

## Mad Paws FY2023 Results

Investor Conference Call at 9.00 am AEST on Tuesday 29 August 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, today released its financial results for the year ending 30 June 2023 (**FY2023**).

### FY2023 Highlights

- **Revenue up 145% to \$24.6 million – three year revenue CAGR of 194%**
  - **Marketplace revenues up 74% to \$6.5m**
  - **e-Commerce revenues up 188% to \$18.1m**
- **Gross margin up 117% to \$10.9 million**
- **Group Operating EBITDA\* improved 50% to (\$4.1 million) (-\$8.2m pcp)**
- **122,000 total customers added in FY2023**
  - **1.3m monthly website views**
  - **Customer repeat rate > 70%**
  - **Transactions up 87%**
- **Gross merchant value up 117% to \$58.9m**
- **Clear pathway to being cashflow positive and EBITDA positive in FY2024**
- **Cash on Hand at 30 June of \$3.1m**

### Trading Update & Outlook

Mad Paws exited June 2023 with a record operating EBITDA of (\$0.1m) and this momentum has continued in early trading into FY2024.

Mad Paws is expecting the growth trajectory across both the pet services marketplace and the subscription and ecommerce divisions to continue in FY2024, delivering strong improvements in revenues and gross margin. Mad Paws re-affirms FY2024 guidance of being EBITDA positive.<sup>1</sup>

The future trading Outlook for Mad Paws in FY2024 will leverage the following strategies and initiatives to provide customers with a more seamless experience and open up the much-anticipated cross sell opportunities between the Mad Paws verticals:

- **Enhanced cross sell offerings between services, subscriptions and eCommerce**
- **Enhanced product range and home brand items**
- **New partnership and affiliate marketing campaigns**

Mad Paws held \$3.1m at 30 June 2023 after raising capital in early 2023 to ensure the operations are funded through to breakeven in FY2024.

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<sup>1</sup> Outlook - refer to the Key Risks in the Directors Report included in the 2023 Annual Report

## Operational commentary and highlights

Justus Hammer, Co-Founder & CEO commented on the Mad paws FY2023 performance, "We are extremely proud with what we have been able to achieve this year as we continue to deliver on our commitment to becoming the most trusted and convenient brand to rely on for all your pet related needs. The resilience of the business was really showcased this year with record revenues, order numbers and levels of new customers, despite the slowdown of the broader economic and retail landscape. Our marketplace division delivered positive EBITDA across the whole of FY2023 and we ended the year with positive overall Segment Operating EBITDA.

We have entered FY2024 with strong trading and we're confident that our strategic initiatives and focus on operational excellence, will underpin future growth and continued trends of positive EBITDA through FY2024. We will continue to grow our share of the Australian pet market and remain focused on providing an even more integrated customer experience, expanding our own brand product range and expanding on our already extensive pet data."

## Results Overview

in \$000s	FY22	FY23 Reported	%	FY23 DB adjusted*	%
Marketplace	3,740	6,516	74%	6,516	74%
Ecommerce & Subscription	6,291	18,099	188%	17,144	173%
<b>Operating revenue</b>	<b>10,031</b>	<b>24,615</b>	<b>145%</b>	<b>23,660</b>	<b>136%</b>
Cost of goods sold	(5,036)	(13,755)	-173%	(12,982)	158%
<b>Gross Margin</b>	<b>4,995</b>	<b>10,860</b>	<b>117%</b>	<b>10,678</b>	<b>114%</b>
<i>% of revenue</i>	<i>50%</i>	<i>44%</i>		<i>45%</i>	
<b>Segment Operating EBITDA</b>	<b>(3,867)</b>	<b>(1,221)</b>	<b>68%</b>	<b>(566)</b>	<b>85%</b>
<i>% of revenue</i>	<i>-39%</i>	<i>-5%</i>		<i>-2%</i>	
Central/Corporate costs	(4,341)	(3,541)	18%	(3,541)	-18%
<b>Group Operating EBITDA</b>	<b>(8,208)</b>	<b>(4,761)</b>	<b>42%</b>	<b>(4,107)</b>	<b>50%</b>
<i>% of revenue</i>	<i>-82%</i>	<i>-19%</i>		<i>-17%</i>	
Non operating, non-cash and non-recurring items	(2,390)	(2,969)	-19%	(2,969)	24%
<b>Loss before income tax benefit</b>	<b>(10,598)</b>	<b>(7,731)</b>	<b>27%</b>	<b>(7,076)</b>	<b>33%</b>
Income tax benefit	88	251	186%	251	186%
<b>Loss after income tax benefit</b>	<b>(10,510)</b>	<b>(7,479)</b>	<b>29%</b>	<b>(6,825)</b>	<b>35%</b>
<i>Group Key Performance Metrics</i>					
GMV \$000s	27,119.9	58,854.2	117%	57,803.3	113%
Bookings/Transactions 000s	232.4	434.6	87%	426.8	84%
New Customers 000s	64.4	122.3	90%	121.6	89%

