



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



#16 - 2023 Deloitte Tech Fast 50



#5 - 2023 AFR Fast 100



madpaws GROUP

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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



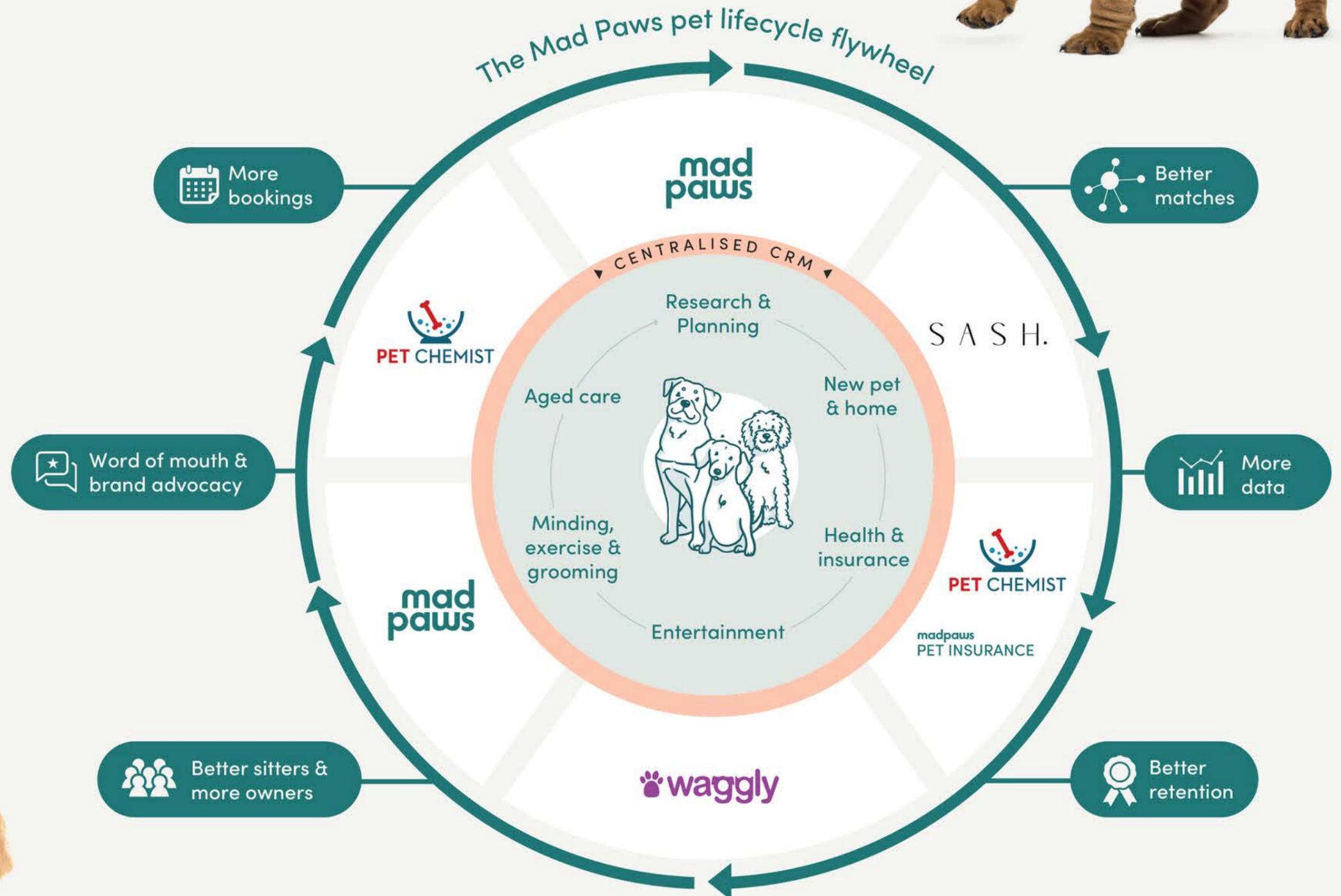
Where personalised care is priority, Mad Paws leverages the family of brands to connect with Australian Pet Owners across every stage in the pet lifecycle.

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 Q2 FY24 Highlights

\$18.5m

Group GMV
+15%

\$7.6m

Operating Revenue
+21%¹

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

¹ Excluding closed Dinner bowl product lines

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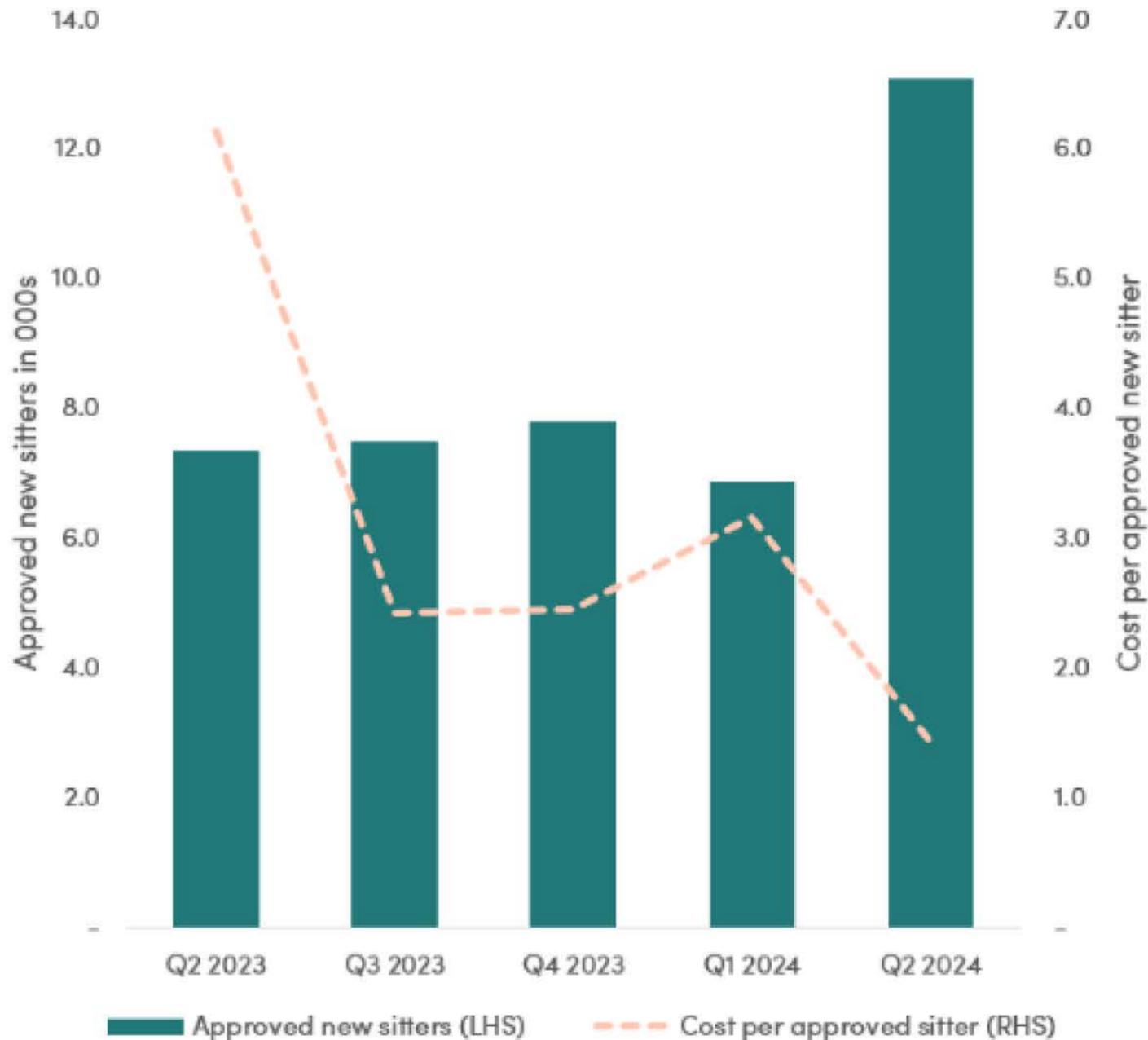
Marketplace

