



madpaws
Q4 FY24 results

Your pets' best life. Sorted.

25 July 2024

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Your paragraph text

Our Purpose

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

Our Vision

To become the leading provider of trusted pet products and services that enhance the health & well-being of all pets



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

Deloitte.

#16 - 2023 Deloitte
Tech Fast 50



#5 - 2023 AFR Fast 100

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madpaws GROUP

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Australia #1

Pet services
marketplace

 **PET CHEMIST**

Australia #1

Online pet
chemist

 **waggly**

Australia #1

Toys & treats
subscription box

S A S H.

High growth

Premium dog beds
and accessories


1.25m

Subscribed Pet
Owner e-mails



1.3m

Monthly website
visits



55,000

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



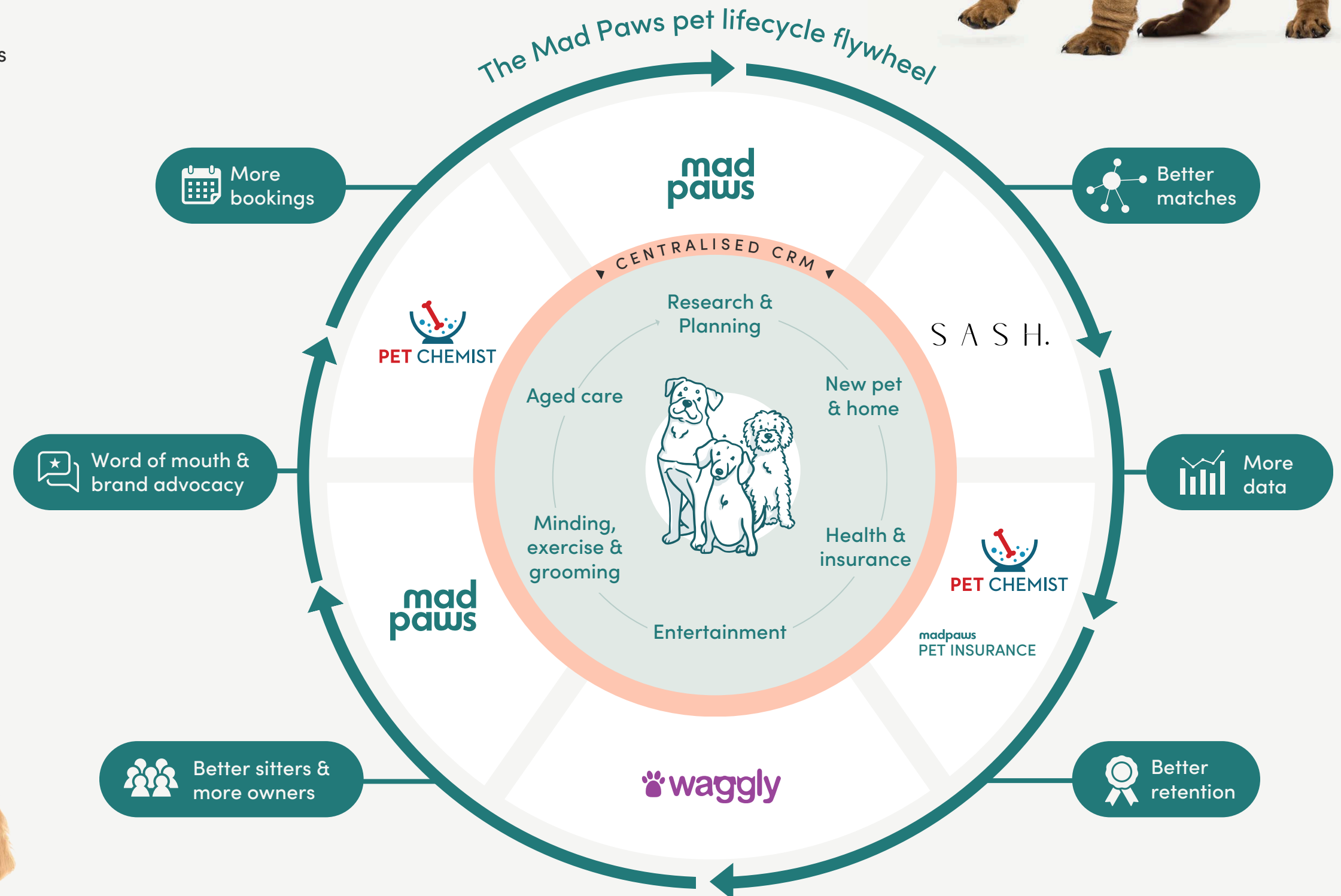
Where personalised care is priority, Mad Paws leverages the family of brands to connect with Australian Pet Owners across every stage in the pet lifecycle.

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 Q4 FY24 Highlights

\$16.3m

Group GMV
+8%

\$6.7m

Operating Revenue
+3%, +10% ex Waggly

14%

Marketing as a % of
Revenue Vs 15% pcp

(\$0.3m)

Operating EBITDA
+\$0.5m
vs pcp

(\$0.2m)

Operating Cash
Flow
+\$0.6m vs pcp

\$3.9m

¹Pro forma cash
balance

¹Includes closing cash of \$2.4m, impact of additional facility, repayment of Kashcade facility net of fees

Marketplace operational highlights

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

Product initiatives

Mad Paws Pet Store

Mad Paws Pet Store is now live on madpaws.com.au - an exact replica in terms of products it flows into the same backend as Pet Chemist keeping operations as efficient as possible

New App

We have added a lot of new functionality since launch and recently added native payments to the app as well

Updated Sitter Profile

Upgrade usability, we have seen a significant uptick in funnel performance after launch

Single CRM

Finalised single CRM integration

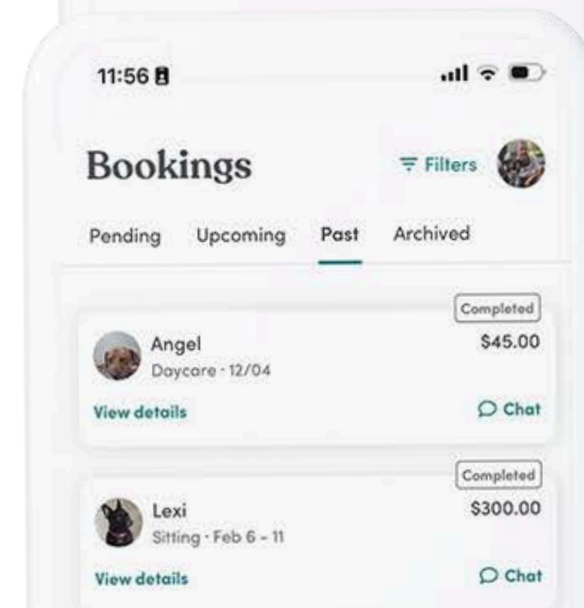
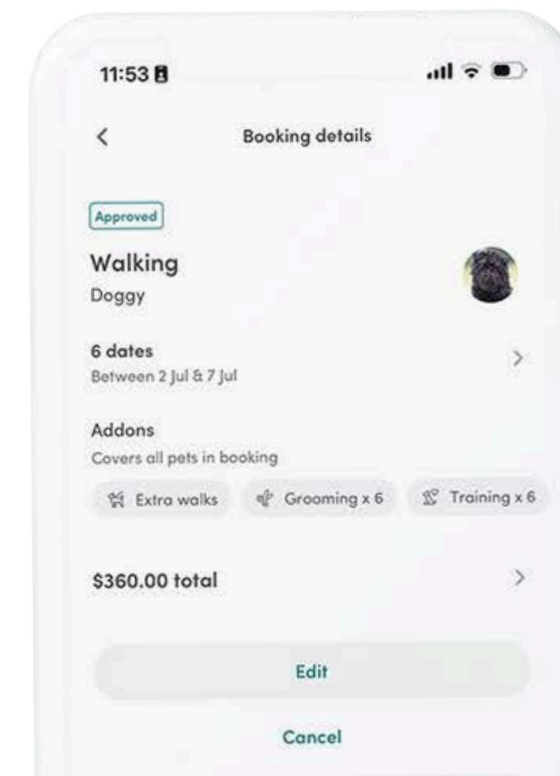
Marketplace liquidity

We have released our latest search ranking algorithm that now includes specific results depending on geographies, e.g. the search algorithm works differently in areas with low supply compared to areas with high supply.

