



madpaws  
Q2 FY24 results

Your pets' best life. Sorted.

18 January 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

**Deloitte.**

#16 - 2023 Deloitte  
Tech Fast 50



#5 - 2023 AFR Fast 100

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## madpaws GROUP

**madpaws**

**Australias #1**

Pet services  
marketplace



**PET CHEMIST**

**Australias #1**

Online pet  
chemist

**waggly**

**Australias #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

# 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.



## Pet humanisation and premiumisation are driving spend



Prioritisation of pet needs



Increasing spend per pet



Increasing spend on pet products and services



Recession resilience



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

### Dog

\$3,237 pa



### Cat

\$2,074 pa



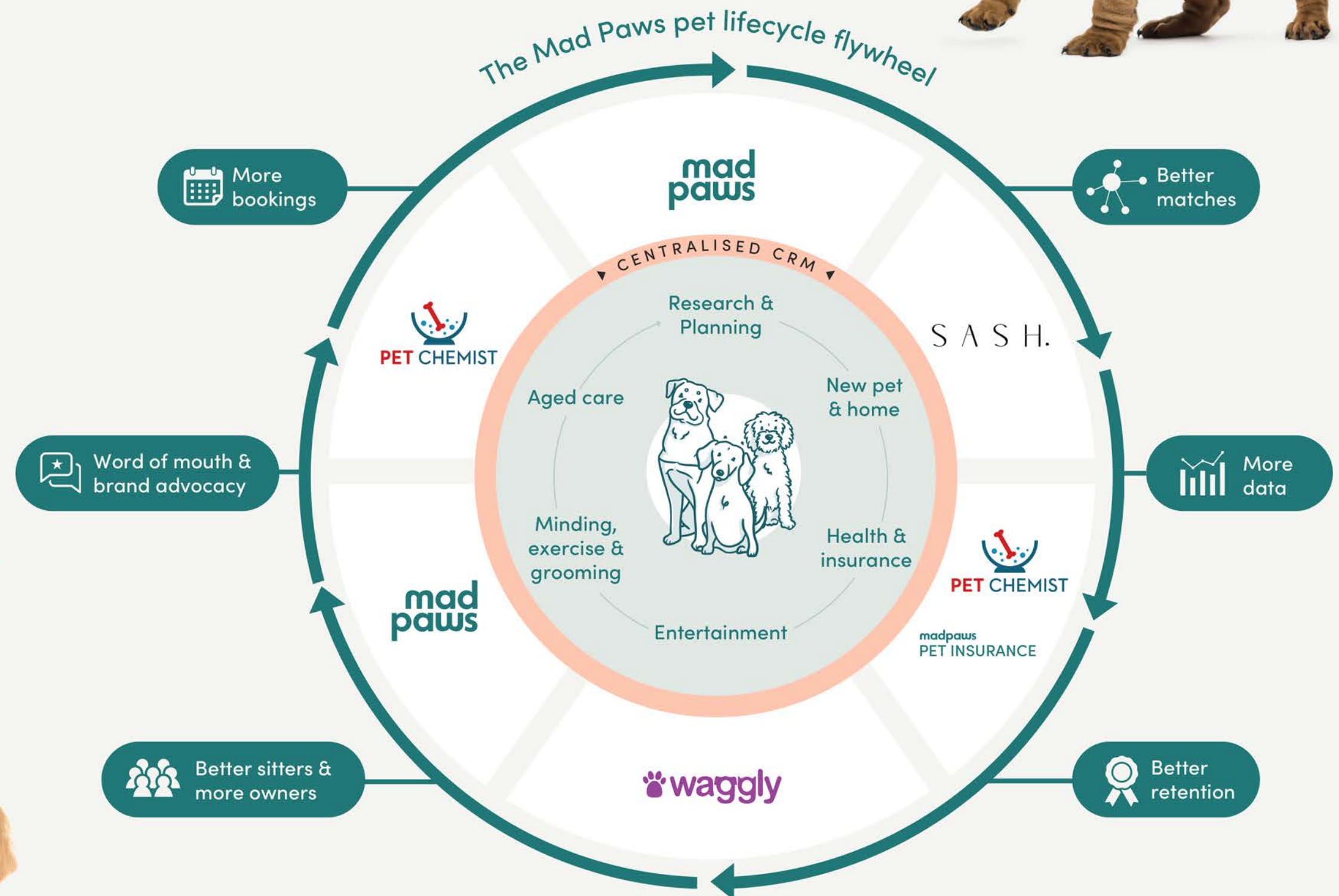


# Breadth and depth of our data create unrivalled competitive advantages

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 Q2 FY24 Highlights

**\$18.5m**

Group GMV  
+15%

**\$7.6m**

Operating Revenue  
+21%<sup>1</sup>

**13%**

marketing as a % of  
revenue Vs 16% pcp

**33,146**

New customers

**(\$0.1m)**

Operating EBITDA  
+\$1.0m  
vs pcp

**\$1.0m**

Positive Operating  
Cashflow

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



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# Marketplace

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



# Platform enhancements drive increase in sitter supply

77% increase in approved new sitters for the quarter while reducing the cost per approved sitter

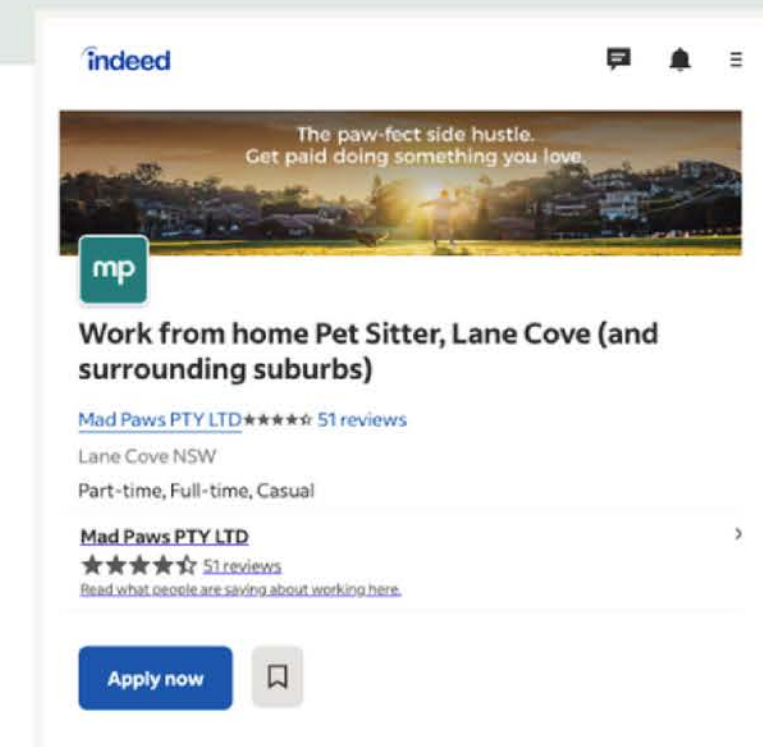
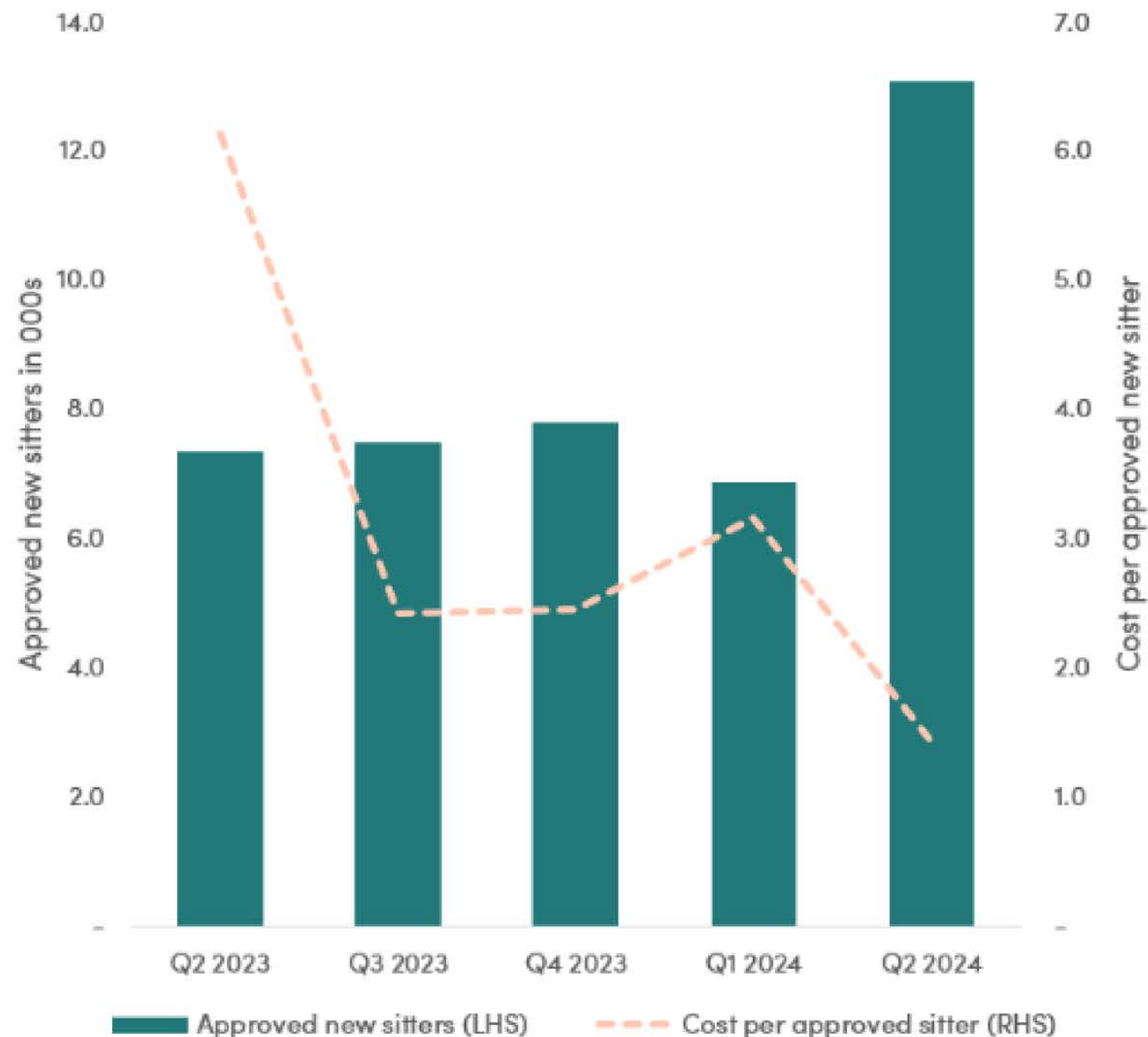
## New sitter approvals & cost per approved sitter

