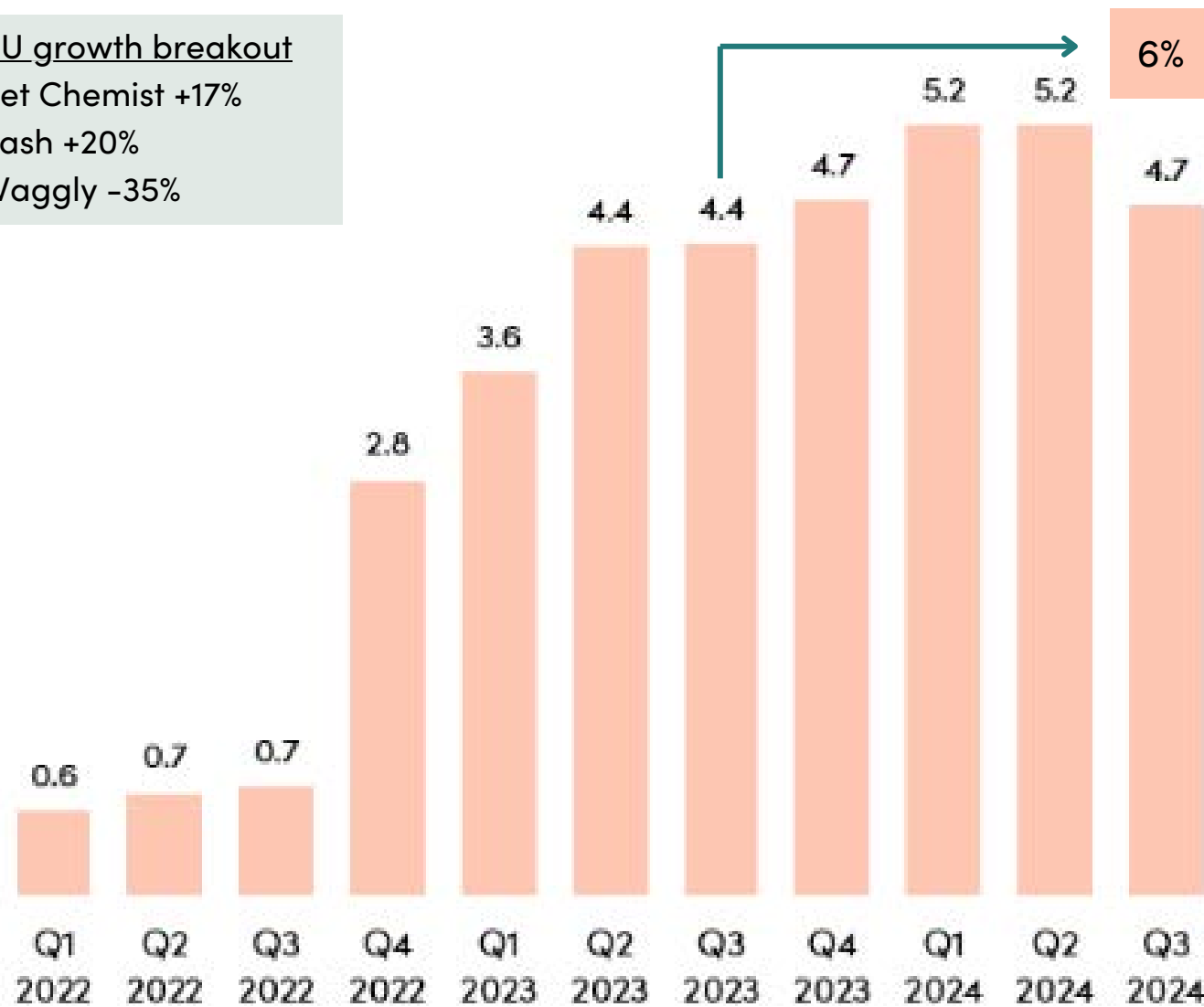
<sup>1</sup> Q1 to Q3 FY24 revenues and Operating EBITDA are unaudited