The next iteration of the search algorithm will focus on search results by service type, which we believe will have significant impact on conversions

Operational initiatives

Having delivered the majority of our bigger technology projects we have now adjusted the team structure to reflect our future needs. Focusing on innovating on the existing platform, being nimble and focus on the projects carrying the biggest return of investment.



e-Commerce operational highlights

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

Mad Paws Pet Store

Live on the madpaws.com.au website

SEO and Content Improvements

Full review and updates have been made to the Pet Chemist SEO set up, including on-site and off-site work for optimise for organic traffic

Landing page improvements - expanded a range of key landing pages to improve on-site conversion for email campaigns

Customer Service Efficiency

Re-built and automated significant parts of the prescription admin process which resulted in the lowest min/order rate we have seen for Pet Chemist yet

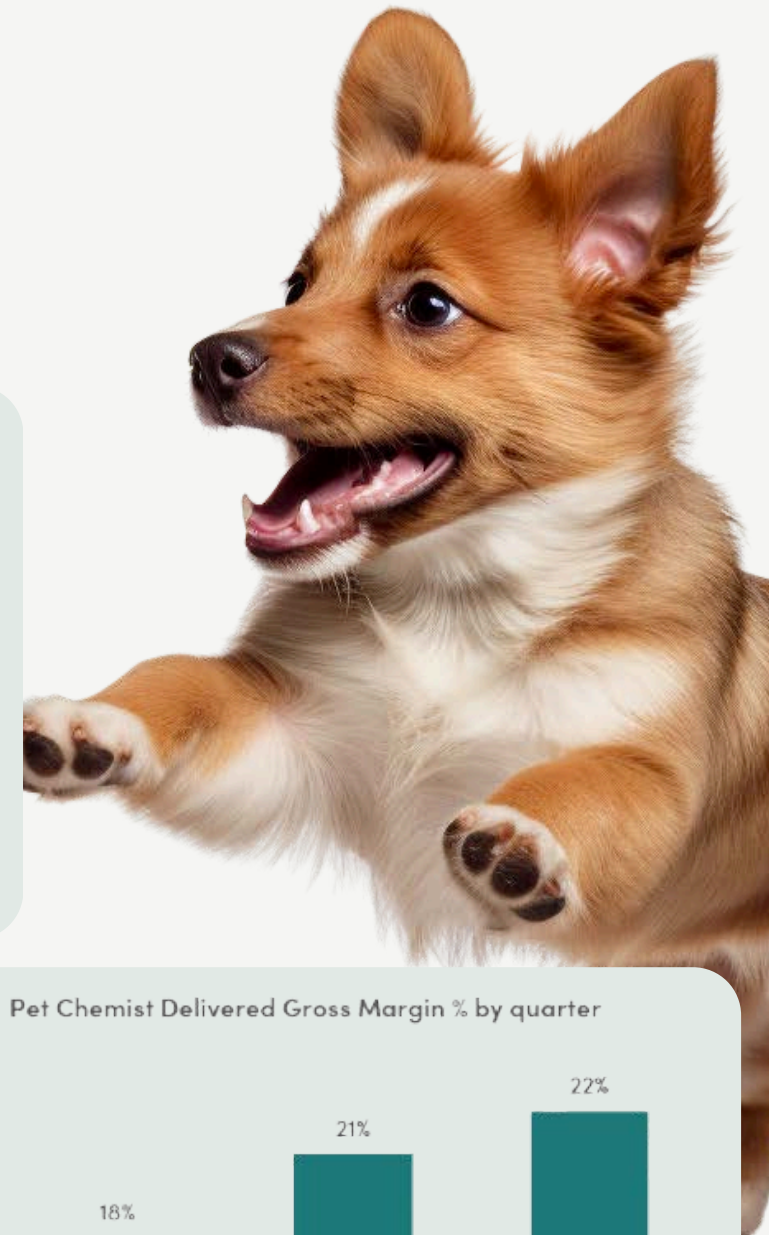
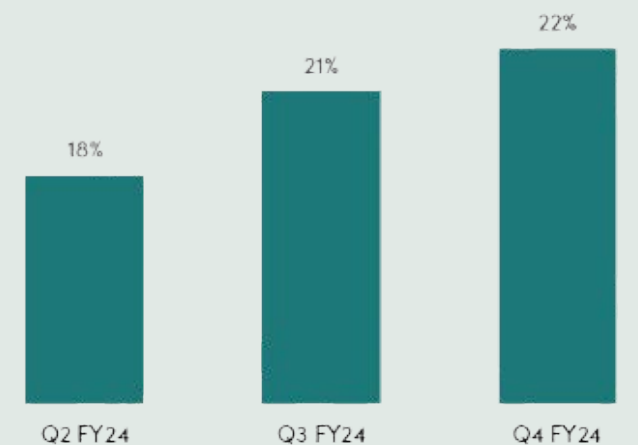
Refocus on health products for Pet Chemist

Refocusing on our strength in prescription medications, using prescriptions to drive new customers and drive better margins

Warehouse Efficiency

Built automation tools for the warehouse processes, investigated

Pet Chemist Delivered Gross Margin % by quarter



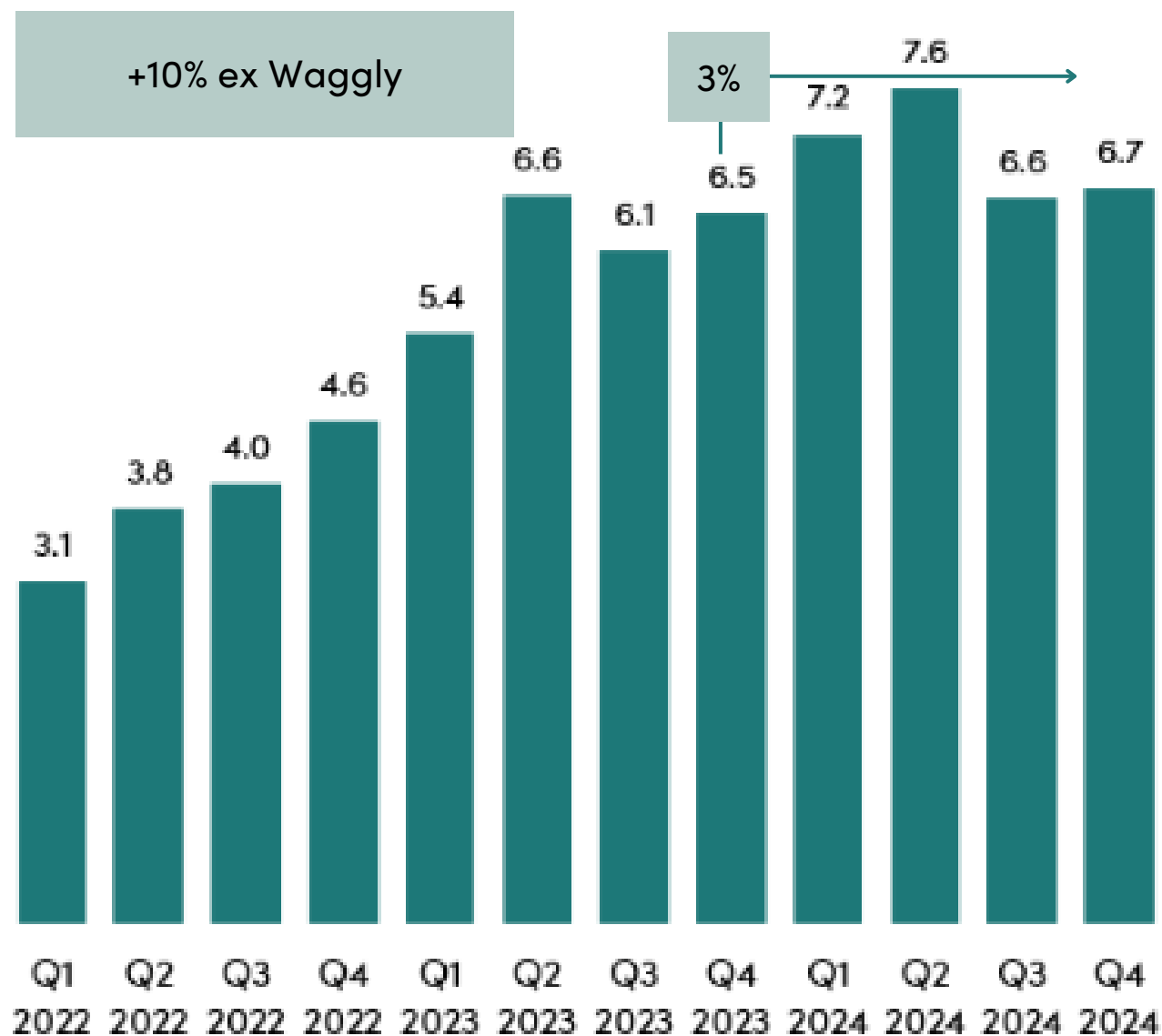
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Financial Performance