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

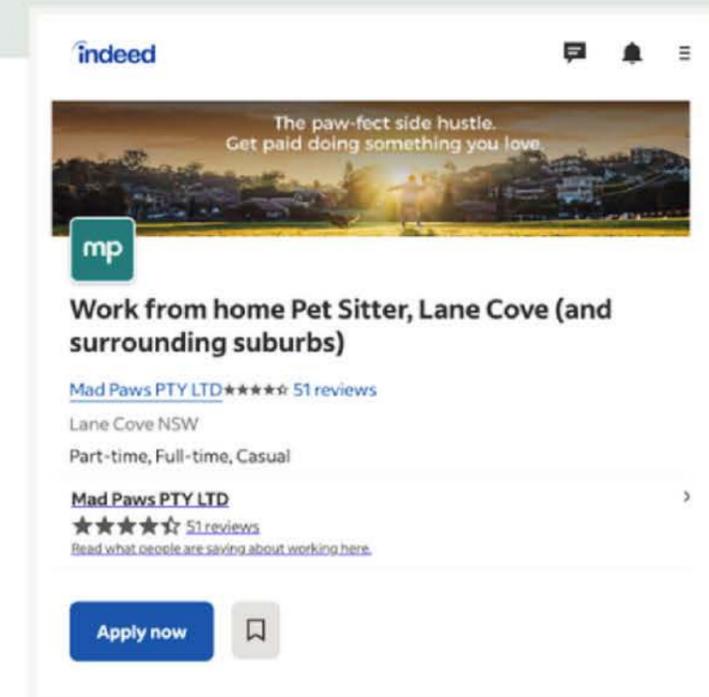


Team focused on a new marketing and technology approach to increase sitter supply

- 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

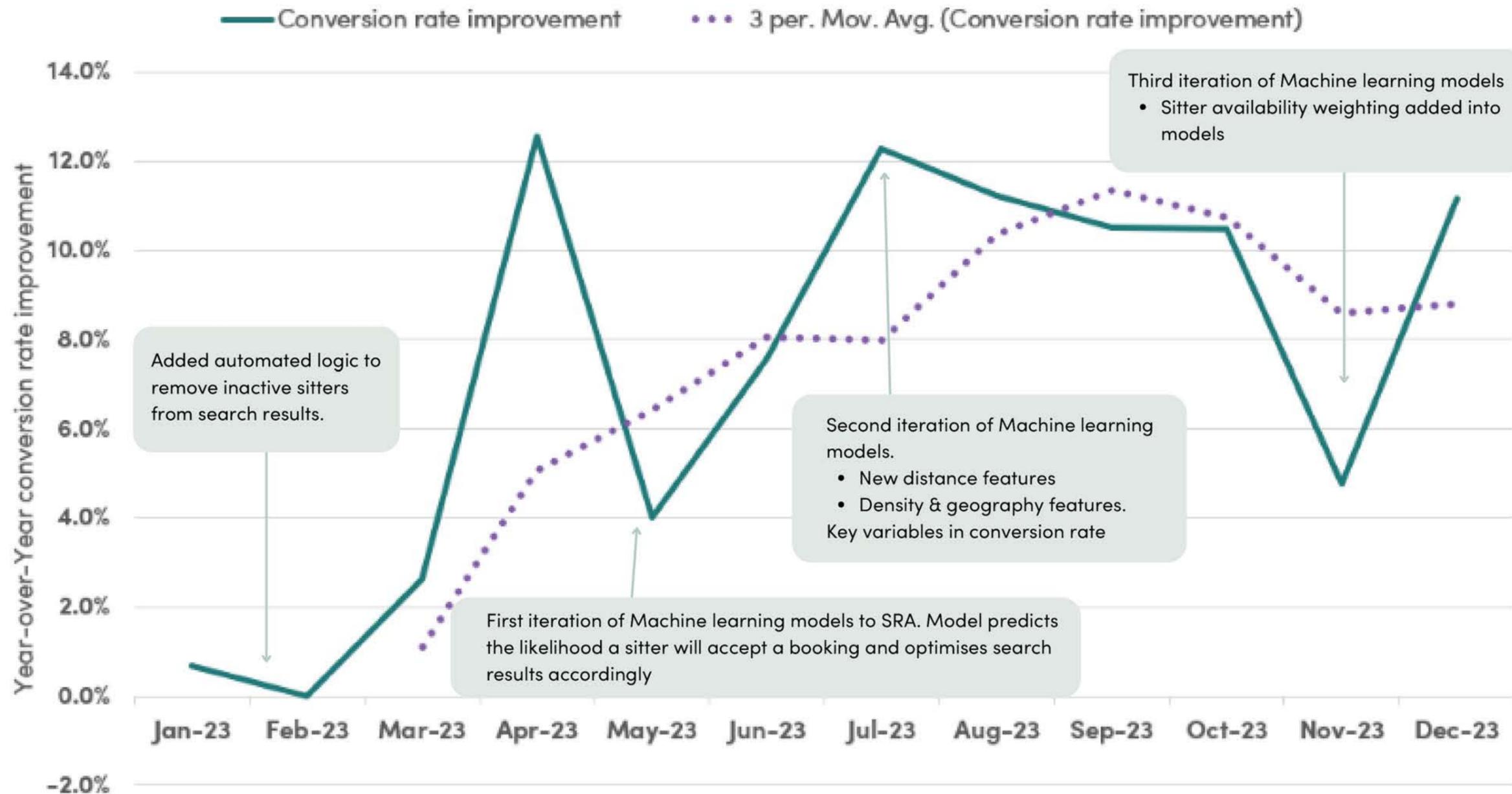
- 77% improvement in number of new sitter approvals vs pcp
- 77% reduction in cost per approved new sitter



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 %

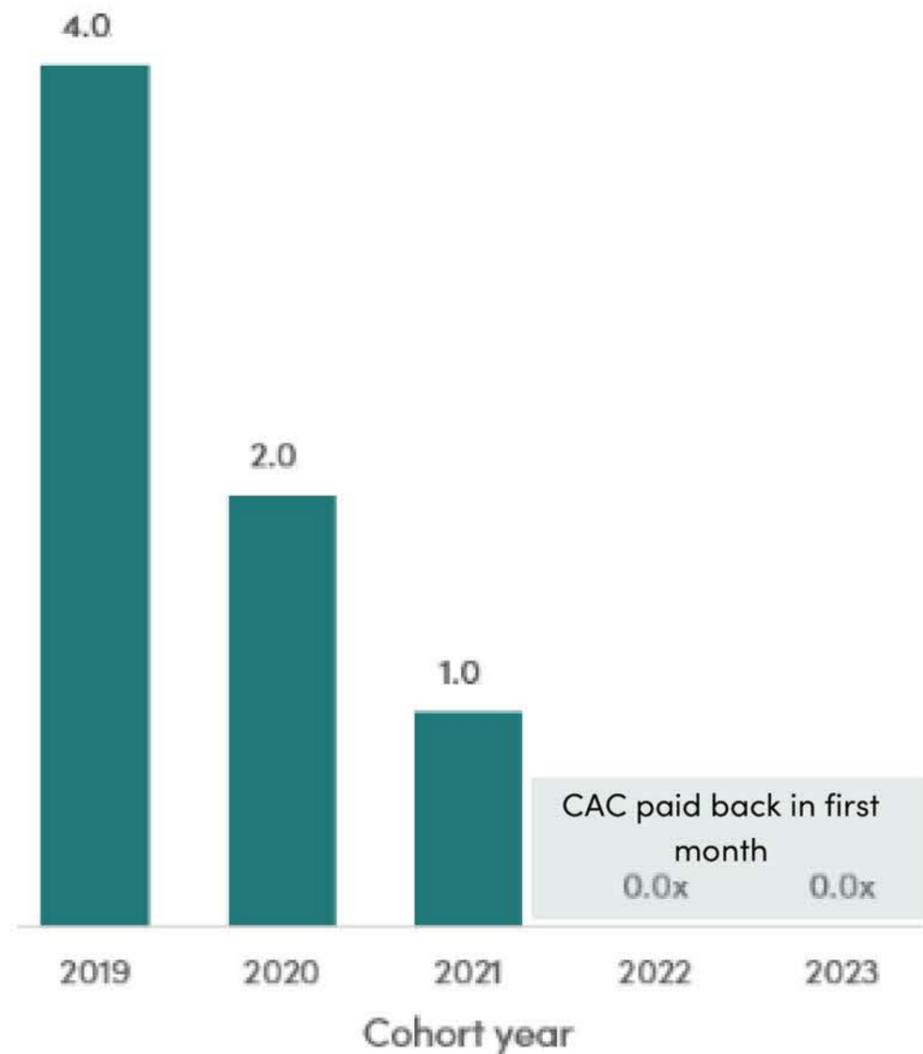


Conversion rate represents paid bookings in the month divided by the number of unique booking requests in the month