Team focused on a new marketing and technology approach to increase sitter supply

- Redesigned the sitter application process to remove conversion blockers and friction
- Application of data science to focus sitter acquisition where demand and supply are not in equilibrium
- Targeted localised marketing campaigns to acquire sitters in the right areas

### Results

- 77% improvement in number of new sitter approvals vs pcp
- 77% reduction in cost per approved new sitter

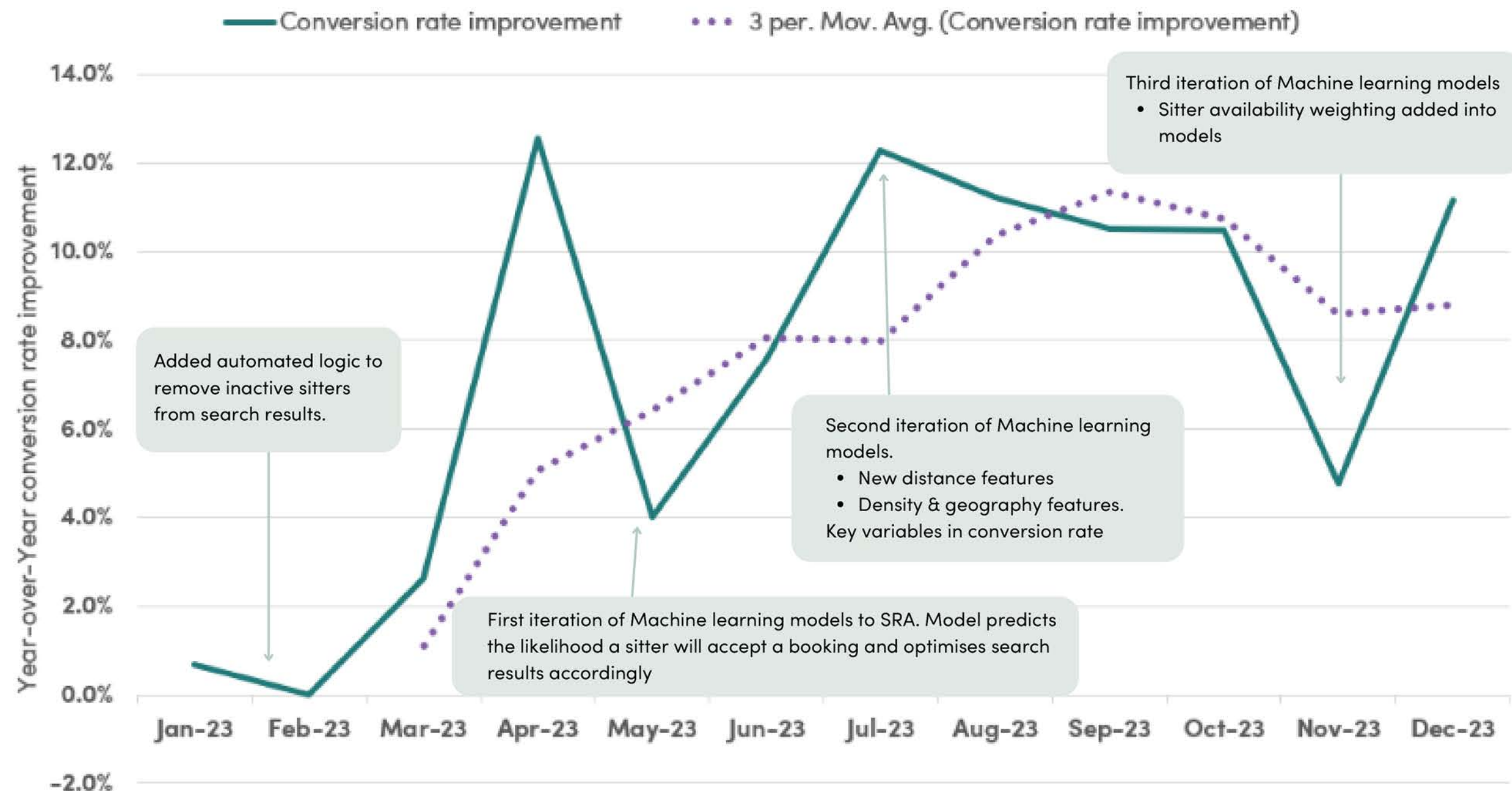




# Data science and machine learning drives conversion rate

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

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



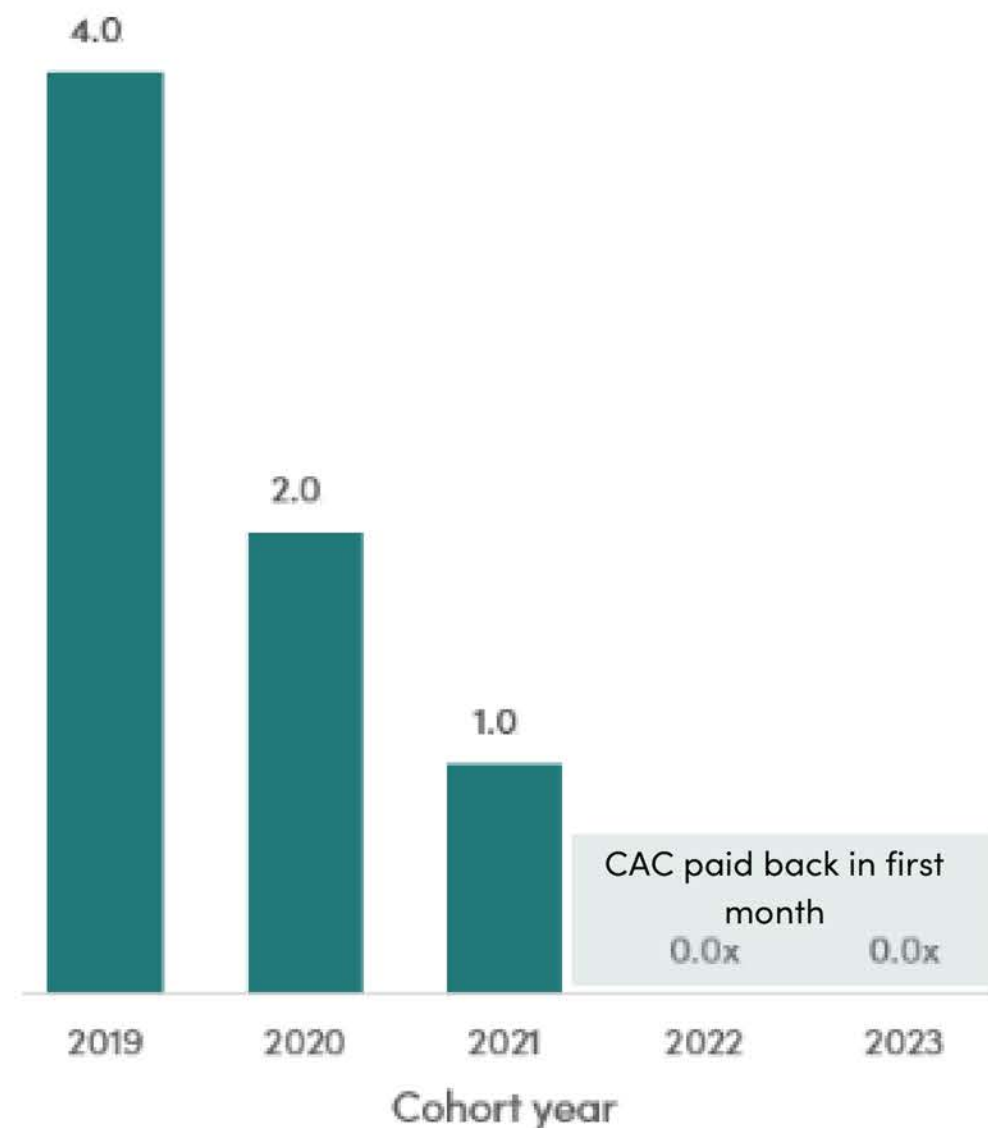
Conversion rate represents paid bookings in the month divided by the number of unique booking requests in the month