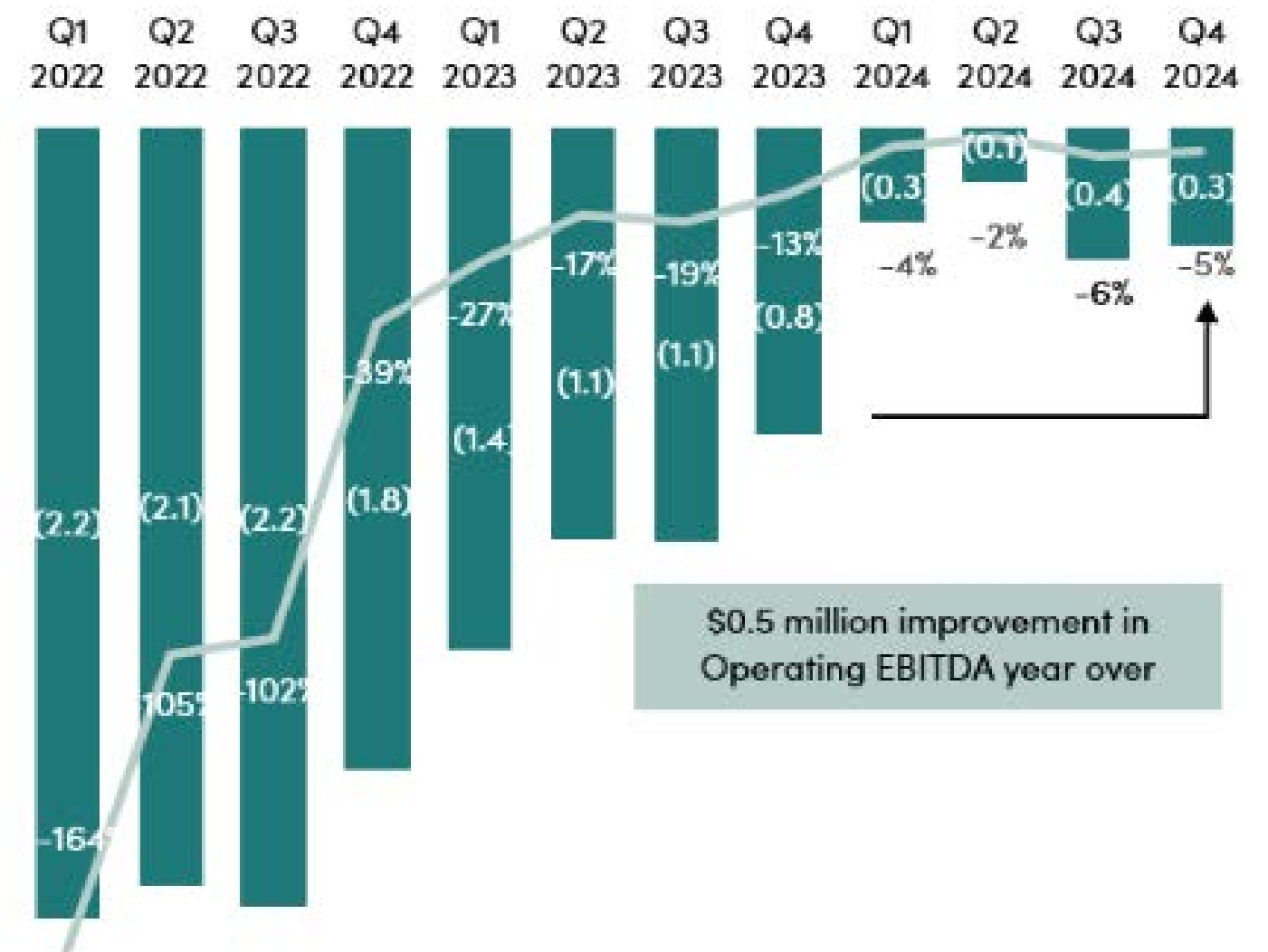
Group Revenue & Operating EBITDA

Continued improvement towards profitability, ecommerce segment break-even in the quarter

Quarterly Pro-forma Revenue in millions



Quarterly Operating EBITDA in millions



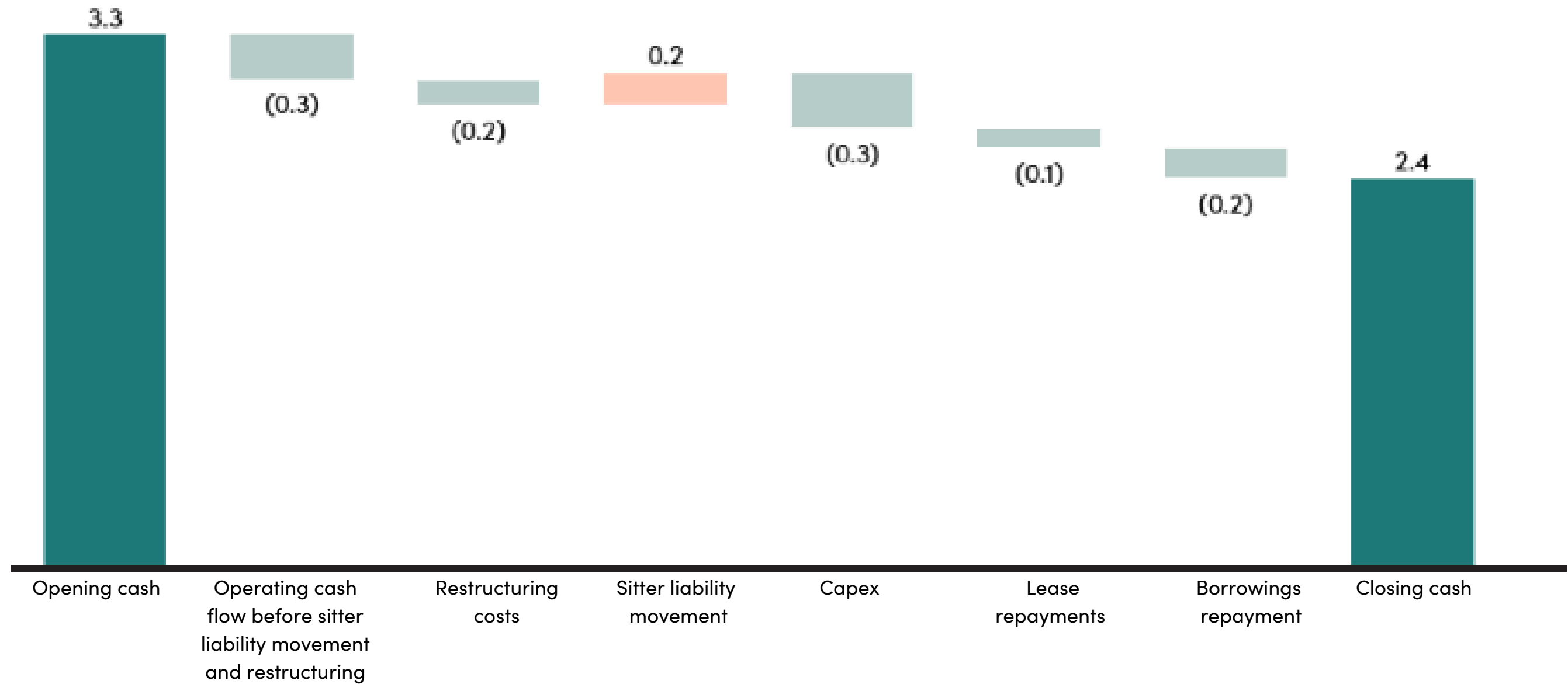
8 percentage point improvement in EBITDA margins vs pcp