# E-Commerce performance

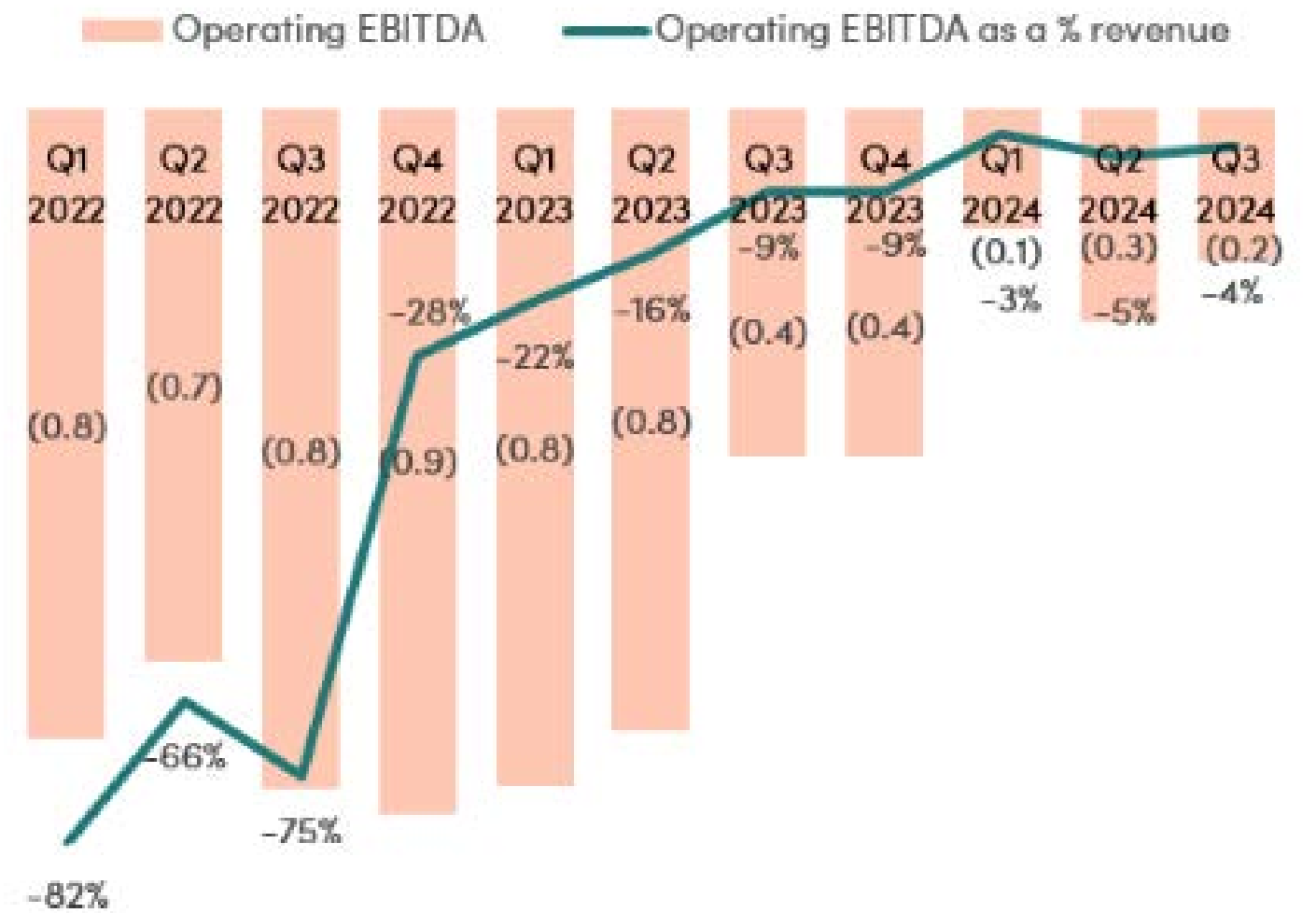
Continued revenue growth year over year with seasonal factors impacting quarter on quarter revenue trends