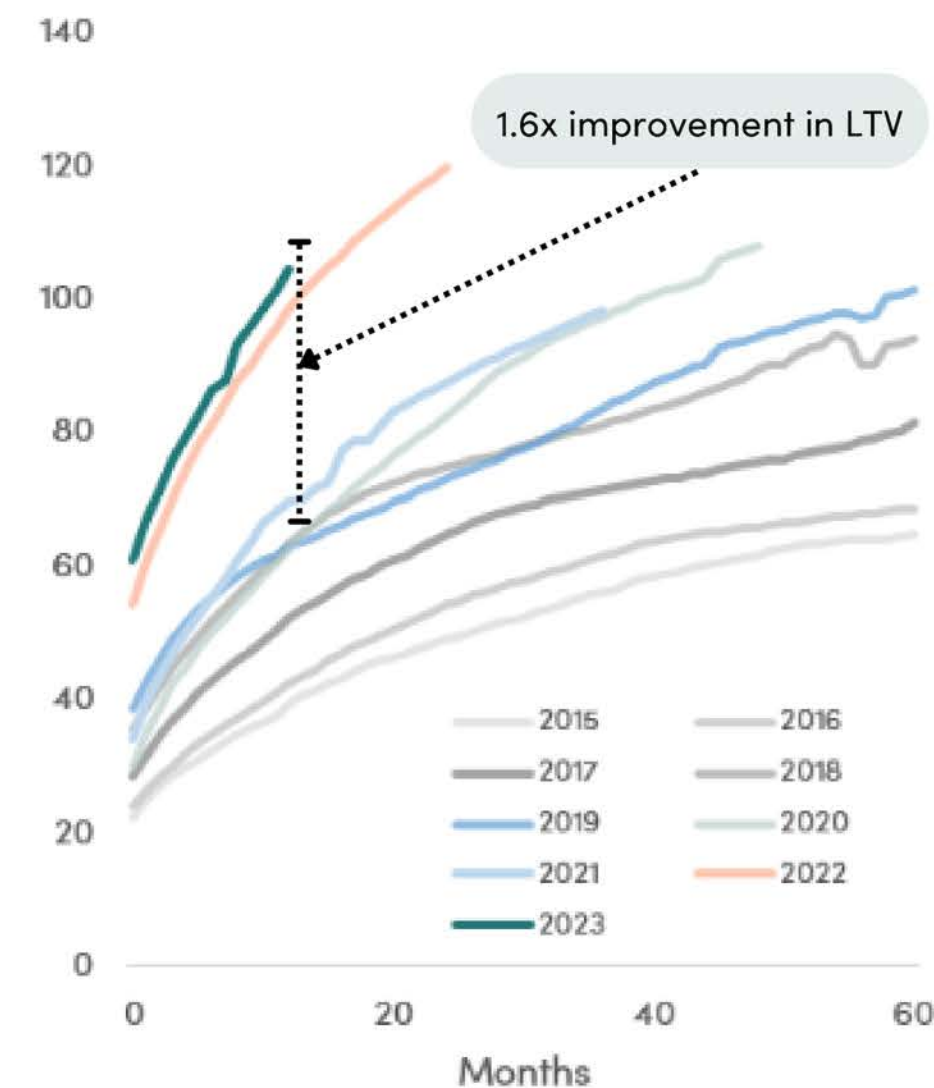
# Platform investment drives strong improvement in unit economics

Significant improvements in Lifetime value and acquisition cost

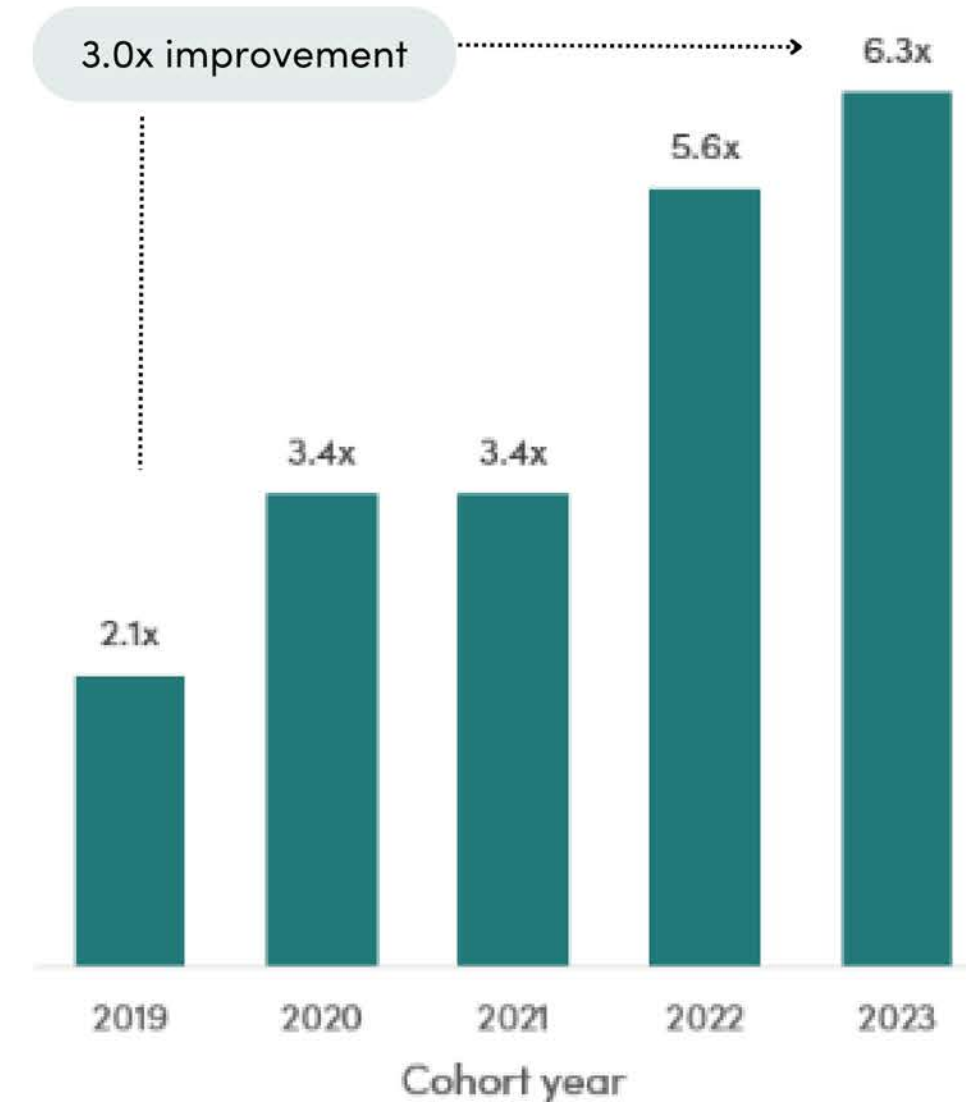
## Acquisition cost payback in Months



## 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

Successful Pet Chemist warehouse move, range expansion and owned products drive EBITDA improvement.