¹Operating EBITDA excludes the impact of the run down of the Dinner Bowl raw and lightly cooked operations in Q3 FY23

² Q1 to Q4 FY24 revenues and Operating EBITDA are unaudited

Q4 FY24 Cash flow bridge

(\$0.2) million cash outflow for the quarter, \$2.4 million in cash at the end of the quarter



Debt refinancing

Establishment of a new secured \$2.0 million debt funding facility from Partner's for Growth VI, L.P (PFG) to support its strategic growth initiatives and operational objectives

- Refinancing enables the Group to support brand and customer acquisition, realize the benefits of our cash cost savings plan executed in Q1 FY25, and provide general working capital
- 36 month term and lower cost of funds compared to existing facility
- Balance of Kashcade loan of \$0.4 million will be repaid at completion

Loan facility details

- The facility interest rate is pegged at BBSW plus 8.6975%, with a minimum rate of 12.00%.

Other fees include:

- Establishment fee of 2.00% (being A\$40,000);
- Pre-payment fees for any early voluntary prepayment;
- Back end fee of up to A\$315,000 payable upon maturity
- Mad Paws is required to adhere to certain financial covenants during the facility term, including maintaining minimum levels of profitability, gross margin, and liquidity, in addition to other undertakings and covenants, which are customary for facilities of this nature.
- PFG will be granted a first-ranking security interest over all assets of the Company and its subsidiaries.

¹ Pro forma cash at 30 June 2024 of \$3.9m

¹Includes closing cash of \$2.4m, impact of additional facility, repayment of Kashcade facility net of fees

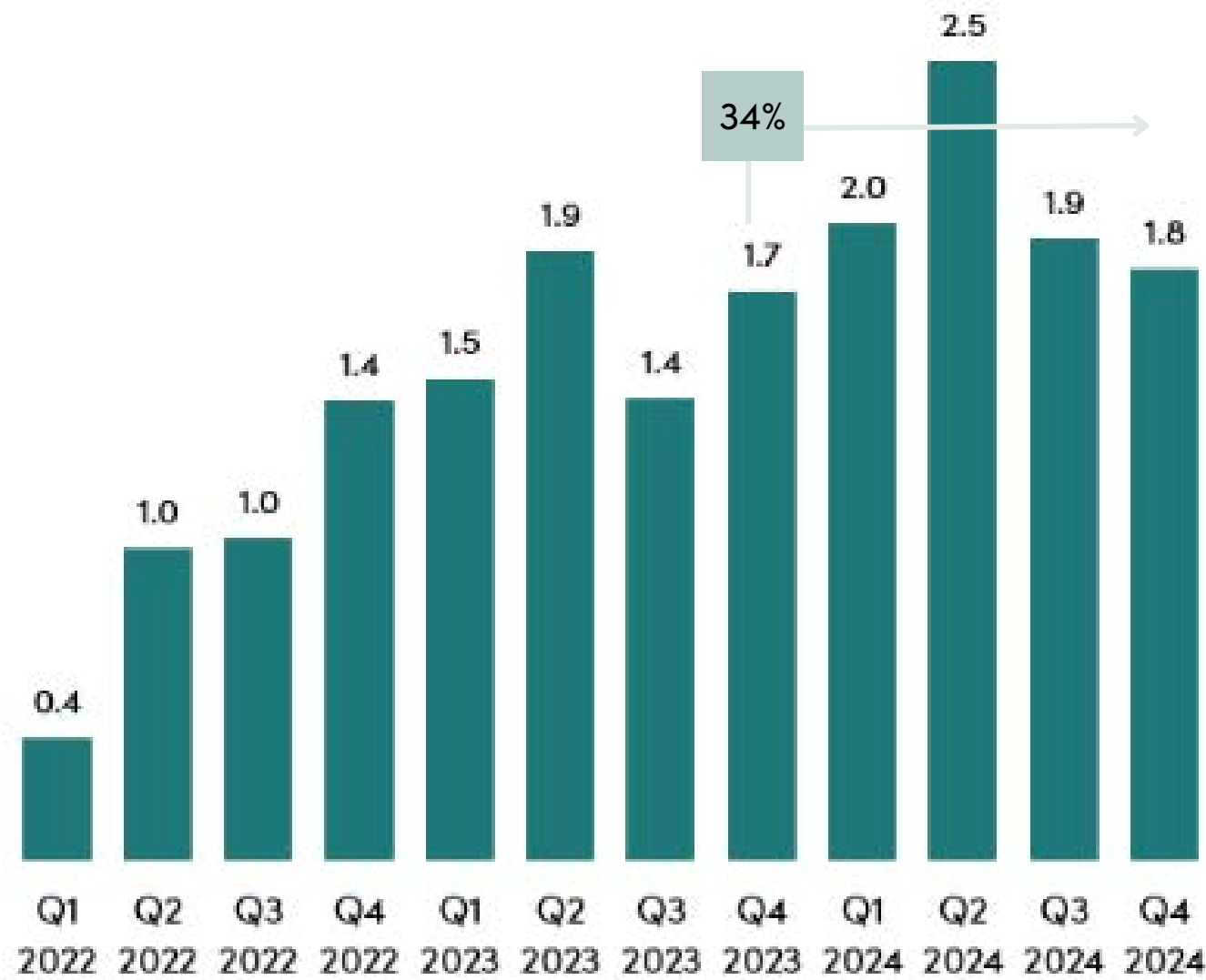
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Division Performance