## Quarterly E-Commerce Revenue in millions

BU growth breakout  
 Pet Chemist +17%  
 Sash +20%  
 Waggly -35%



## Quarterly Operating EBITDA in millions



5 percentage point improvement in EBITDA margins vs pcp

<sup>1</sup> Q1 to Q3 FY24 revenues and Operating EBITDA are unaudited and exclude closed Dinner bowl product lines

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# Strategy & Outlook

# Group Strategy

“Building Australia's number one destination for pet parents.”

Mad Paws blended Marketplace and E-Commerce model enables us to take advantage of the attractive benefits of each platform.



## Horizon 1 FOUNDATIONS

- Marketplace Leadership
- Differentiation of revenues
- Build data foundations

## Horizon 2 BUILD THE BRAND

- Single Destination
- Data driven cross-sell
- Home brand strategy
- Media partnerships

## Horizon 3 EXPANSION

- Internationalisation
- Data commercialisation
- Cover more stages of the pet life-cycle



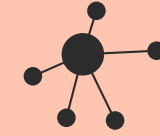
# Building a highly engaged, data-rich community across the pet lifecycle

## Our research shows...

Mad Paws customers are highly engaged because of the personalised care their pet receives, the access they have to helpful pet ownership information, and the relevant products & services available when they need them.



Large valuable community of pet owners who travel



Multi channel touch points



Pet parents: pets are part of the family



Highly trusted brand, leading the charge in pet care



**1.1 mil**

Subscribed Pet Owner e-mails



**1.3 mil**

Monthly website visits



**53,000**

Brand ambassadors: Pet Sitters and Dog Walkers



**70%+**

Customer repeat rate



Our passionate and loyal pet sitting community are a key part of building trusted brand.

## Based on our pet profile data...



**30%**

of pets have some sort of health problem



**25%**

of pets have some level of separation anxiety



**70%**

of owners are unable to walk their dog calmly without being pulled, dragged or without incident

# Outlook for the remaining FY24

Mad Paws is preparing to take full advantage of its national marketing campaign to drive growth in Q1 FY25

## The Group's key strategies include:



### SCALING MARKETPLACE EFFICIENCY

Improve sitter and owner retention building on the foundations of our newly released mobile app



### E-COMMERCE PLATFORM REBUILD

Leveraging the new Pet Chemist rebuild to create a single platform from which customers can book or buy any Mad Paws' products and services



### CROSS-SELL EXPANSION

Leveraging our data capabilities and centralised CRM to provide personalised offers and solutions for our customer base. Furthermore, we will launch a Mad Paws loyalty offering, driving our share of wallet and decreasing customer acquisition cost for the verticals.



### COMMERCIALISE 'LINKS DATA' OUR DATA RICH PET PROFILES

Additional revenue stream through media partnerships



### DRIVE RECURRING REVENUE

Driving Autoship customers for Pet Chemist - up to 2x higher LTV compared to non Autoship customers



### SCALE PRIVATE LABEL PRODUCTS

Continuing the success with Sash and Waggly, launch of the first cohort of private label products for Pet Chemist

## Outcomes

### Sustainable growth

Building on positive momentum to deliver EBITDA positive on a quarterly basis

### Driving Growth

Super charging growth with our Seven West Media partnership

### Efficiencies & Cross sell

Leverage platform, data and fixed cost base to drive margins

### Shareholder Value

Actively closing the valuation gap between MPA and global peers



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# Appendix

# 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.
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 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
LTV	Lifetime Value	Lifetime Value = Customer marketplace GMV after cancellations multiplied by take rate % excluding GST for the period from the point the customer was acquired less payment fees. Lifetime value is taken for a period of up to 7 years where the data is available for that cohort.