## Focus on recurring revenues

Heavy focus for Pet Chemist on driving Autoship customers - up 34% quarter on quarter

## Operational efficiency

Improved warehouse dispatch efficiency - more improvements expected this quarter

## Expand owned range

Two new products launched for Sash which resulted in record peak trading. Pet Chemist's first private label brand is in production and will start selling in January

## Customer Support Optimisations

Optimised our live chat functionality on the website, resulting in a deflection of email inquiries. Offshore team now handles 85% of total volume

## Improve customer acquisition cost

Optimisations to our marketing mix and spend as well as cross-sell resulted in record marketing efficiencies

## 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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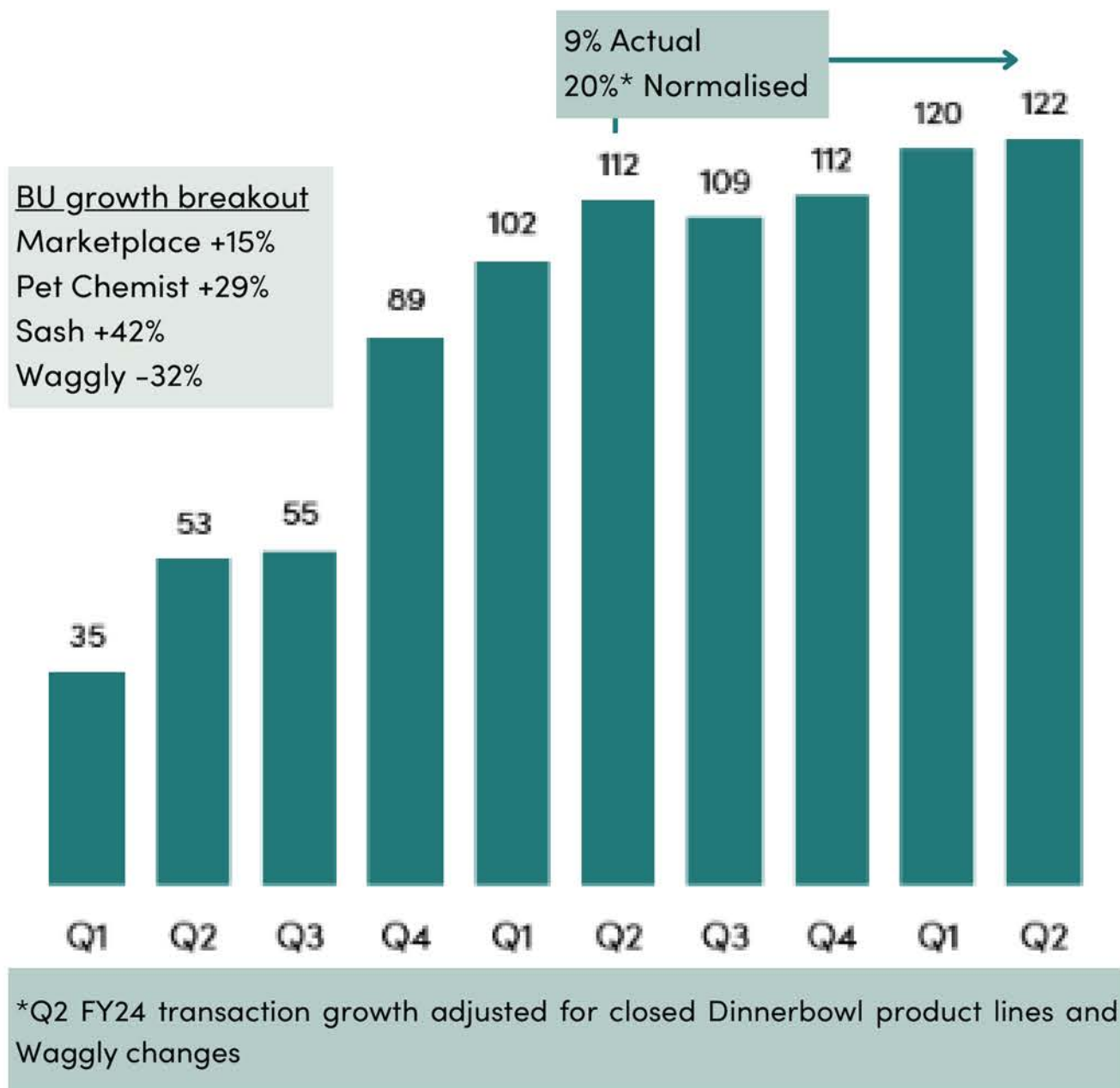
# Financial Performance