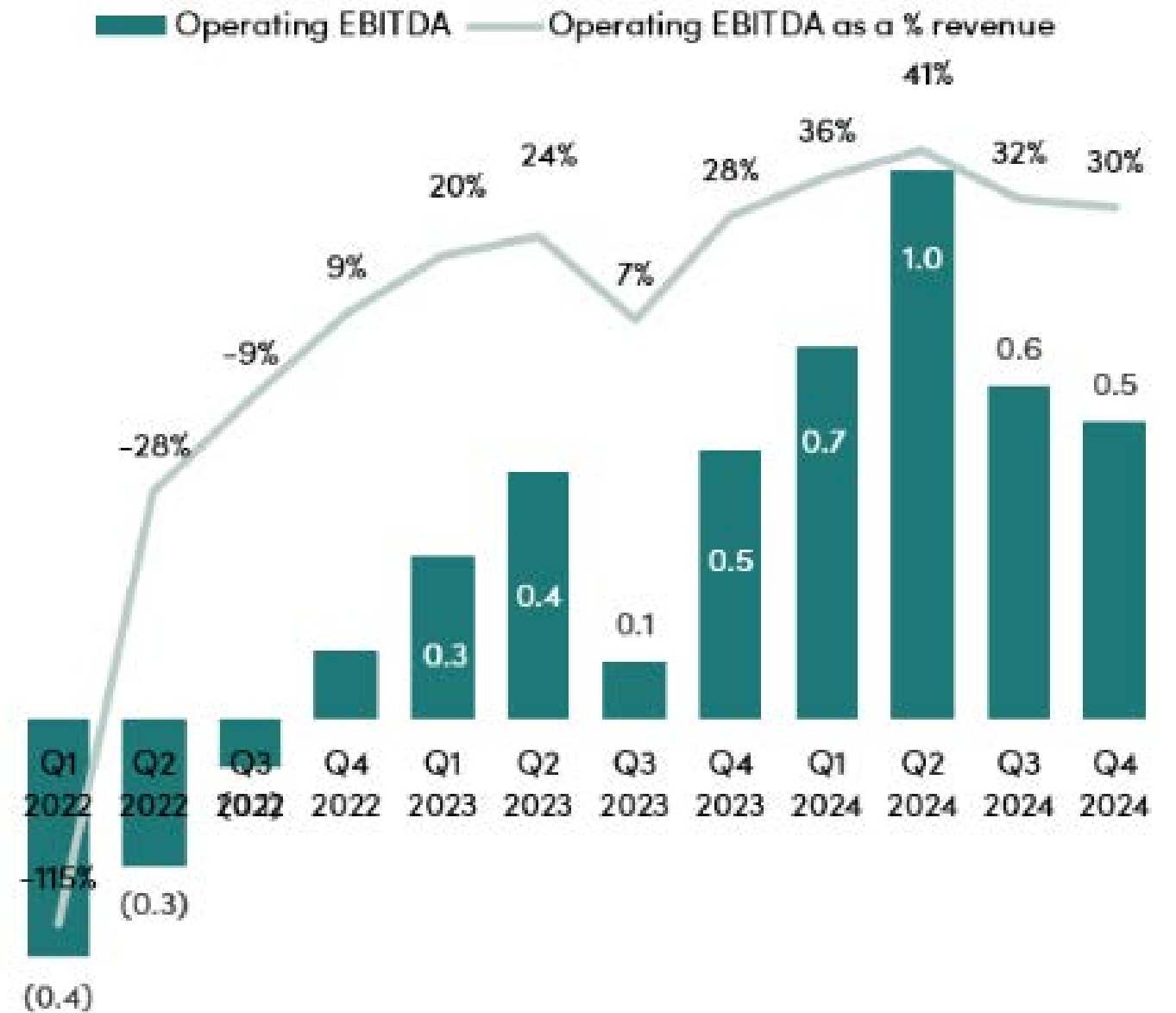
Marketplace performance

Profitable revenue growth and cost optimisation improve EBITDA margins to 30% compared to pcp

Quarterly marketplace revenue in millions



Quarterly operating EBITDA in millions



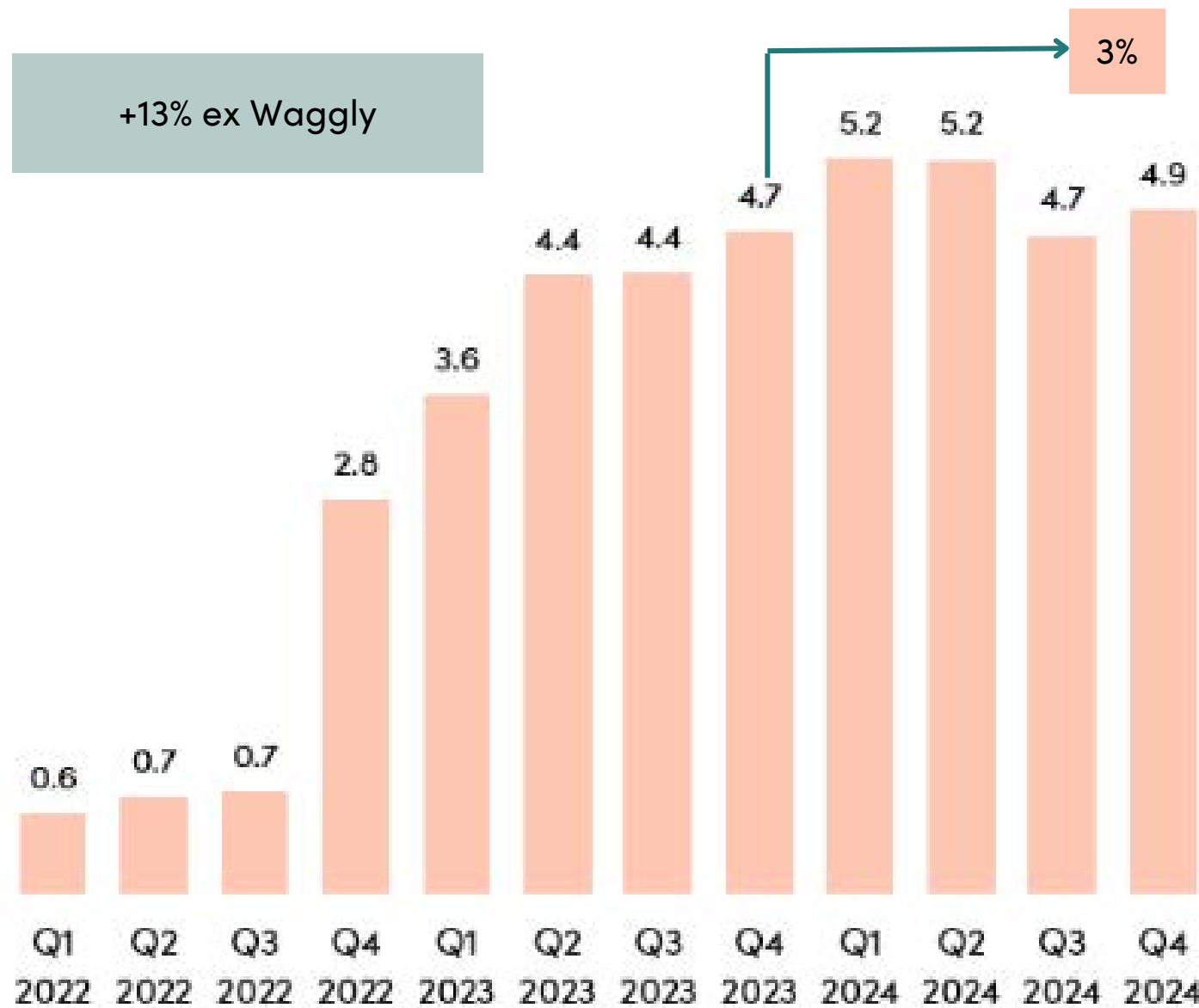
Platform investments drive LTV and EBITDA