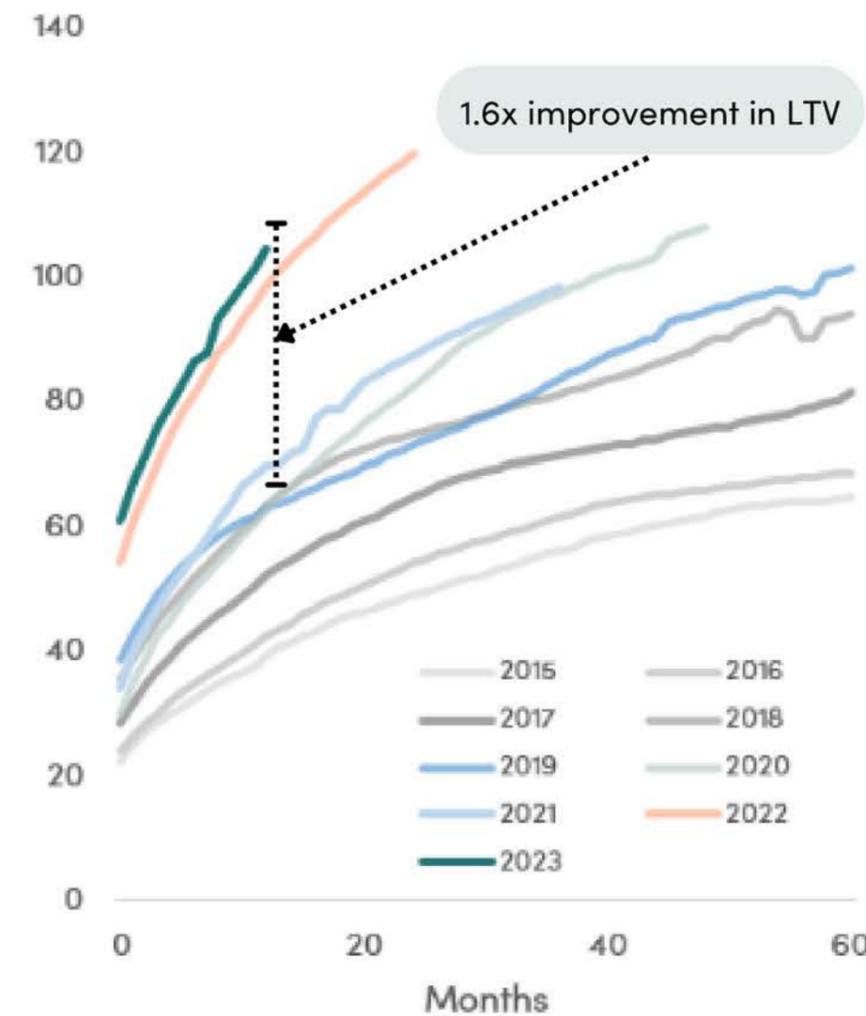
Platform investment drives strong improvement in unit economics