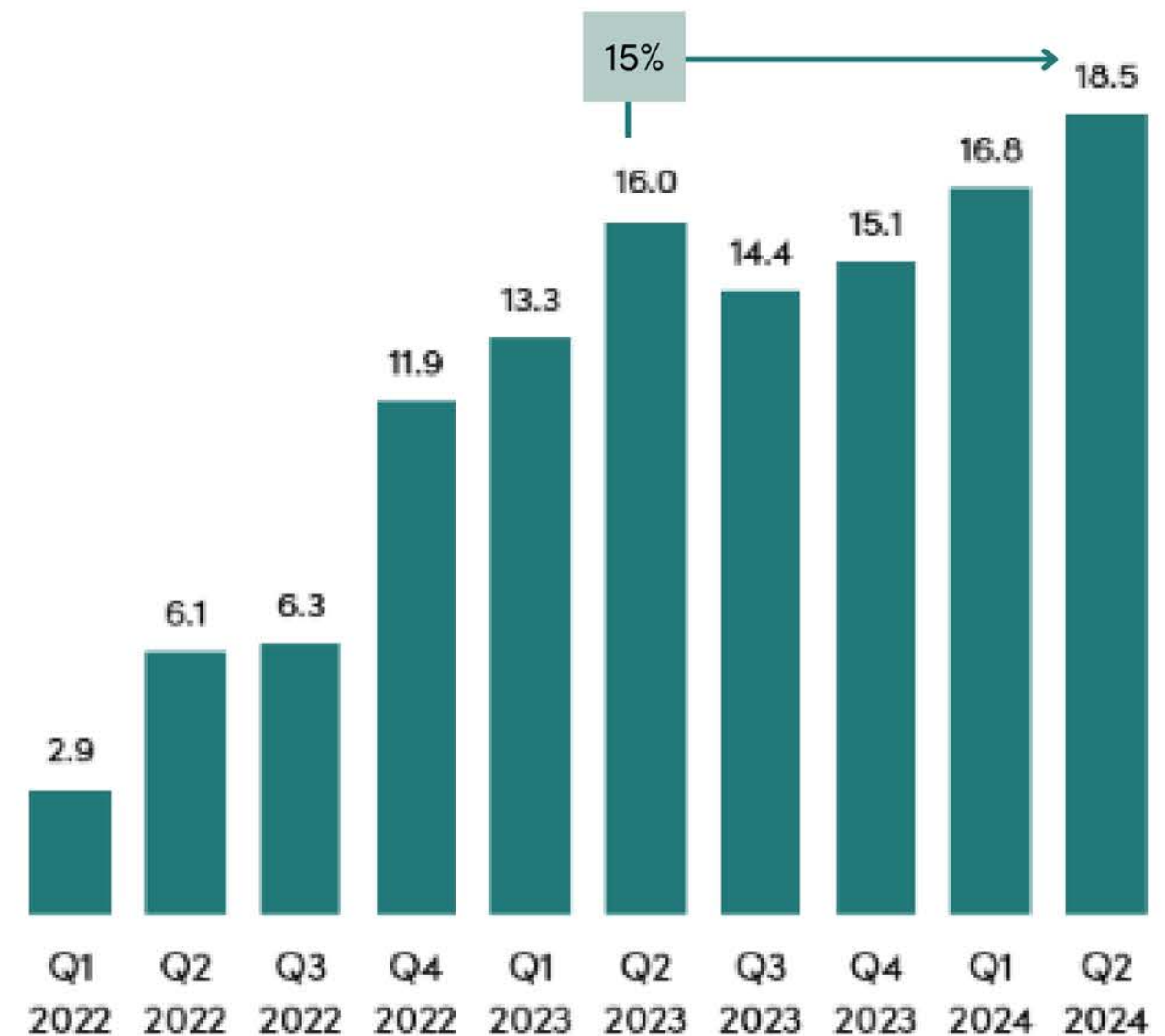
# Growth across transactions and GMV

Strong transaction growth across core growth businesses

## Quarterly Bookings/Transactions in 000s



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



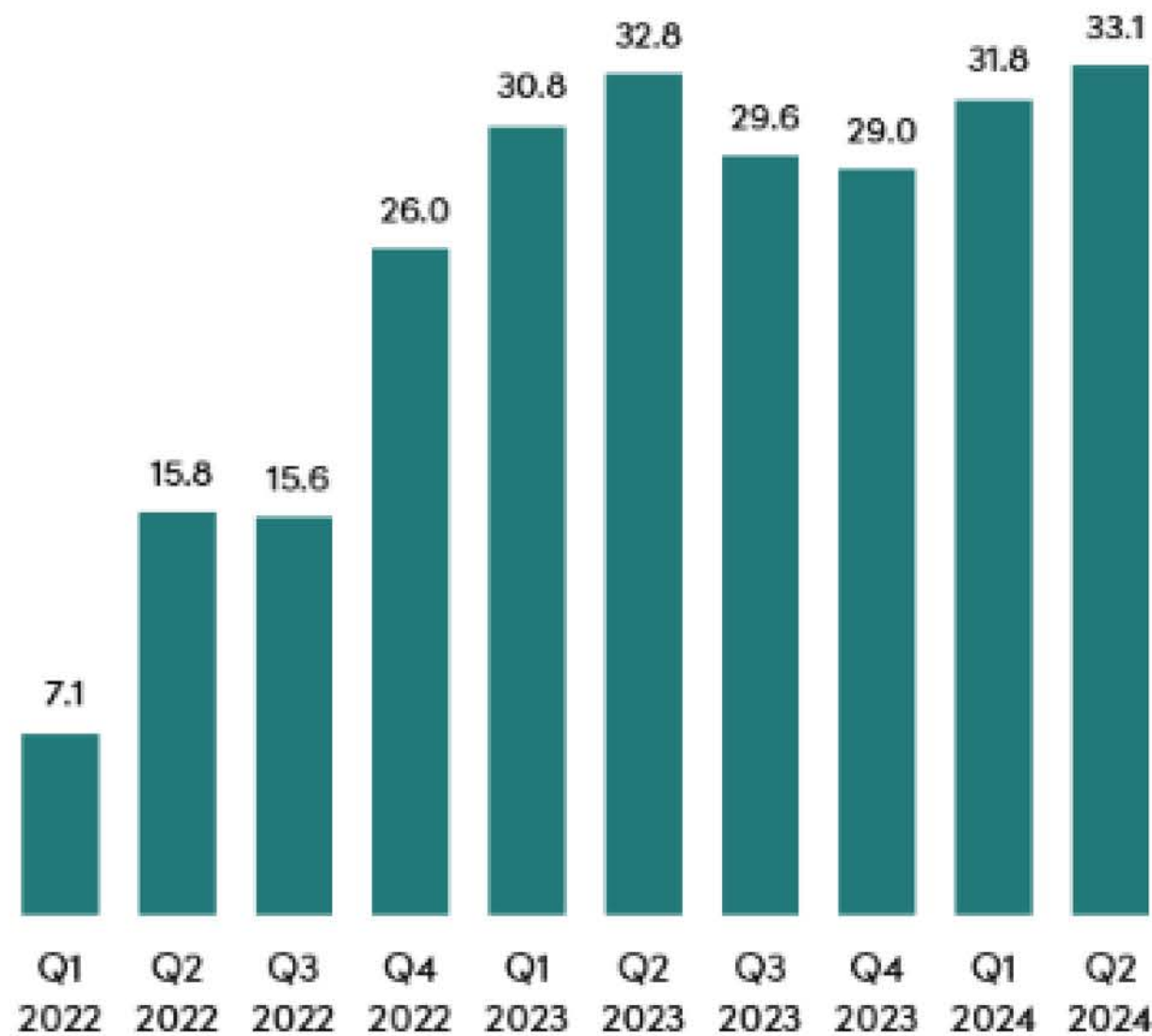
<sup>1</sup> GMV is the total value of transactions processed by Mad Paws, on a cash basis before deducting pet service provider payments, pharmacy payment, cancellations and refunds, chargebacks, discounts and GST



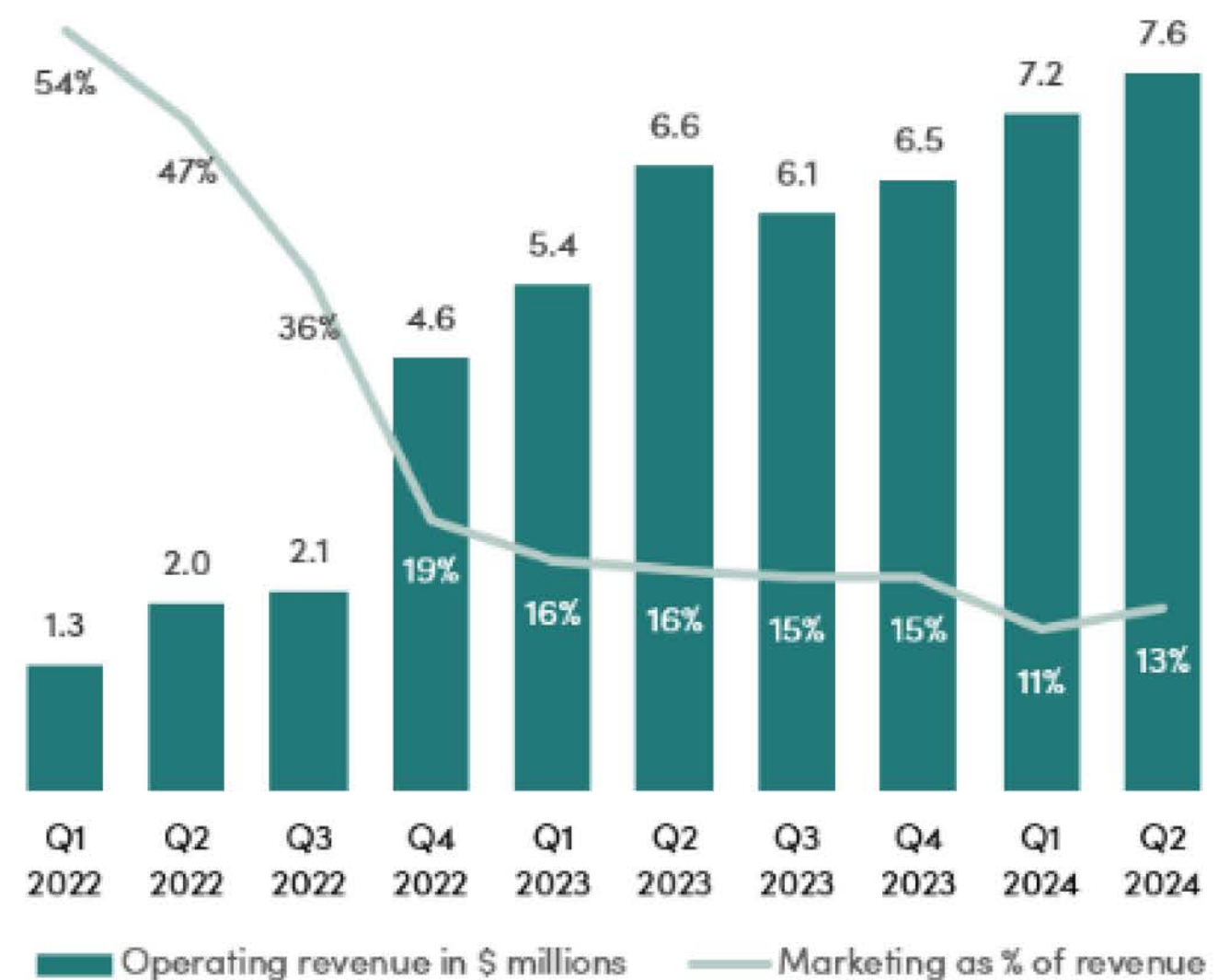
# Improved customer acquisition efficiency

Record levels of new customers - with strong efficiencies and lowest level of marketing as a % revenue for any prior Q2