¹ Q1 to Q4 FY24 revenues and Operating EBITDA are unaudited

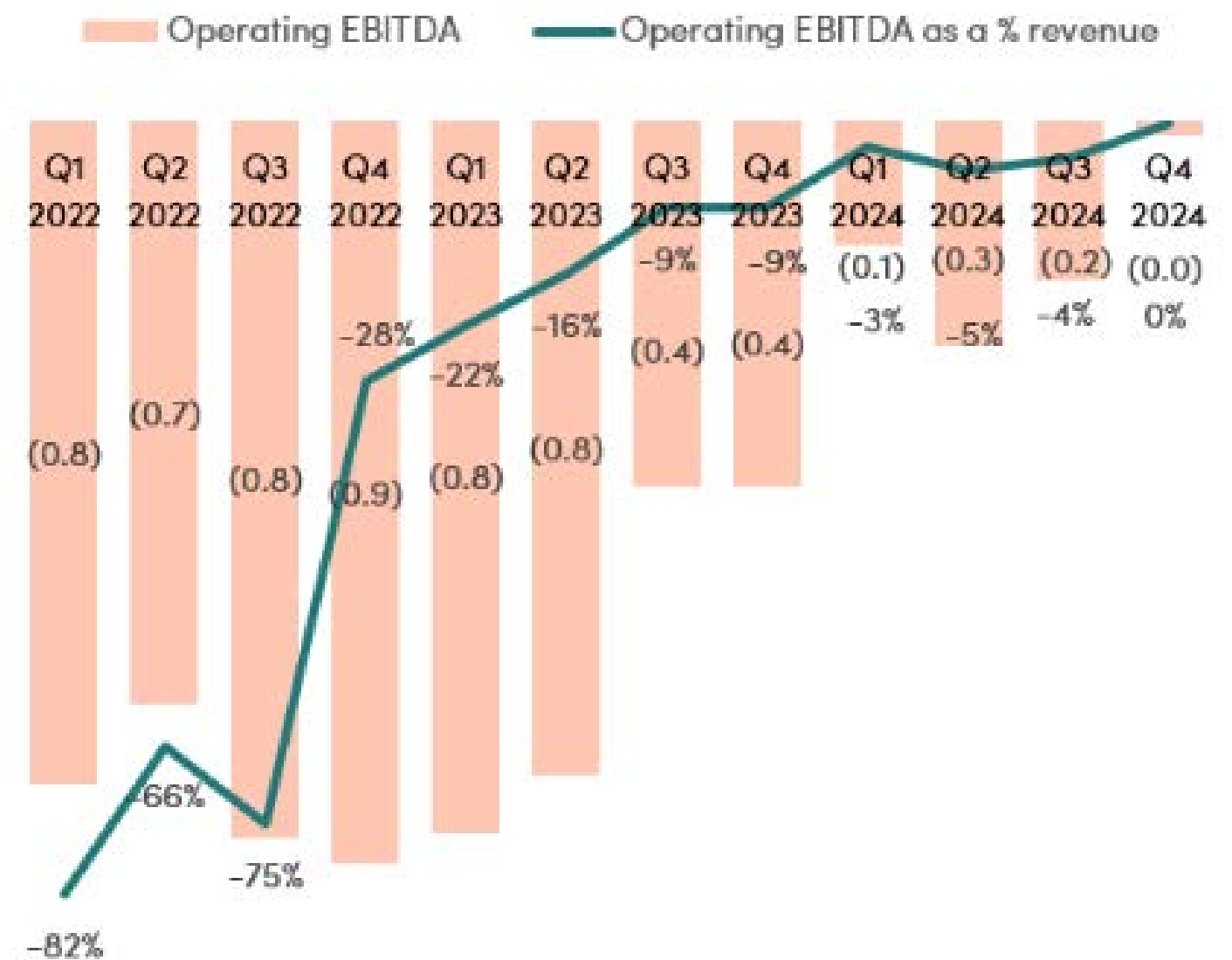
E-Commerce performance

Substantial improvement in eCommerce segment EBITDA, achieving break-even in the quarter

Quarterly E-Commerce Revenue in millions



Quarterly Operating EBITDA in millions



9 percentage point improvement in EBITDA margins vs pcp

¹ Q1 to Q4 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



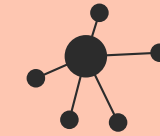
Building a highly engaged, data-rich community across the pet lifecycle

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



1.25 mil

Subscribed Pet Owner e-mails



1.3 mil

Monthly website visits



55,000

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 FY25

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



BRAND CAMPAIGN

Leveraging the brand campaign to lift the Mad Paws brand to the next level and become a household name in the Pet Industry



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

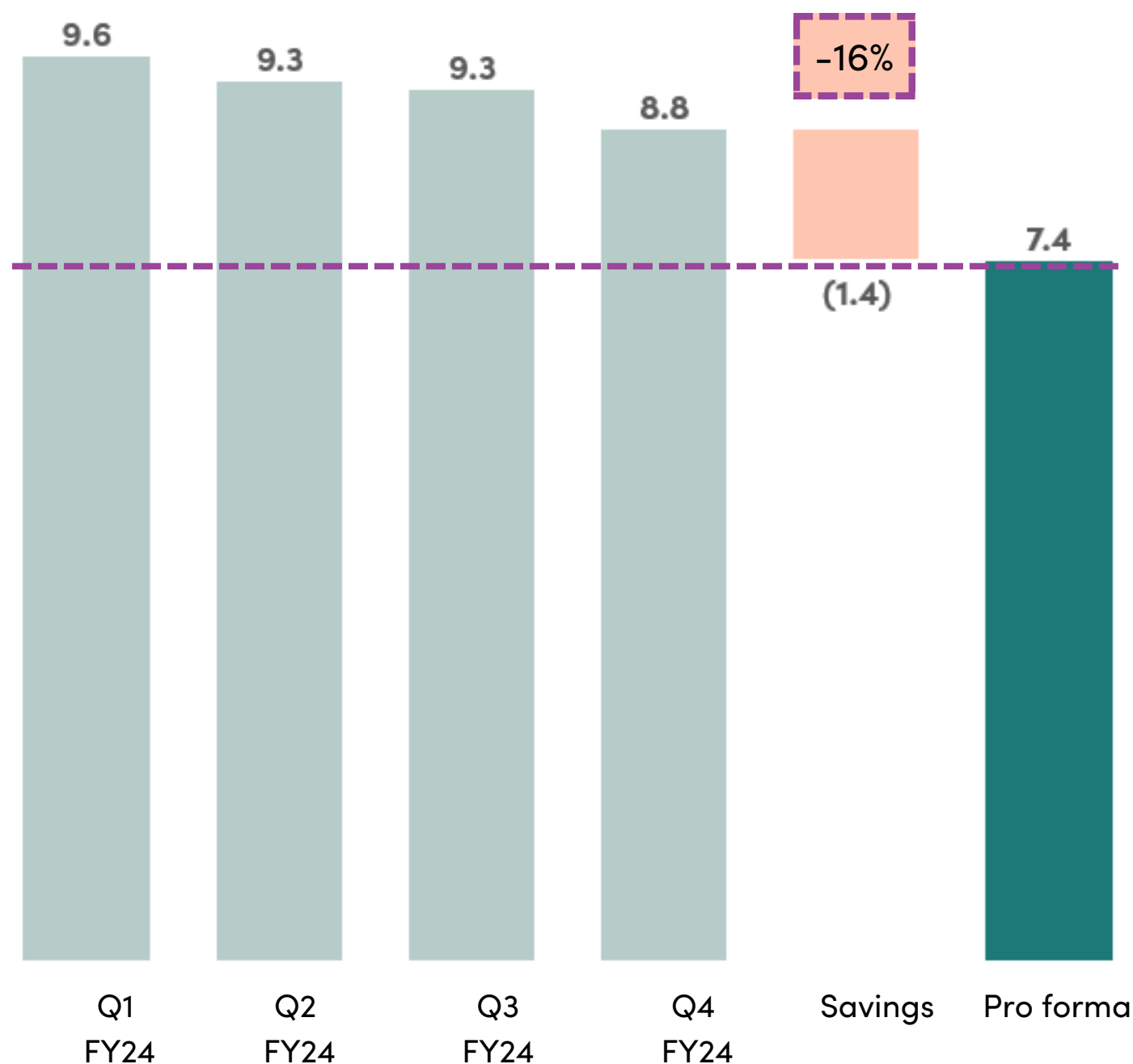
Shareholder Value

Actively closing the valuation gap between MPA and global peers

Platform maturity allows for rationalisation of product and technology employment costs in Q1 FY25

Rationalisation combined with the media campaign positions Mad Paws well to achieve its FY25 goals

Annualised total employment cost (Opex and capex) by quarter in \$ millions



- The platform is now at a point where we have delivered on some of the bigger technology projects and can focus a smaller team on innovating on the current platform
- Executed on reduction plan in July 24 resulting in annualised savings of \$1.4 million, a 16% reduction in Q4 FY24 total employment costs (opex and capex)
- Mad Paws incurred a restructuring cost of \$0.2 million in the quarter as a result of this initiative

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 August FY25.
- Creative agency has been selected and production is in full swing.
- Above the line campaign will be supported with a strong performance/social campaign and competition making sure we take full advantage of the added lifted visibility.
- Current plan sees marketing spend including non cash contra to increase by 168% in 1H FY25 against pcp.