Significant improvements in Lifetime value and acquisition cost

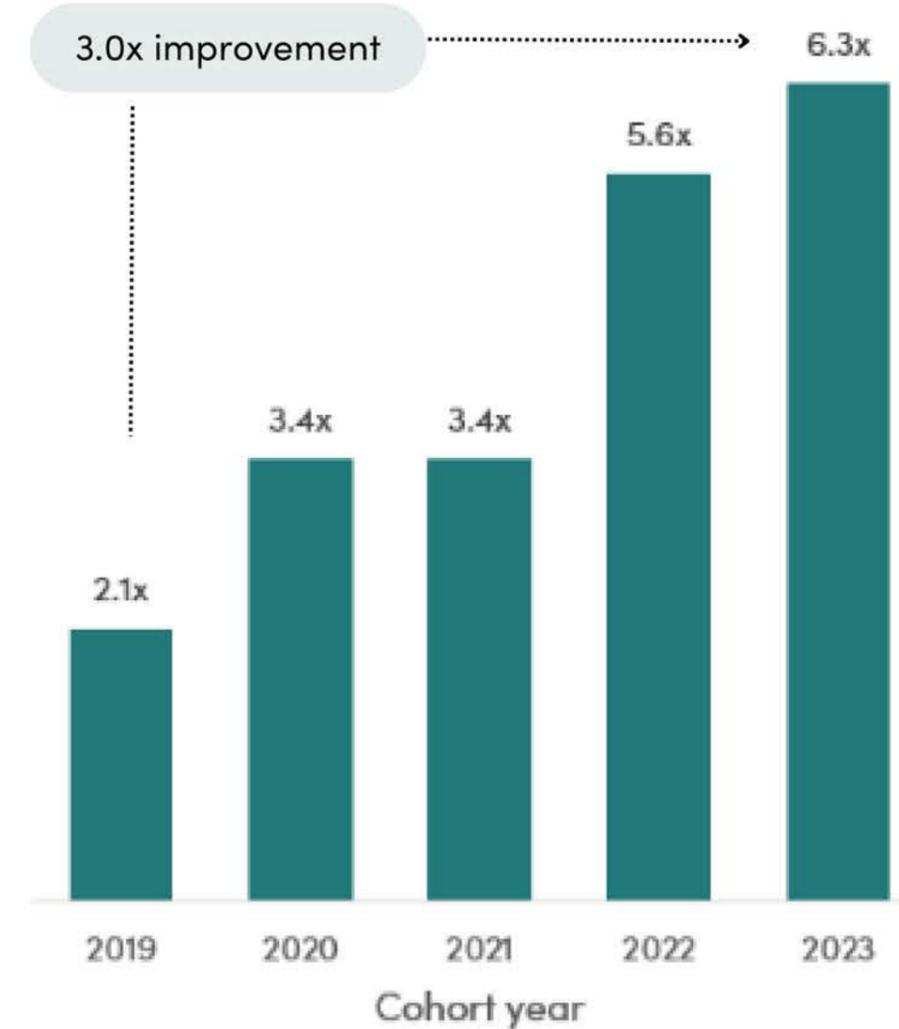
Acquisition cost payback in Months



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



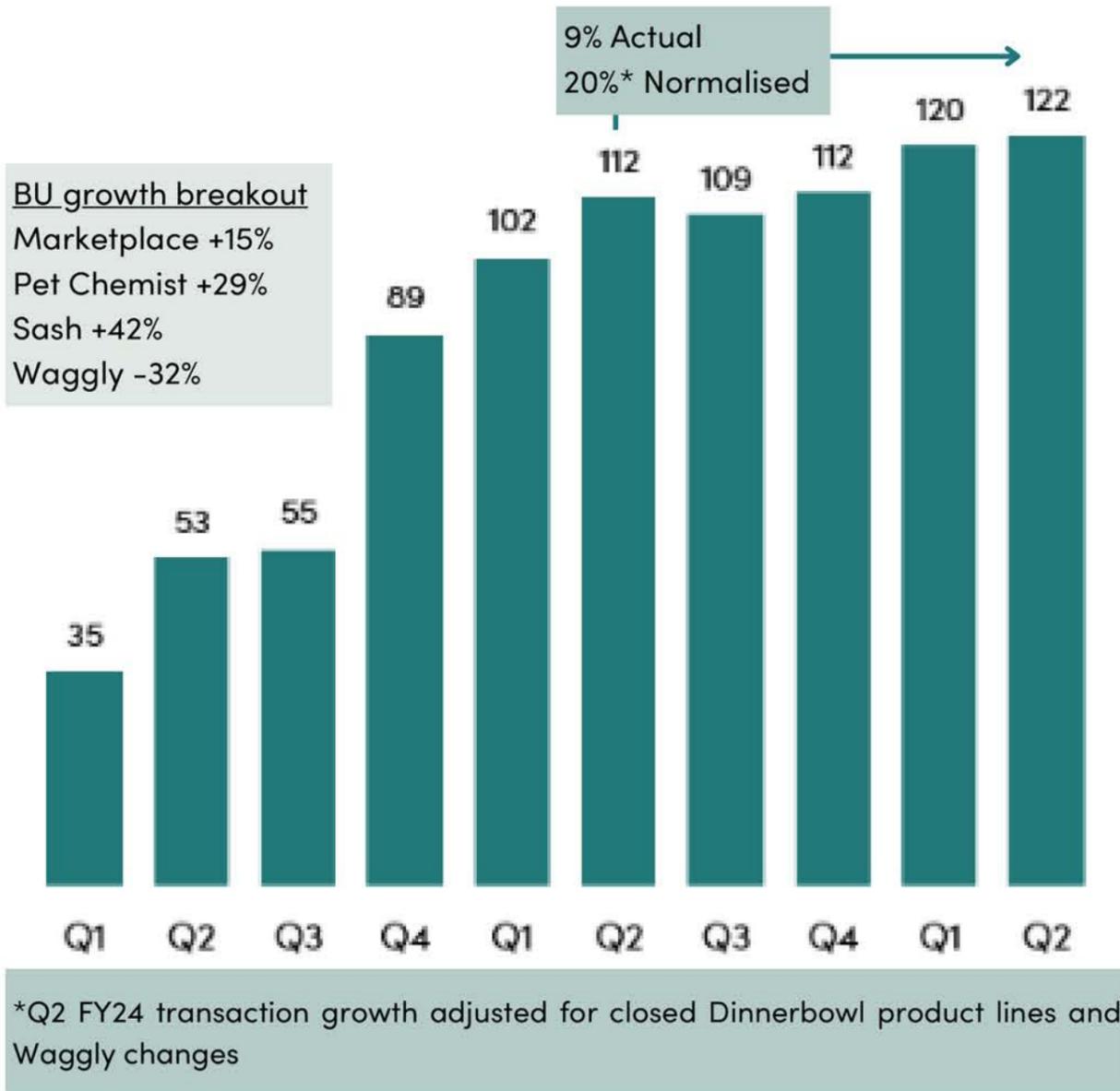
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Financial Performance