## Quarterly new customers in 000s



## Quarterly Marketing as a % of Revenue



3 percentage point improvement in marketing as % of revenue vs pcg

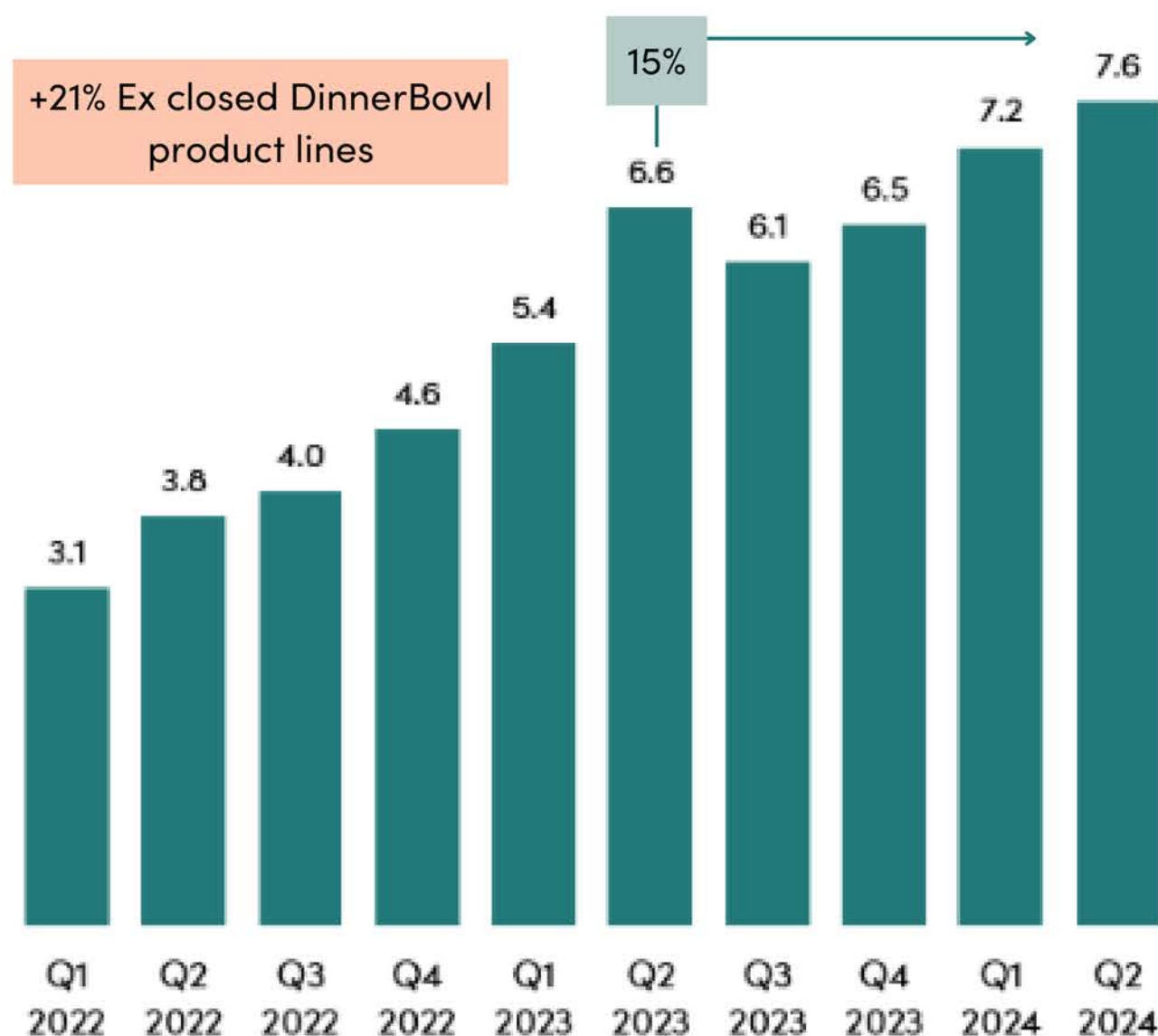
<sup>1</sup> Q2 FY24 revenues are unaudited



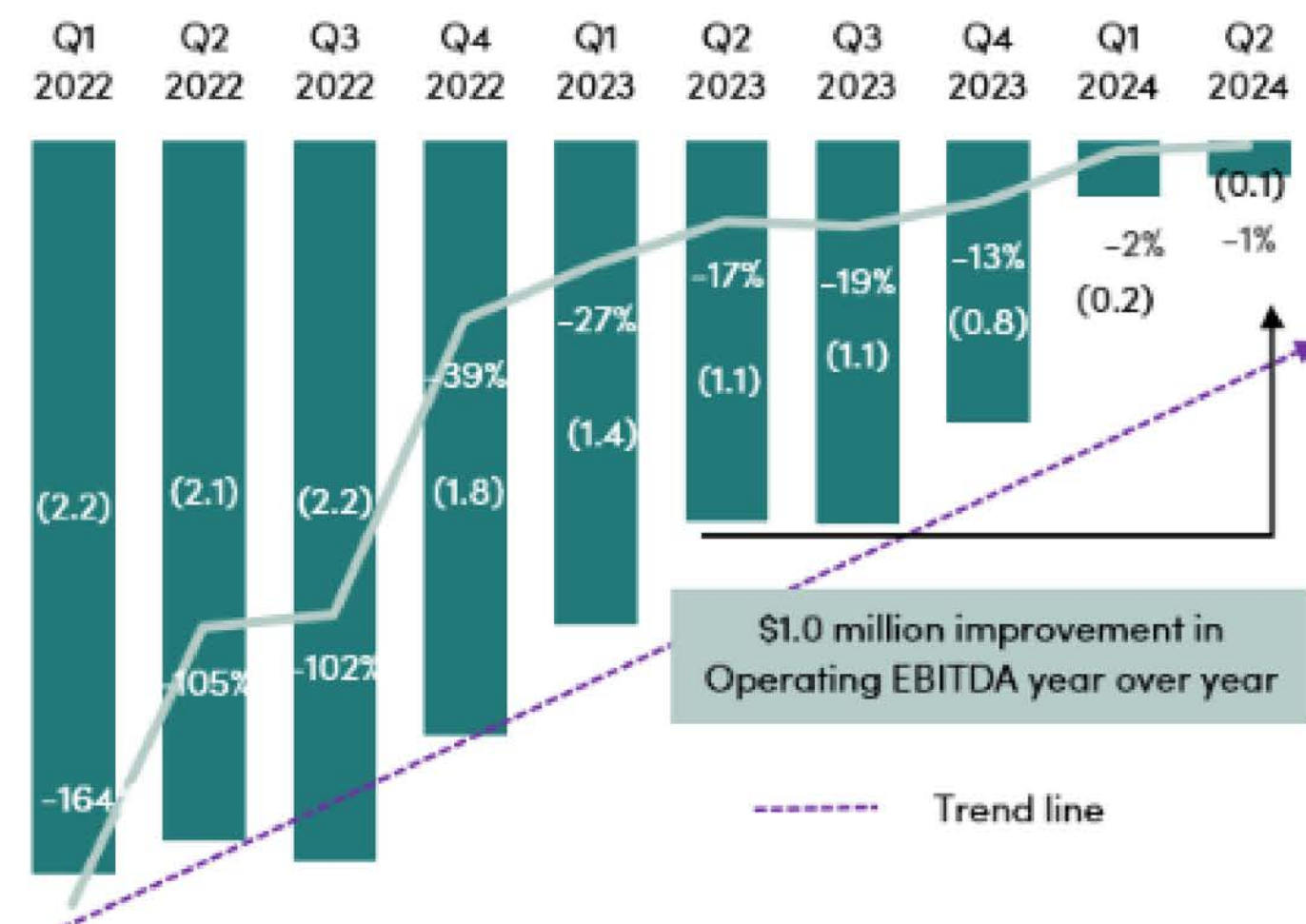
# Group Revenue & Operating EBITDA

Continued progress to EBITDA positive

## Quarterly Pro-forma Revenue in millions



## Quarterly Operating EBITDA in millions



16 percentage point improvement in EBITDA margins vs pcg

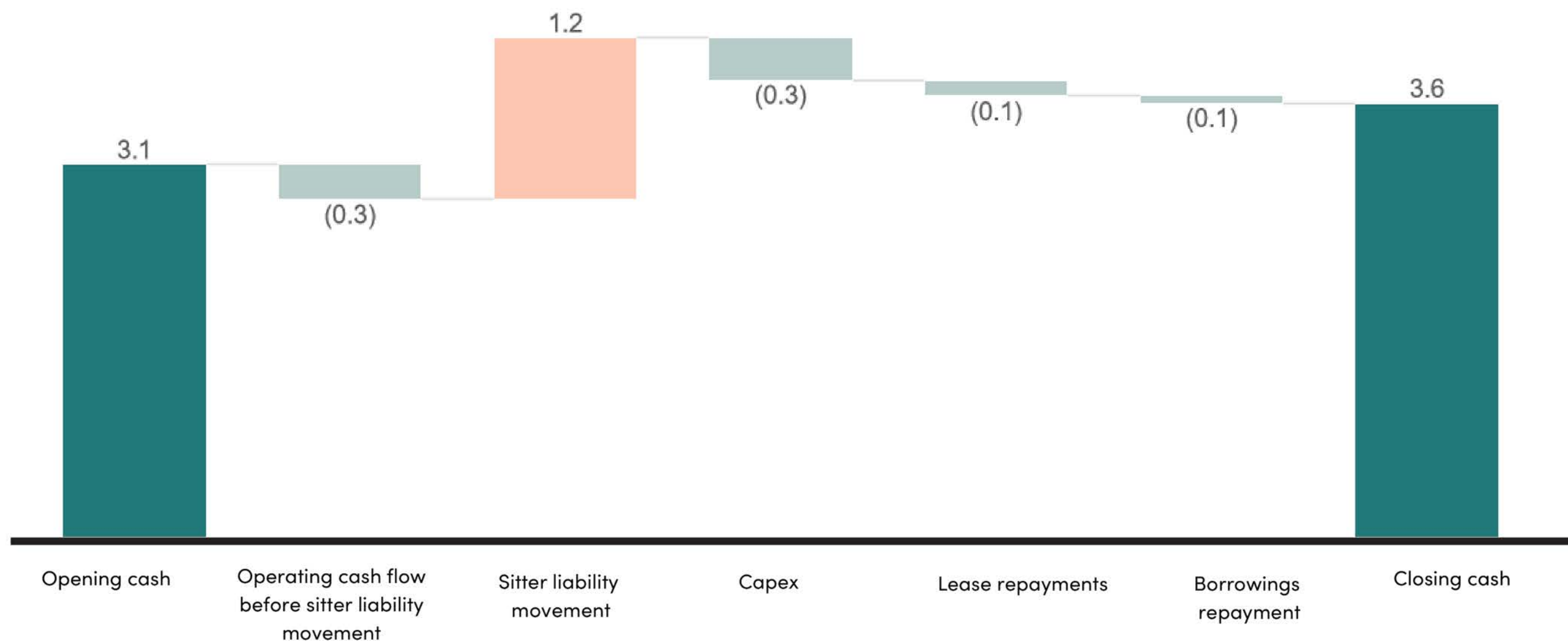
<sup>1</sup>Operating EBITDA excludes the impact of the run down of the Dinner Bowl raw and lightly cooked operations in Q3 FY23

