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ASX Announcement
27 February 2025

1H FY 2025 Results Announcement

Positive Cash EBITDA and Operating Cash flow

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, is pleased to release its half year results for the 6 months ended 31 December 2024. All financial results are in Australian dollars.

1H FY 2025 Highlights

- **Group Operating Revenues of $14.7m** - flat on pcp, and +11% excluding Sash and Waggly
    - **Marketplace Operating Revenue of $4.8m** – up 12% on pcp
    - **E-Commerce Revenue of $9.9m** – down 5% on pcp, +11% excluding Sash and Waggly
- **Achieved Group Cash EBITDA positive for 1H FY25 of $0.3 million +172% on pcp**
    - 1H FY2025 **Segment Operating EBITDA positive at $2.2m, +76% on pcp**
    - Marketplace Cash EBITDA of **$2.2 million up from $1.7 million** in the pcp**, with an EBITDA margin of 45.8%**
    - Ecommerce & Subscription Cash **EBITDA break-even for 1H FY25, +$0.5 million on pcp**
- **Group Operating Cash flow of $0.8 million, with $4.0 million of cash**
- **Set to accelerate growth –** Successfully deployed $2.1 million of SWM marketing contra, with $1.9 million to be deployed in H2 FY25

Justus Hammer, Co-Founder & CEO commented "This half-year has been a significant one for the Mad Paws team, marked by the launch of our above-the-line campaign utilising the Seven West Media contra. Despite challenging market conditions, including a 9% year-on-year decline in Google search volume trends, the campaign has successfully shifted momentum in our pet services marketplace. Early results are encouraging, with increased website sessions since the campaign launch, driving improvements in bookings and new customer acquisition.

Our unwavering focus on profitability has delivered a Cash EBITDA of $0.3 million for the first half of FY 2025 — a 172% improvement compared to the prior corresponding period. These results highlight the team's dedication to driving profitable revenue growth and enhancing margins, particularly through our performance initiatives in the eCommerce segment.

As we enter the second half of FY25, we are well-positioned with strong momentum across our core businesses and $1.9 million remaining in SWM media contra to further accelerate our growth and actively working to close the valuation gap between Mad Paws and our global peers to enhance shareholder value".

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1H FY 2025 Results Summary

			Change	
in $000s	**1H 24**	**1H 25**	**$000s**	**%**
Marketplace	4,321	4,841	520	12%
Ecommerce	10,356	9,851	(505)	-5%
Operating revenue	**14,677**	**14,692**	**15**	**0%**
Cost of goods sold	(7,682)	(7,340)	342	4%
Gross Margin	**6,995**	**7,352**	**357**	**5%**
% of revenue	*48%*	*50%*		
Marketing	(1,792)	(2,051)	(259)	-14%
Employment costs	(2,894)	(2,066)	827	29%
Other opex	(1,045)	(1,016)	29	3%
Segment Cash EBITDA	**1,264**	**2,219**	**955**	**76%**
% of revenue	9%	15%		
Central/Corporate costs	(1,663)	(1,932)	(269)	-16%
Group Cash EBITDA	***(399)***	***287***	**687**	**172%**
% of revenue	***-3%***	***2%***		
SWM marketing contra	-	(2,053)	(2,053)	nm
Group Operating EBITDA	**(399)**	**(1,766)**	**(1,366)**	**-342%**
% of revenue	-3%	***-12%***		
Non operating, non-cash and non-recurring items	(1,890)	(2,215)	(325)	-17%
Loss before income tax benefit	**(2,289)**	**(3,981)**	**(1,691)**	**-74%**
Income tax benefit	125	110	(15)	-12%
Loss after income tax benefit	**(2,164)**	**(3,870)**	**(1,706)**	**-79%**
Group Key Performance Metrics				
GMV $000s	35,264	38,090	2,825.2	8%
Bookings/Transactions 000s	242	230	(11.6)	-5%
New Customers 000s	65	58	(6.9)	-11%

[1] Gross Merchandising Value ('GMV') is a non- GAAP measure that represents the total value of transactions processed by all Mad Paws Businesses, on a cash basis, before deduction pet service provider payments, cancellations, refunds, chargebacks, discounts and GST

Commentary

Group Operating revenue was flat on pcp at $14.7 million in 1H FY25 (up 11% excluding Waggly and Sash). Marketplace revenue increased 12% on pcp reflecting continued strong growth momentum following the launch of phase 2 of the ATL campaign.

eCommerce revenues were $9.9 million, down 5% on the prior corresponding period (pcp) but up 11% on pcp when excluding Waggly and Sash. Pet Chemist revenues grew by 9% compared to pcp, driven by consistent new customer acquisition and improved retention through a focused core medication value proposition.