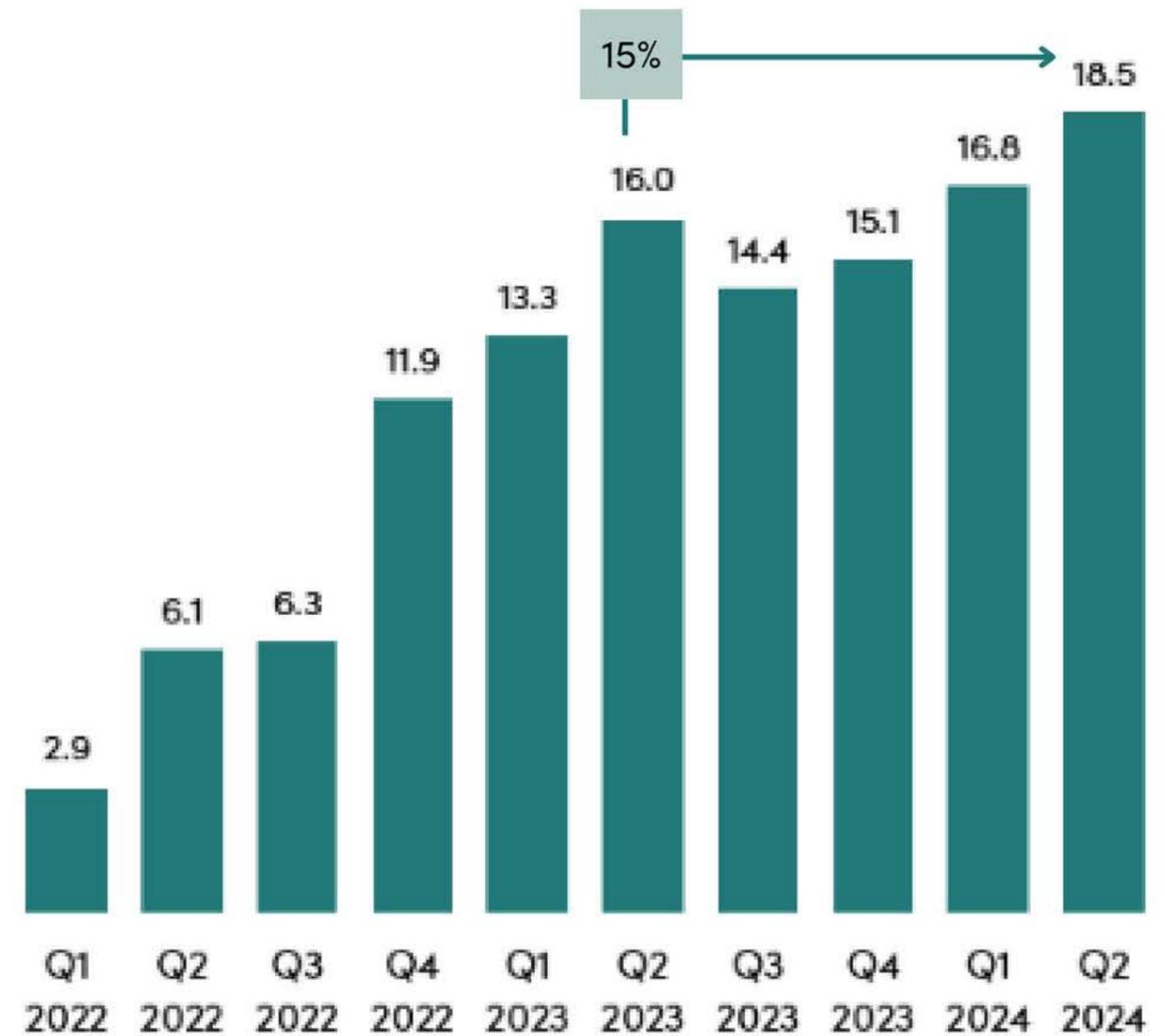
Growth across transactions and GMV

Strong transaction growth across core growth businesses

Quarterly Bookings/Transactions in 000s



Quarterly¹GMV in millions

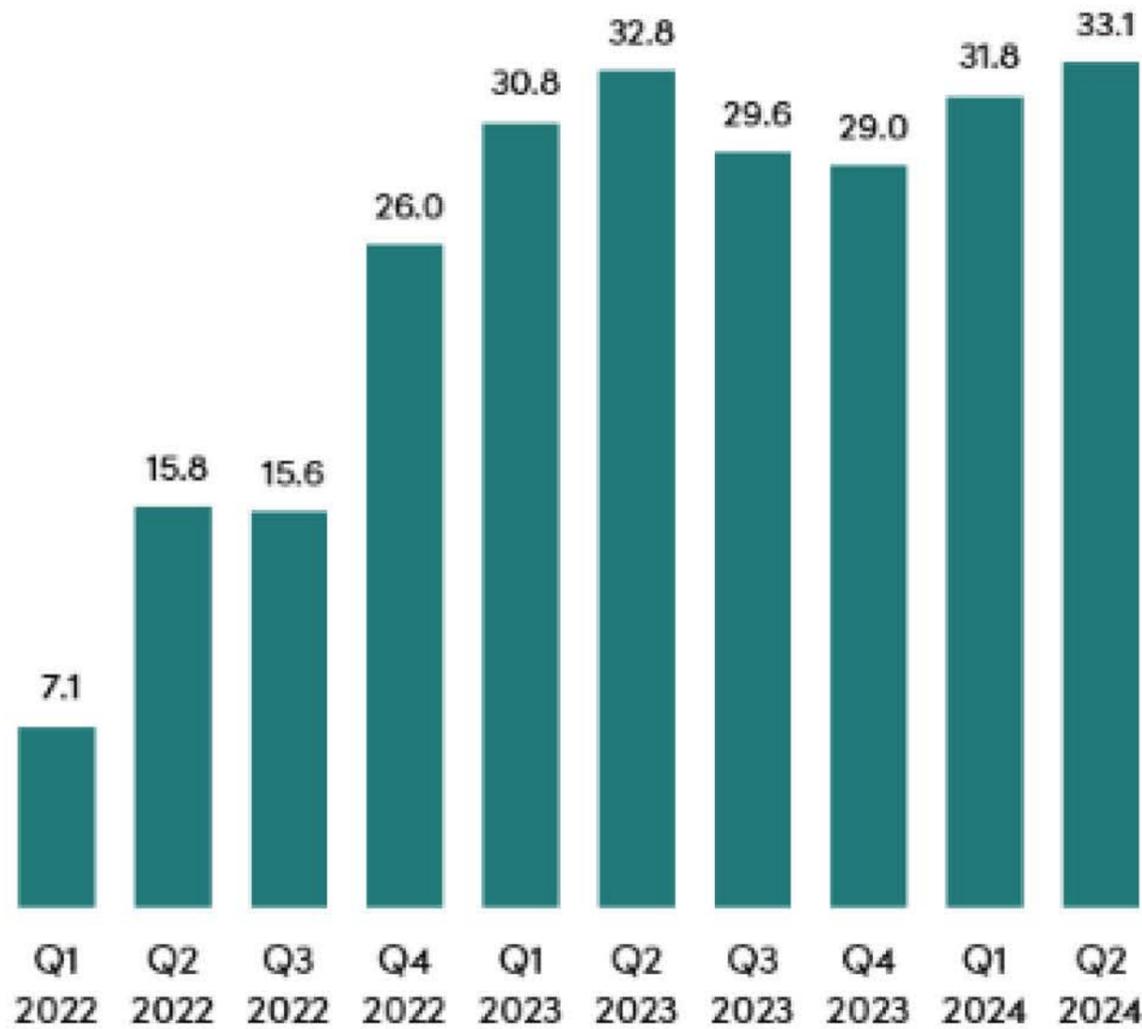


¹ GMV is the total value of transactions processed by Mad Paws, on a cash basis before deducting pet service provider payments, pharmacy payment, cancellations and refunds, chargebacks, discounts and GST

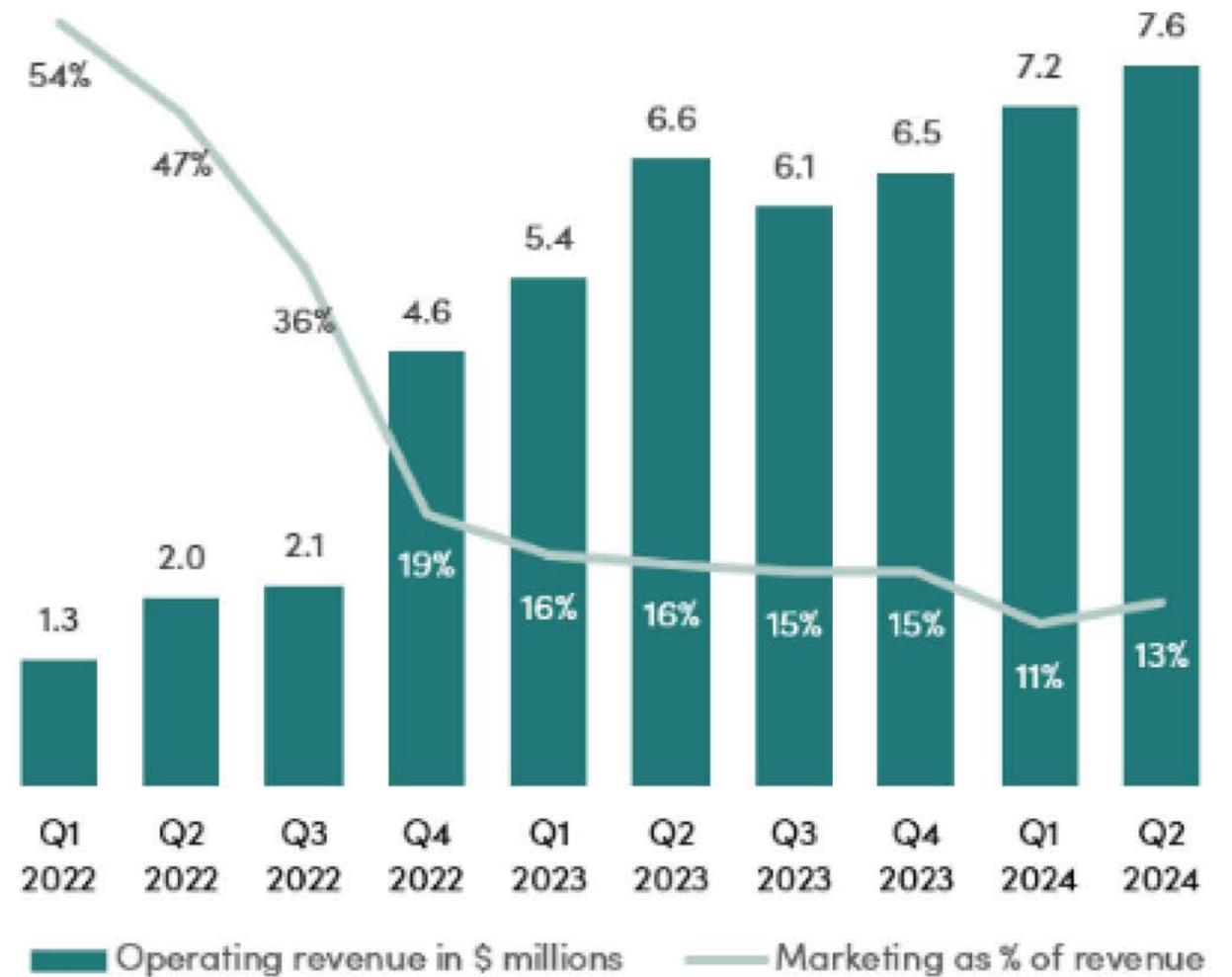
Improved customer acquisition efficiency

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



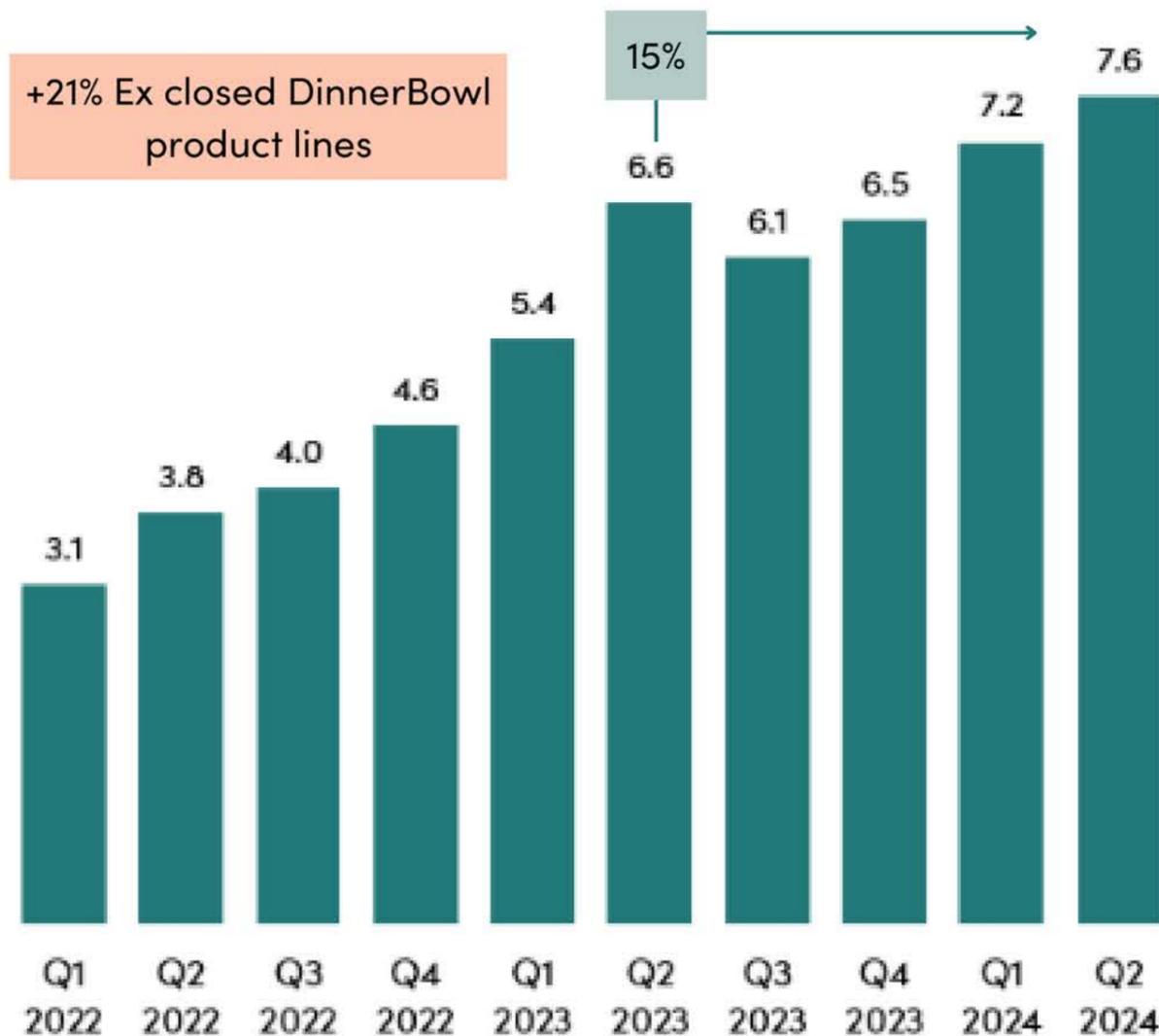
3 percentage point improvement in marketing as % of revenue vs pcp