<sup>2</sup>Q1 FY24 & Q2 FY24 revenues and Operating EBITDA are unaudited



# Q2 FY24 Cash flow bridge

Second consecutive quarter of positive operating cash flow



\$1.0m in positive operating cash flow in the quarter



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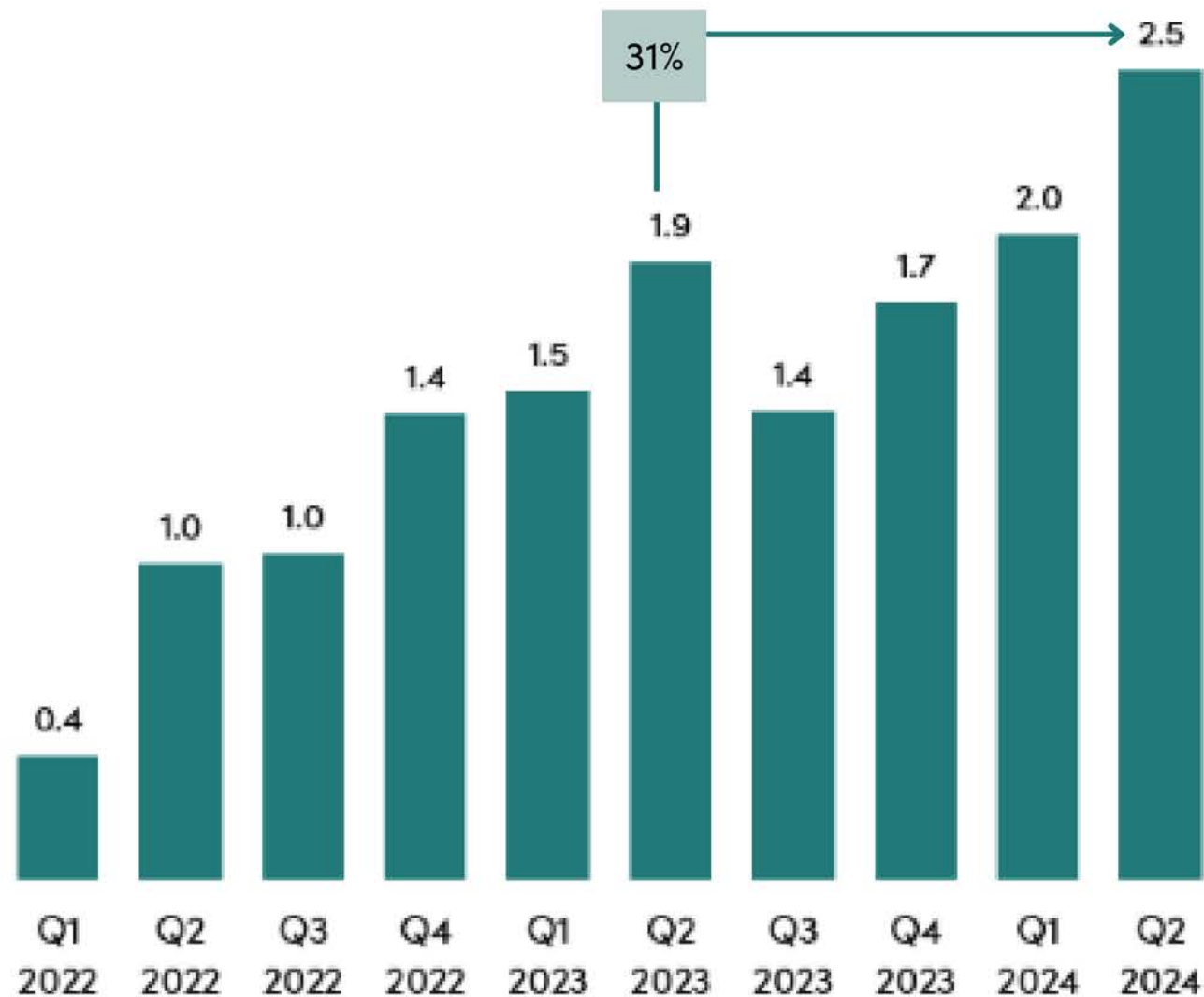
# Division Performance



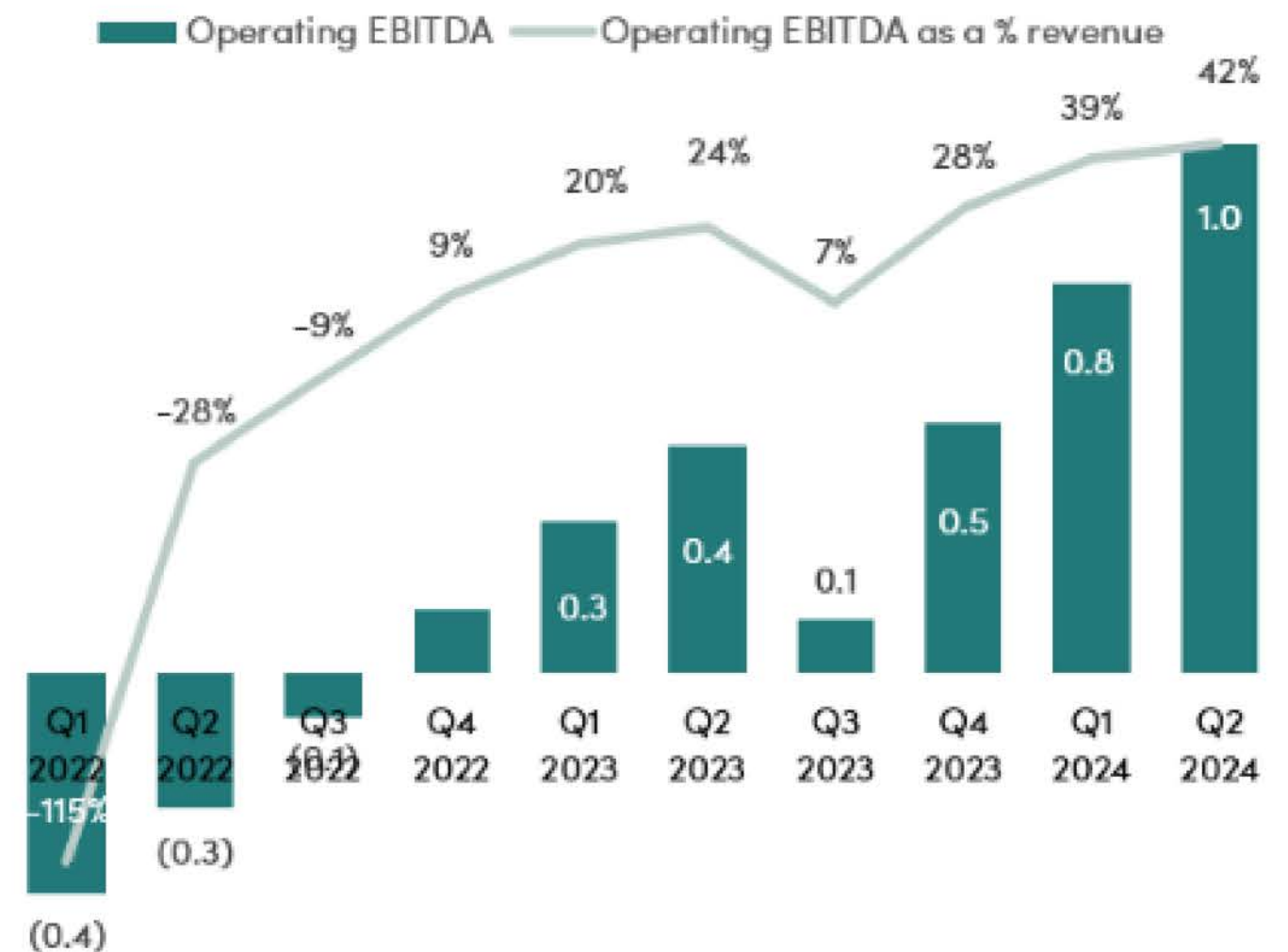
# Marketplace performance

Increased sitter supply, platform upgrades and new customer growth drive performance