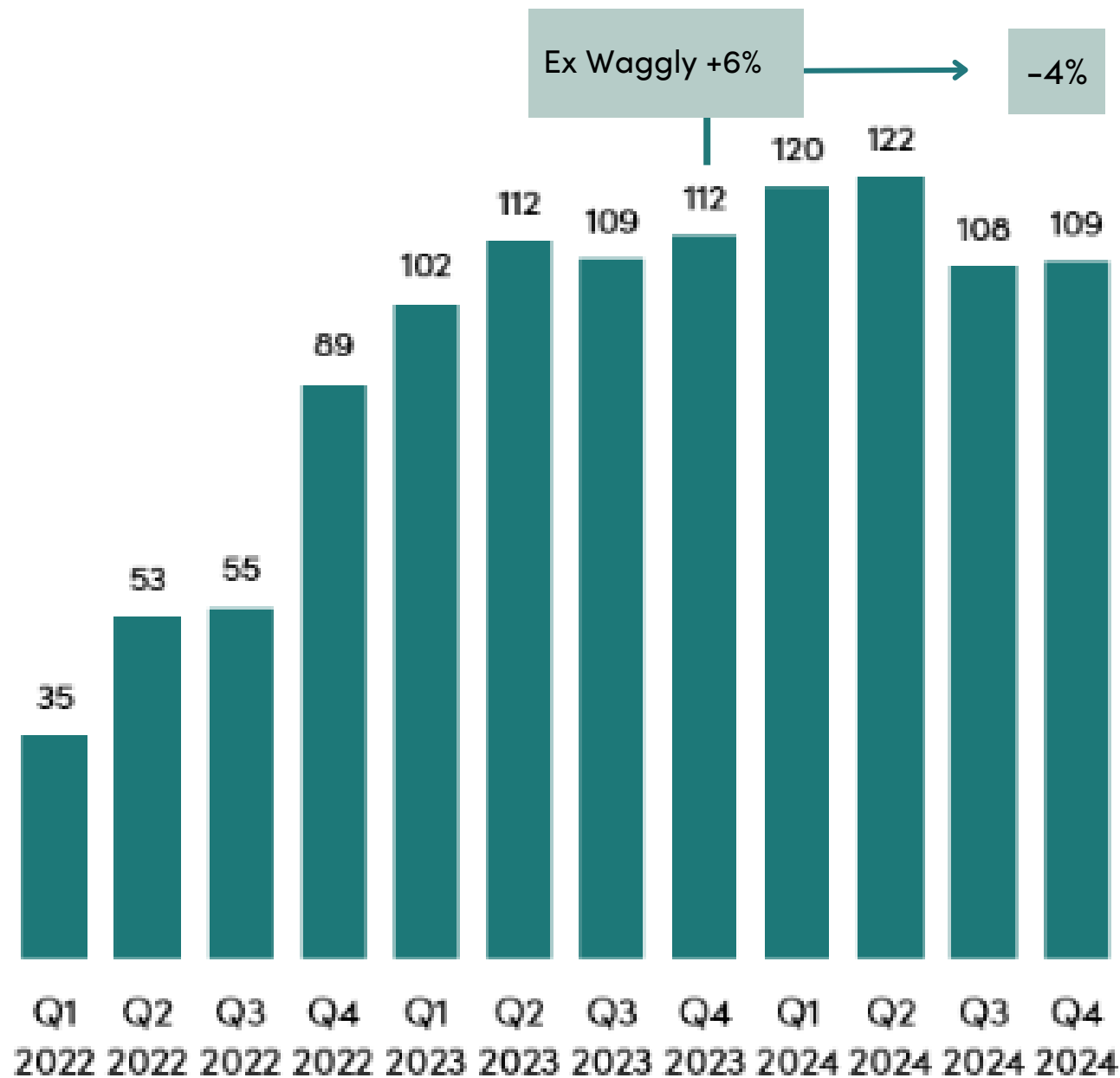
- \$2.5m media spend in H1 FY25
- ~2 million reach
- Over 5,000 spots booked
- Social support campaign with huge competition planned

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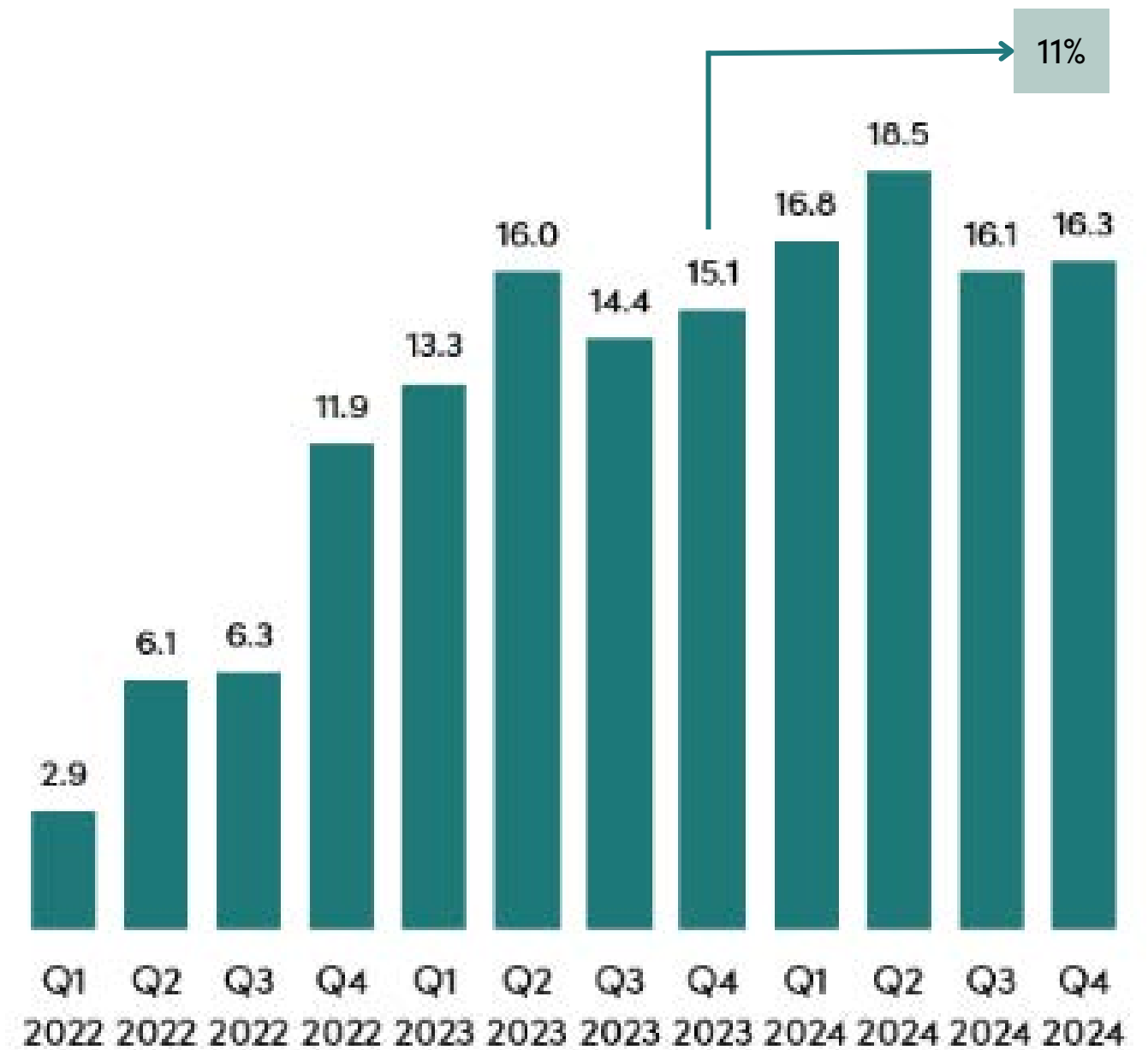
Appendix