¹Q2 FY24 revenues are unaudited

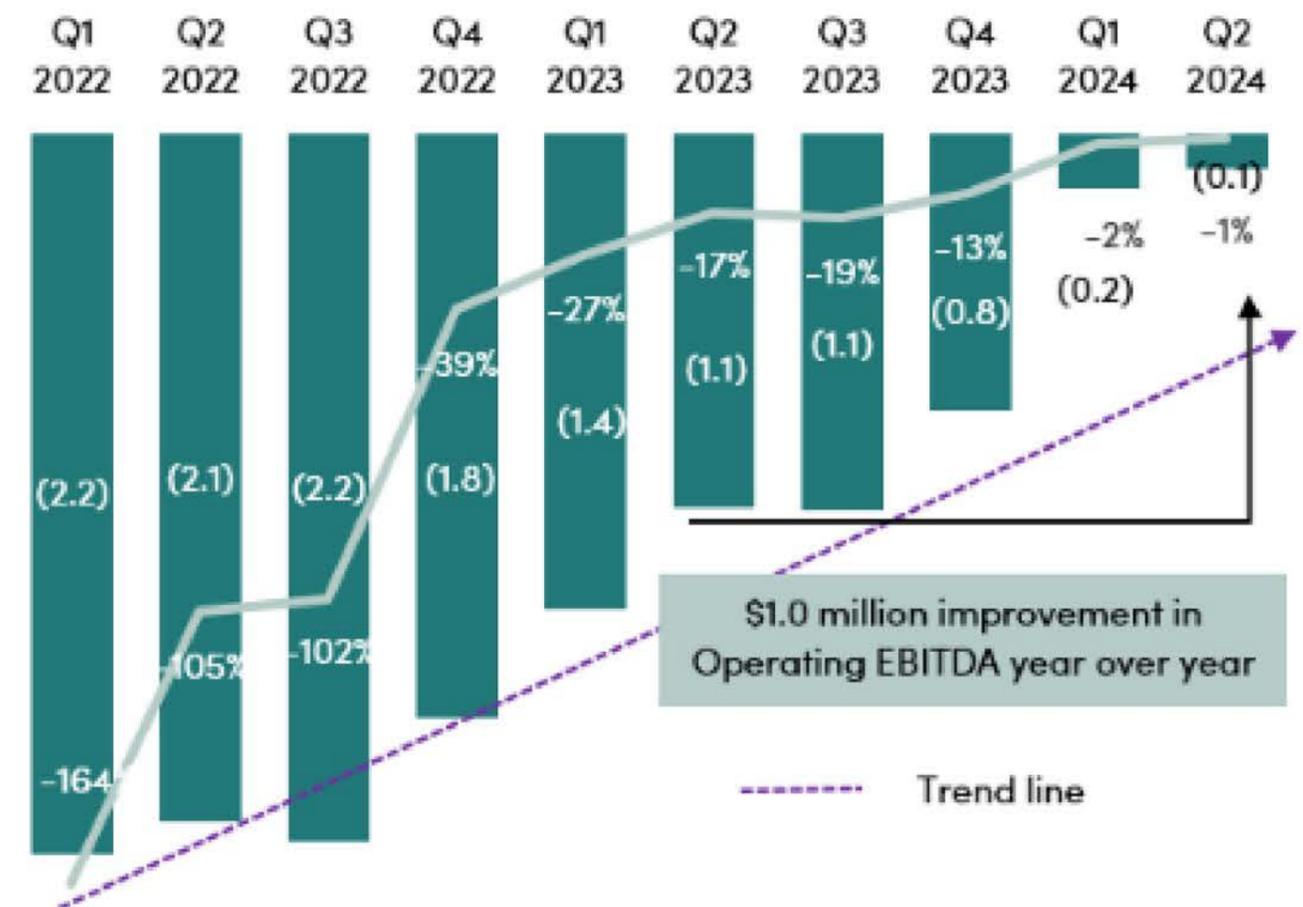
Group Revenue & Operating EBITDA

Continued progress to EBITDA positive

Quarterly Pro-forma Revenue in millions



Quarterly Operating EBITDA in millions

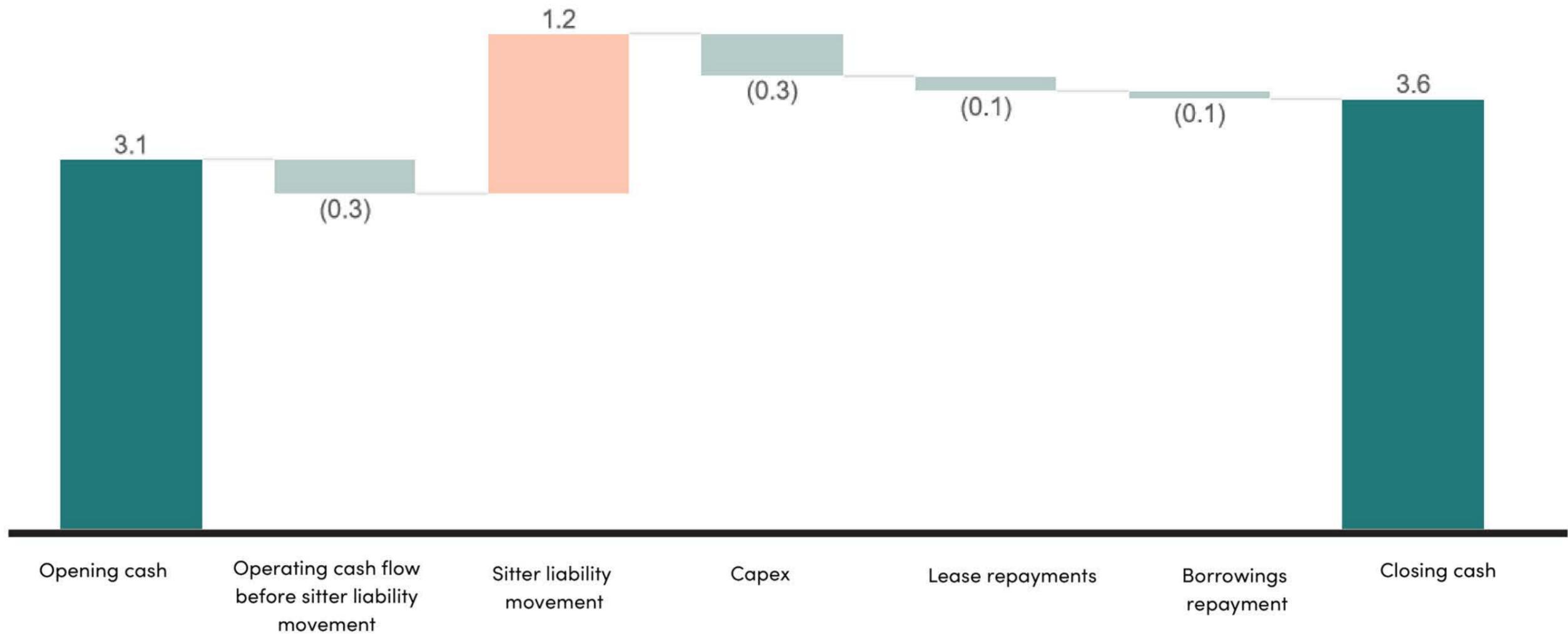


16 percentage point improvement in EBITDA margins vs pcp

¹Operating EBITDA excludes the impact of the run down of the Dinner Bowl raw and lightly cooked operations in Q3 FY23
²Q1 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