\*FY23 DB adjusted represents existing products and services only - excludes Dinner Bowl product lines which were

FY2023 was a transformational year for Mad Paws. The FY2023 operating revenue increased by 145% to \$24.6 million and as a result of the growth strategies initiated throughout the year. The Group focused more on near term profitability with the closure of the unprofitable Dinner Bowl lightly cooked and raw product lines. Group Operating EBITDA\* was (\$4.1 million), an improvement of \$4.1 million from FY2022, exiting June with an EBITDA of (\$0.1m).

Mad Paws made significant strides towards positive Group Operating EBITDA, led by profitable revenue growth across all segments and focusing on the key strengths of the business.

## Marketplace division

The Marketplace division delivered 74% operating revenue growth to \$6.5 million with Gross Margin increasing from 93% to 94%. The division's 20% EBITDA margin delivered \$1.3m of positive EBITDA, representing a 300% improvement vs pcp.

This growth resulted from a 31% increase in bookings versus FY2022, with average time unit per booking trending back toward pre-COVID levels up 13% and average price per time unit increasing 12%. Overall, this led to a 64% increase in marketplace Gross Merchant Value for FY2023.

The Marketplace division take rate improved 3% in FY2023 as Mad Paws passed on increased service fees and continued to invest in sitter and owner features that improved the user experience.

## e-Commerce division

In FY2023, e-commerce revenue increased 188% to \$11.8 million. The successful integration of Pet Chemist, acquired in Q4 FY2022, coupled with organic growth within Pet Chemist, Waggly and Sash were the main drivers of this revenue growth.

Gross Margin increased by 8% to 27% representing \$3.2 million. The execution of the Group's private label strategy was successful, improving Waggly box margins and Mad Paws ended the year with over 80% of Waggly subscription boxes filled with homebranded toys.

During the year, the Group focused on efficient marketing investment, which drove an increase in new customers by 163% versus FY2022, and new customer growth across all brands.

## Strategic Initiatives

Mad Paws is focused on continuing to grow its share of the Australian pet market and achieving profitability through the expansion of core services and products, achieving operational efficiencies and driving increased share of wallet and increasing customer loyalty. The key strategies for the business in FY2024 include:

- **Scaling Marketplace efficiency** – Focussed product releases that improve the search for sitter experience, sitter pricing dynamics, and reduce off platform bookings;
- **e-Commerce platform upgrade** – Completing the Pet Chemist website upgrade, and leverage this technology to create a single platform to book or buy 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. A Mad Paws loyalty offering will be launched to drive our share of wallet and decrease customer acquisition cost for each vertical.
- **Range and private label expansion** – Targeting a 3,000 SKU range, focussing on higher margin categories of food, health and toys, utilising the significant increased scale from our new distribution centre as well as continuing the success of the new products launched in FY2023 in Sash and Waggly with the launch of our first private label products for Pet Chemist;

## Investor Call Details

Mad Paws’ CEO, Justus Hammer and CFO, Graham Mason are hosting an Investor Webinar **at 09.00 am AEST on Tuesday, 29th August 2023** to discuss the FY2023 financial results and the Trading Update and 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\\_35J9YuiQS2yijq103ShfAA](https://us06web.zoom.us/webinar/register/WN_35J9YuiQS2yijq103ShfAA)

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

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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



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