Media revenues, launched in Q1 FY24, increased by an impressive 92% compared to pcp, reaching $0.3 million. This represents a high-growth, high-margin opportunity for the group, leveraging both marketplace and eCommerce customer, data and product assets.

Marketing as a percentage of revenue was 14%, up from 12% in the prior corresponding period. During the 1H FY25 we increased marketing spend to support our above the line campaign across social, organic and paid channels. Group marketing as a % of revenue was impacted by the weaker performance of Sash and the conversion volatility we experienced across the first half of FY25.

In 1H FY25, Group Cash EBITDA (excluding non-cash marketing contra used) was positive $0.3 million, a significant milestone for the Group, up $0.7 million from the previous period. Segment Operating EBITDA for 1H FY25 was positive at $2.2 million, a 76% increase, and Ecommerce was EBITDA was breakeven, marking a $0.5 million improvement. Marketplace Operating EBITDA was $2.2 million with a 46% margin. Central and corporate costs increased by $0.3 million, a 16% increase year over year. This increase largely related to production costs associated with the SWM Above-the-Line marketing campaign

The continued improvement in Group Cash EBITDA is driven by revenue growth in the Marketplace and Pet Chemist, product and technology team rationalisation completed in the Q1 FY25 and successful implementation of operational efficiencies in our Ecommerce segment.

Restructuring costs of $0.2 million were incurred in 1H25, reflecting the marketplace product and technology rationalisation, as the platform has reached a level of maturity. Depreciation and amortisation remained nearly unchanged.

Finance costs rose by $0.2 million primarily due to the replacement and early repayment of the Group's existing debt facility, which was replaced with a larger facility having a 36-month term. In addition, the Group incurred an impairment charge of $0.1 million in relation to goodwill related to its Sash cash generating unit.

Future Outlook

Building on the positive momentum in 1H FY25, we aim to accelerate our growth further and fully utilize our remaining media budget of $1.9 million. Additionally, the improvement in customer sentiment is expected to support robust growth as we approach our next growth period leading up to Easter.

After achieving our first positive EBITDA in Q2 FY25 and a positive overall EBITDA for H1 FY25, we are focusing on aligning the group and its segments on key priorities to maximize future opportunities.

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1H FY 2025 Cash flow

in $000s	1H 24	1H 25	Change $000s	Change %
Cash flow from operating activities				
Receipts from customers	28,070	28,232	162	1%
Payments to suppliers - Sitter payments	(10,795)	(12,304)	(1,509)	14%
	17,275	15,928	(1,347)	-8%
Interest & Other revenue	10	83	73	734%
Payments to suppliers	(15,986)	(14,881)	1,105	-7%
Interest and finance costs	(114)	(334)	(220)	194%
Operating cash flow	**1,185**	**796**	**(389)**	**-33%**
Cash flow from investing activities				
PPE - Capex	(48)	(5)	43	89%
Website Development -capex	(754)	(302)	452	60%
Investing cash flows	**(802)**	**(307)**	**495**	**62%**
Cash flow from financing activities				
Proceeds from borrowings	250	2,000	1,750	88%
Repayment of borrowings	(33)	(707)	(674)	-2042%
Lease payments	(106)	(228)	(122)	-115%
Financing cash flows	**111**	**1,065**	**954**	**861%**
Total Cash flow	**494**	**1,554**	**1,061**	**215%**
Memo: Free Cash flow	***383***	***489***	***106***	***28%***

1H FY 2025 operating cash flow was positive $0.8 million, $0.4 million lower than 1H FY2024. However, Q1 FY 2025 included a number of one-off operating cash flows totalling $0.9 million which included $0.4 million for the GST component of the SWM marketing contra, $0.2 million in cash restructuring costs incurred reducing technology and product resources in our Marketplace and $0.3 million in above the line content production expenses. Adjusting for these items operating cash flow would have been $1.7 million a 42% improvement on pcp.

During 1H FY25 Mad Paws rationalised its marketplace product and technology teams as the platform had reached a level of maturity. As a result Website development capex reduced by $0.5 million. This led to an improvement in Free cash flow of 28% to $0.5 million on a reported basis, adjusting for the one-off items in 1H FY 2025 operating cash flow, free cash flow improved by $1.0 million or 253%.

The Group refinanced its existing facility with Kashcade, replacing it with a $2.0 million facility provided by Partners for Growth during the period.