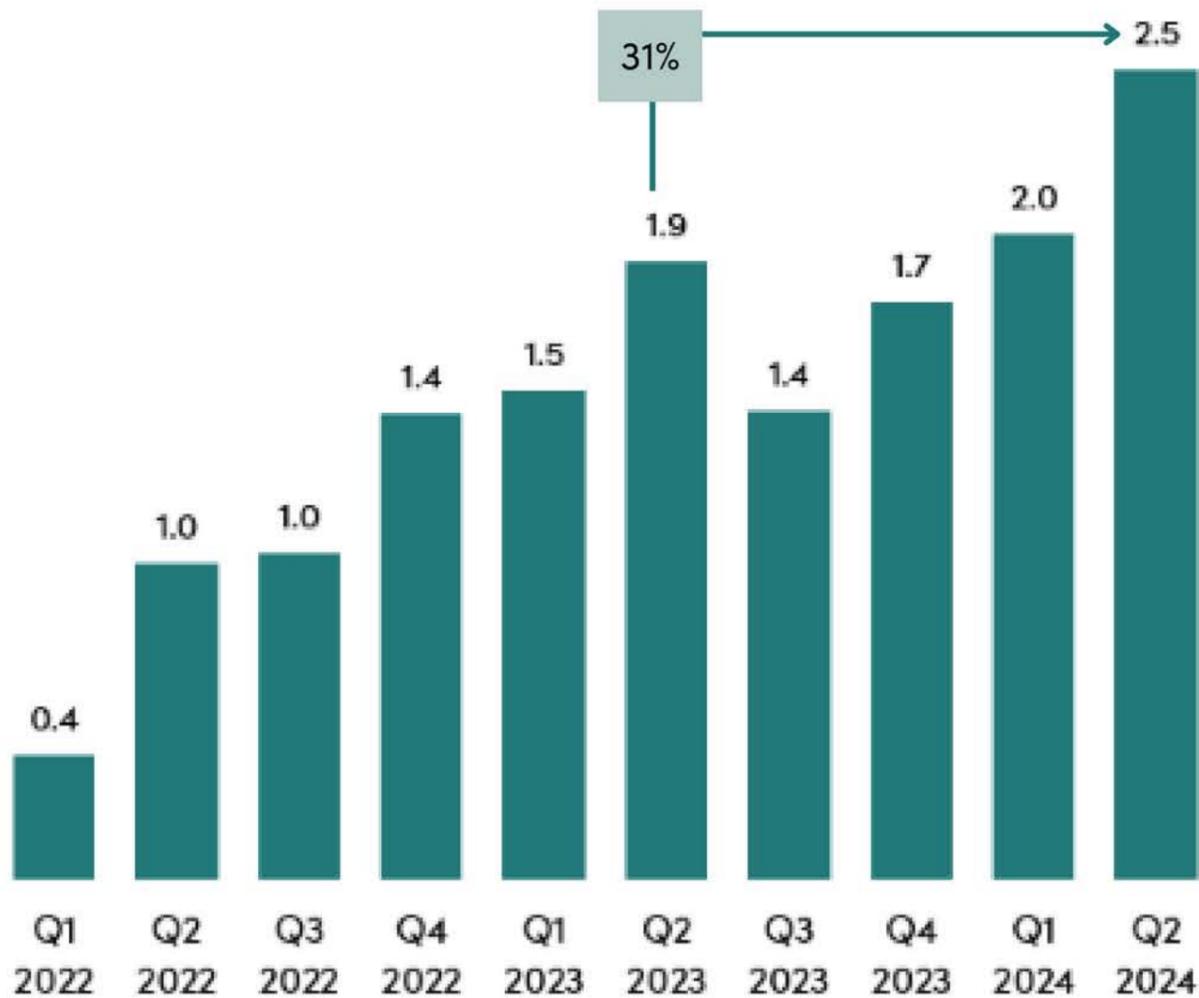
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Division Performance