## Quarterly marketplace revenue in millions



## Quarterly operating EBITDA in millions



Platform investments drive LTV and EBITDA

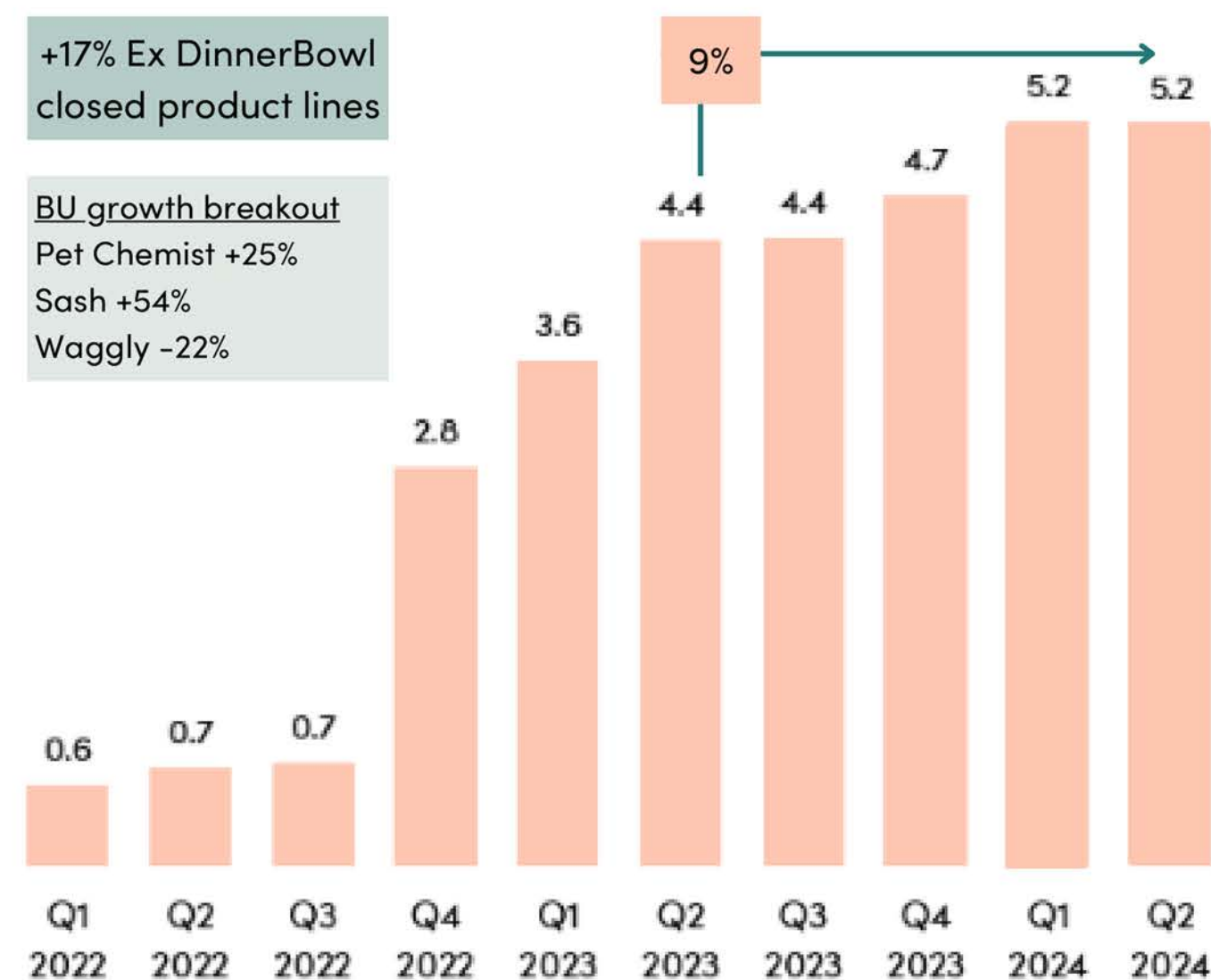
<sup>1</sup>Q1 FY24 & Q2FY24 revenues and Operating EBITDA are unaudited



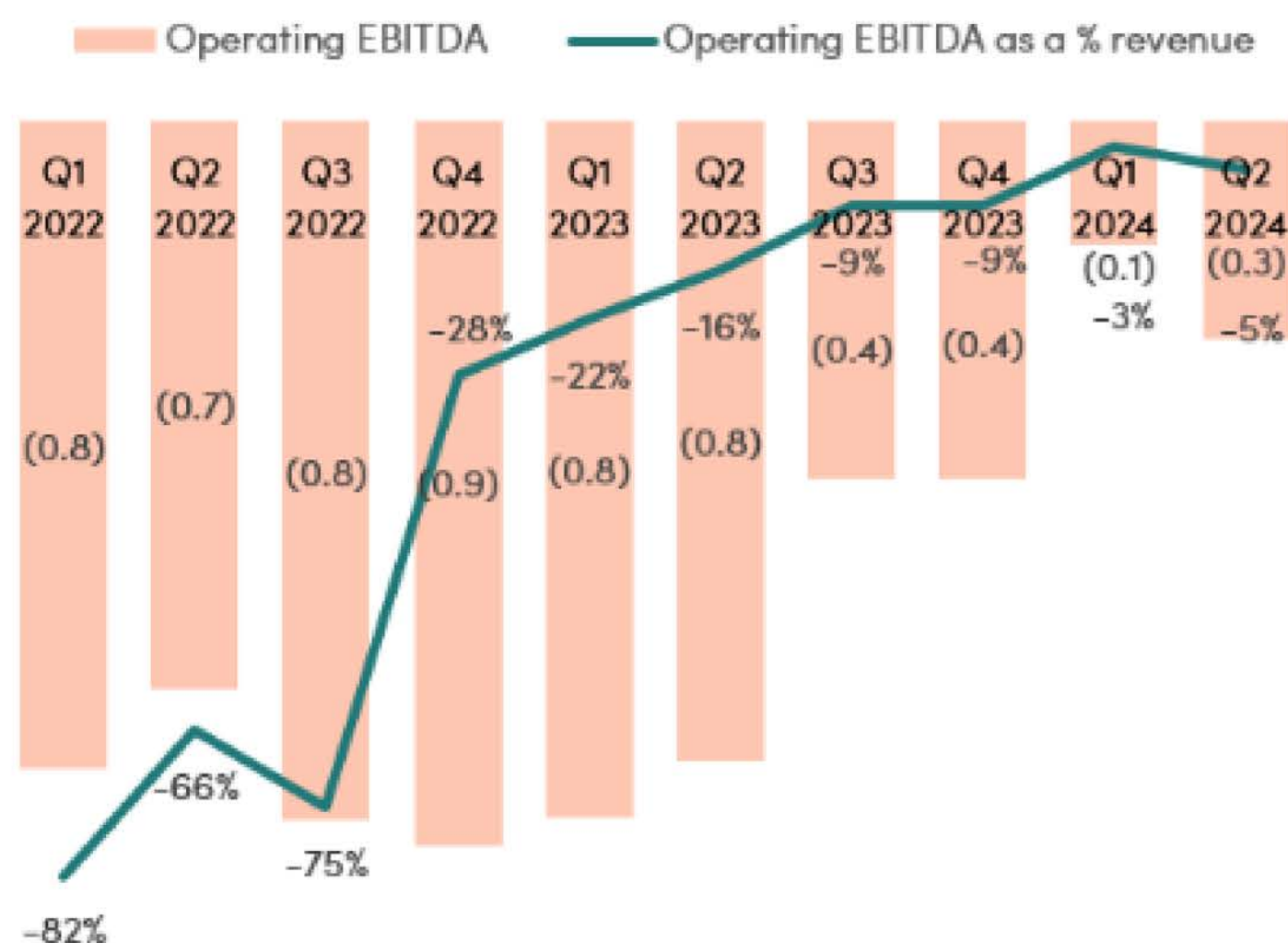
# E-Commerce performance

Continued revenue growth with Sash seasonality and investment in Sash international impacting EBITDA

## Quarterly E-Commerce Revenue in millions



## Quarterly Operating EBITDA in millions



19 percentage point improvement in EBITDA margins vs pcp

<sup>1</sup> Q1 FY24 & Q2 FY24 revenues and Operating EBITDA are unaudited



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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



**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



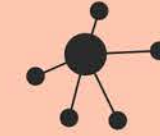
Our passionate and loyal pet sitting community are a key part of building trusted brand.

## 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

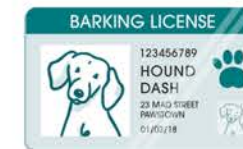


Pet parents:  
pets are part  
of the family



Highly trusted  
brand, leading the  
charge in pet care

## Based on our pet profile data...



**160k**

Unique pet profiles created  
since November 2022



**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 builds of the Q2 momentum with a strong focus on retention and cross sale

## 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

### Customer acquisition

Cost effective acquisition with SEO and targeted marketing

### 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.