Growth across GMV and transactions within businesses with strong unit economics

Quarterly Bookings/Transactions in 000s



Quarterly¹GMV in millions

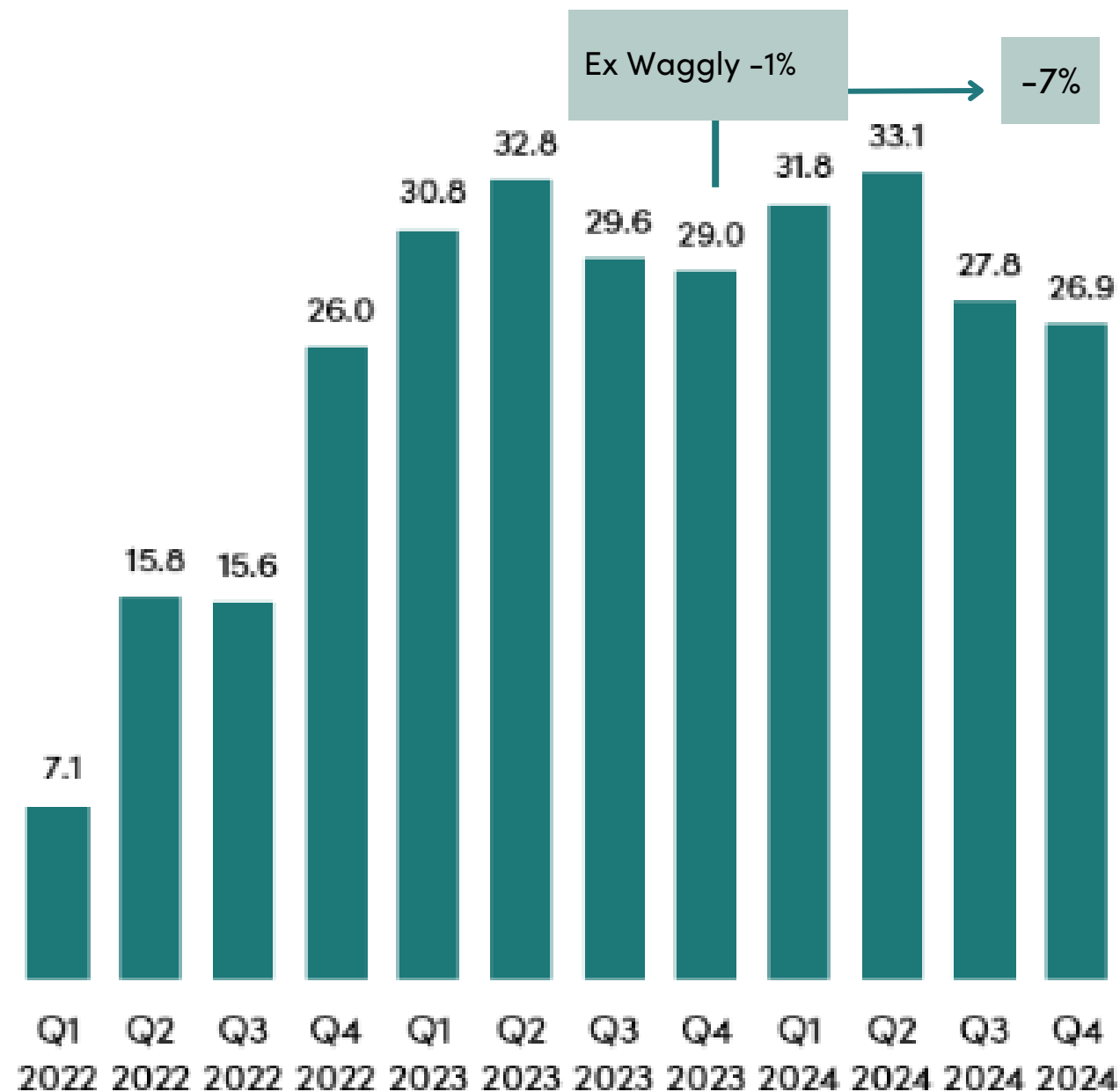


¹GMV is the total value of transactions processed by Mad Paws, on a cash basis before deducting pet service provider payments, pharmacy payment, cancellations and refunds, chargebacks, discounts and GST

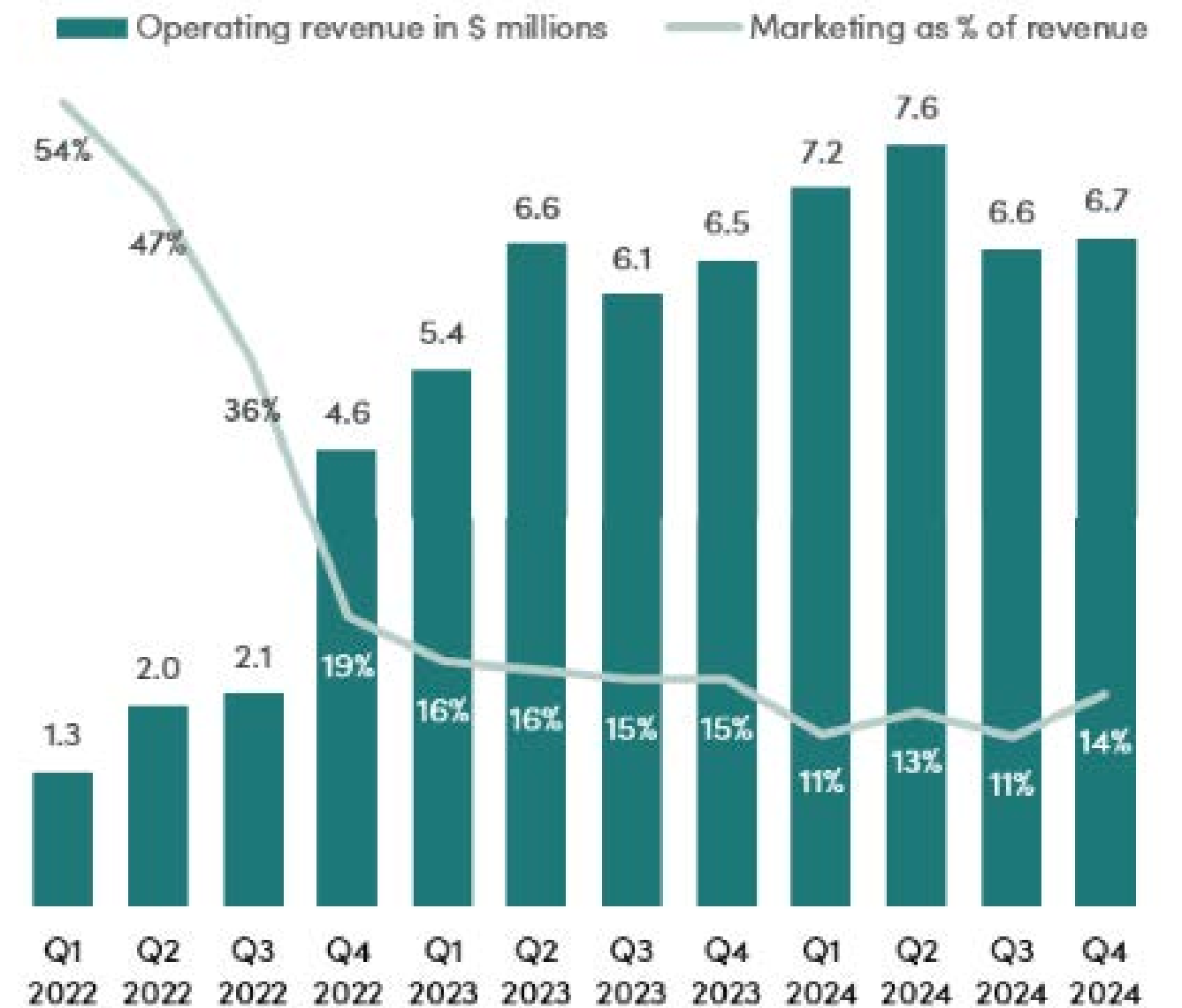
Stable customer acquisition efficiency

Customer acquisition levels and performance within range as we prepare for the launch to the brand and customer acquisition campaign

Quarterly new customers in 000s



Quarterly Marketing as a % of Revenue



¹ Q1 to Q4 FY24 revenues are unaudited

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.