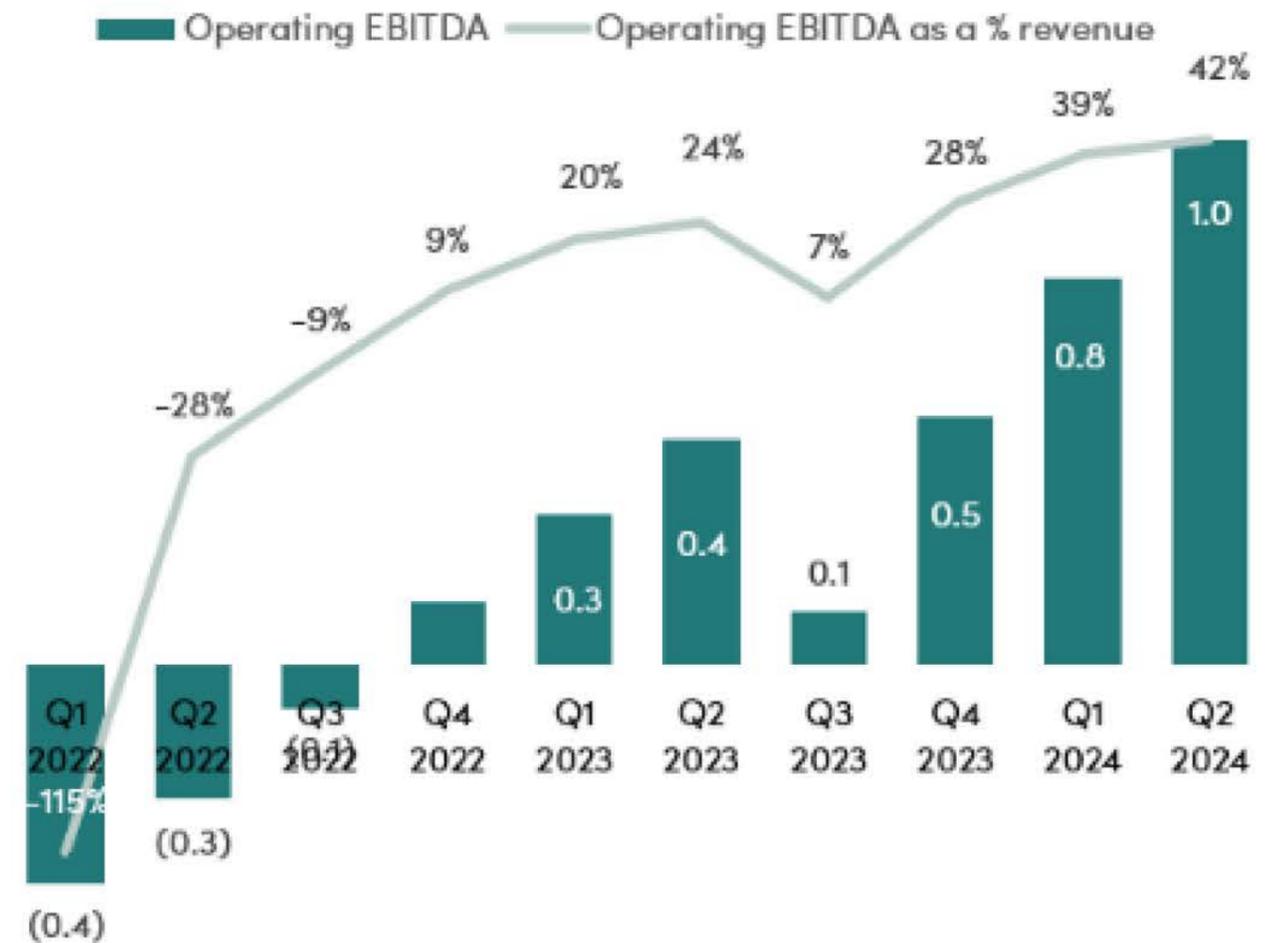
Marketplace performance

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

Quarterly marketplace revenue in millions



Quarterly operating EBITDA in millions



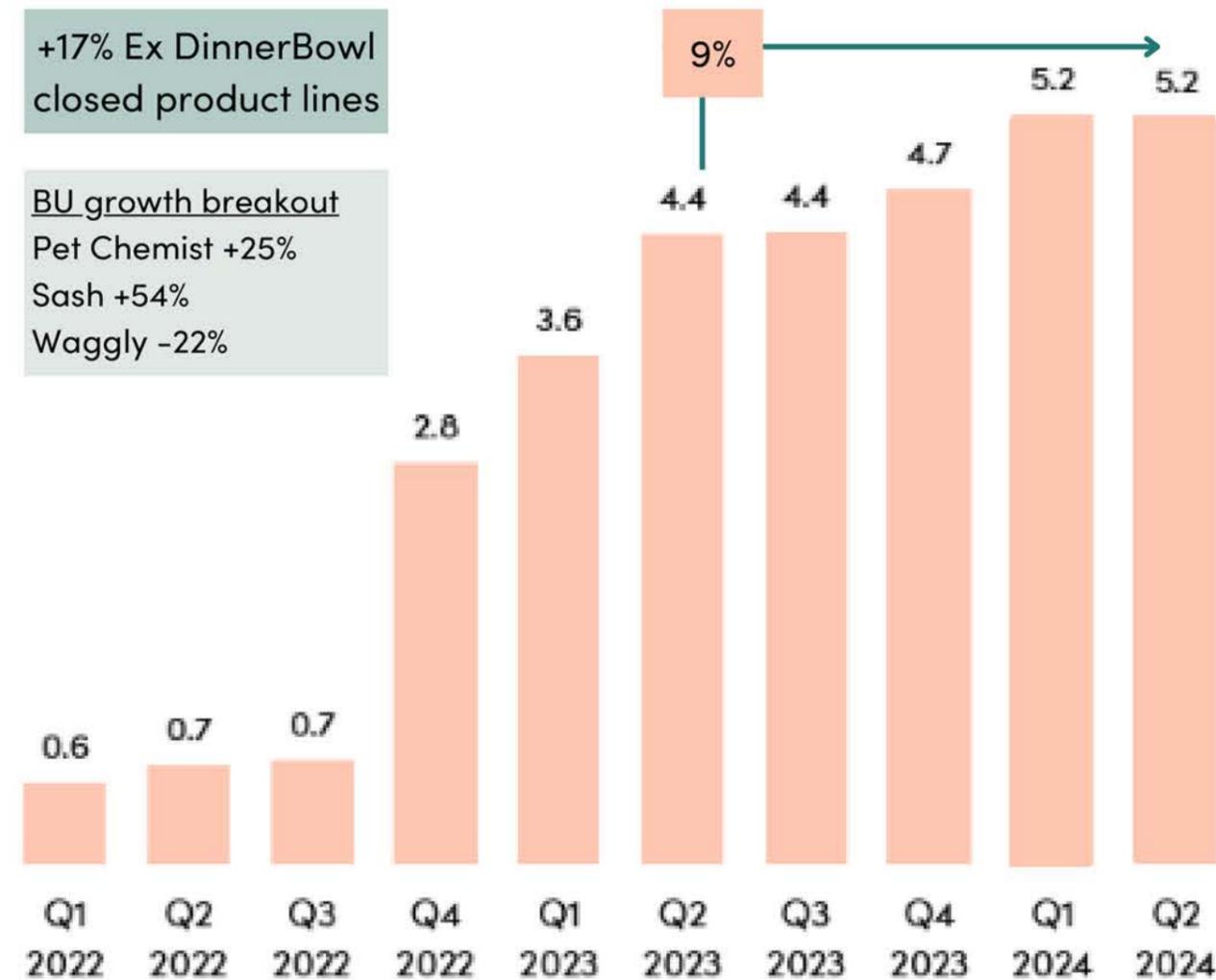
Platform investments drive LTV and EBITDA

¹Q1 FY24 & Q2FY24 revenues and Operating EBITDA are unaudited

E-Commerce performance

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

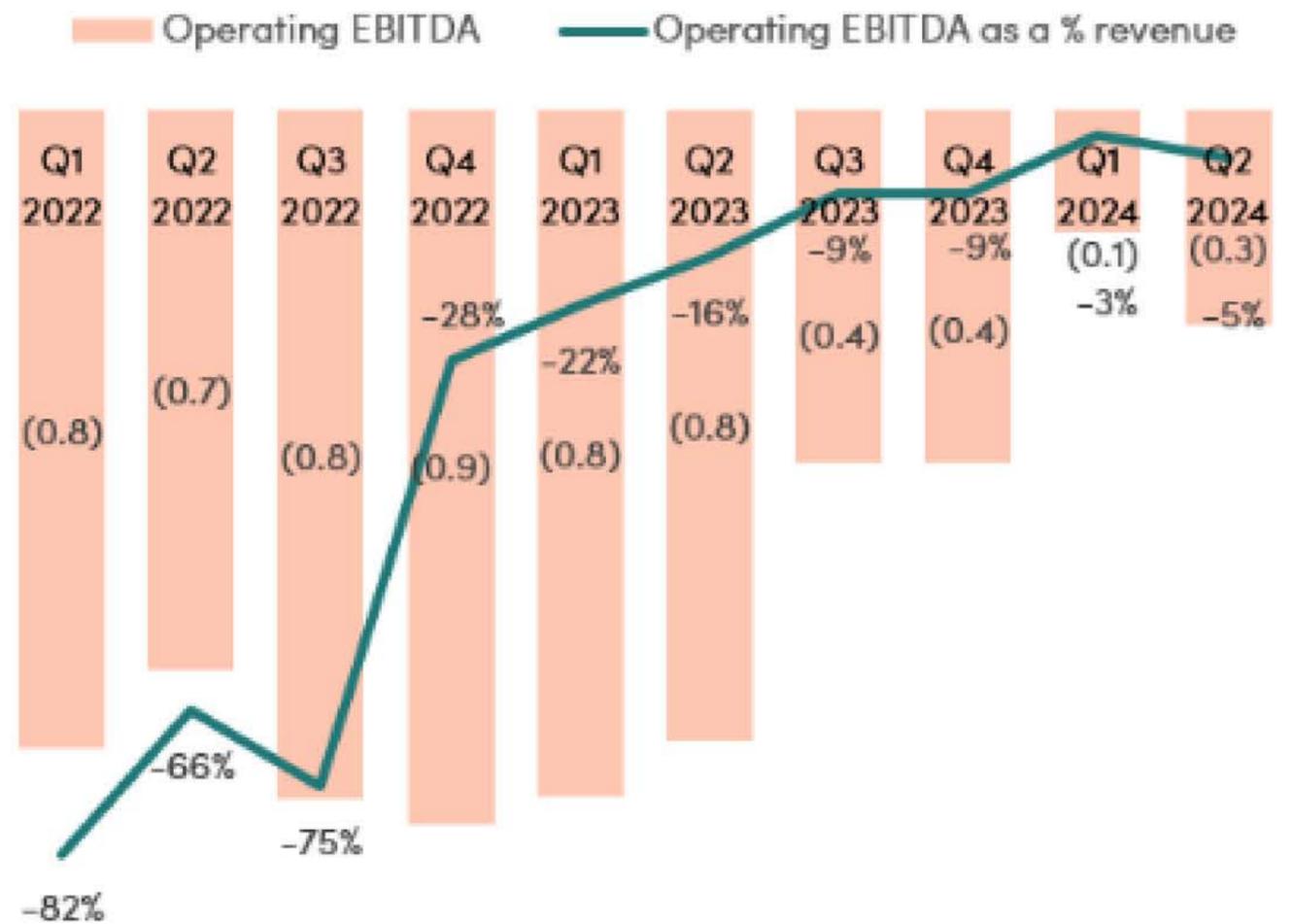
Quarterly E-Commerce Revenue in millions



+17% Ex DinnerBowl closed product lines

BU growth breakout
 Pet Chemist +25%
 Sash +54%
 Waggly -22%

Quarterly Operating EBITDA in millions



19 percentage point improvement in EBITDA margins vs pcp

¹ 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



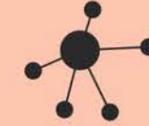
Our passionate and loyal pet sitting community are a key part of building trusted brand.

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.