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1H FY 2025 Segment results

Marketplace

	1H 24	1H 25	Change $000s	%
Operating revenue	4,321	4,841	**520**	**12%**
Cost of goods sold	(218)	(239)	(21)	-10%
Gross Margin	**4,102**	**4,602**	**500**	**12%**
% of revenue	*94.9%*	*95.1%*		
Marketing	(897)	(1,110)	(213)	-24%
Employment costs	(984)	(713)	271	28%
Other opex	(502)	(562)	(60)	-12%
Segment Cash EBITDA	**1,720**	**2,217**	**498**	**29%**
% of revenue	39.8%	45.8%		
Marketplace Key Performance Metrics				
GMV $000s	18,685	20,724	2,039	11%
Take rate %	26.8%	27.3%	0.5%	2%
Bookings 000s	94	99	4	5%
New customers	25	25	1	3%
Average booking value	198	210	12	6%

In 1H 25, the Marketplace division delivered 12% operating revenue growth to $4.8 million. This growth resulted from an 5% increase in bookings versus 1H 24, with average booking values increasing 6%. Overall, this led to a 11% increase in marketplace Gross Merchant Value for 1H 25. The Marketplace division take rate improved 0.5 percentage points in 1H 2025 as the Group passed on increased bookings fees and continued to invest in sitter and owner features that improved the user experience.

In 1H 25, the Marketplace division Operating EBITDA was $2.2 million, an improvement of $0.5 million or 29% compared to 1H 24. Cash EBITDA margins increased 6 percentage points to 45.8% in 1H 25.

e-Commerce

	1H 24	1H 25	Change $000s	%
Operating revenue	10,356	9,851	(505)	-5%
Cost of goods sold	(7,464)	(7,101)	363	5%
Gross Margin	**2,892**	**2,750**	**(142)**	**-5%**
% of revenue	*28%*	*28%*		
Marketing	(895)	(941)	(46)	-5%
Employment costs	(1,910)	(1,353)	557	29%
Other opex	(544)	(454)	90	16%
Segment Cash EBITDA	**(456)**	**2**	**458**	**100%**
% of revenue	-4%	0%		
Ecommerce Key Performance Metrics				
Transactions	147	131	(16)	-11%
New customers	40	33	(8)	-19%

In 1H 25, e-Commerce revenue decreased (5%) to $9.9 million. Revenue Growth was impacted by weaker performance from Sash beds due to increased competition and as well as cost of living pressures impacting customers. Waggly was also lower compared to 1H 24 as we focused this business unit on profitability which resulted in lower marketing investment. Offsetting this performance Pet Chemist increased by 9% driven by our medication and healthcare focus as well, growth in AutoShip and higher rebates and partner marketing revenues. Excluding the impact of Waggly and Sash e-Commerce revenues increased 11%.

The Gross Margin in the e-Commerce division decreased to $2.8 million in 1H 25 with Gross Margin % stable at 28%.

In 1H 25, our e-Commerce team has focussed on improving gross margins as well as process improvement across our warehouse and customer service teams. These workstreams have been successful in 1H 25 and represent a key driver of the $0.6 million improvement in operating costs compared to 1H 25.

In 1H 25, the e-Commerce Cash EBITDA was break-even and an improvement of $0.5 million or 100% compared to 1H 24.

-ENDS-

This announcement was approved for release by the Board of Directors 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.

For more information: 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.

Non-operating, non cash and non-recurring items reconciliation

in $000s	1H24	1H25	$000s	%
Group Cash EBITDA	***(399)***	***287***	**687**	**172%**
SWM marketing contra	-	(2,053)	(2,053)	nm
Group Operating EBITDA	***(399)***	***(1,766)***	**(1,366)**	**-342%**
Non operating, non-cash and non-recurring items				
Transaction costs	-	(93)	(93)	0%
Share based payments	(537)	(279)	258	48%
Restructuring costs	-	(179)	(179)	0%
Depreciation and amortisation	(1,149)	(1,150)	(1)	0%
Deferred consideration - linked to remuneration	2	-	(2)	-100%
Impairment of assets	-	(107)	(107)	0%
Other non-recurring items	(103)	(80)	23	22%
Interest revenue	10	7	(3)	-27%
Finance costs	(114)	(334)	(220)	-194%
Non operating and non cash items	**(1,890)**	**(2,215)**	**(325)**	**-17%**
Loss before income tax benefit	**(2,289)**	**(3,981)**	**(1,691)**	**-74%**
Income tax benefit	125	110	(15)	-12%
Loss after income tax benefit	**(2,164)**	**(3,870)**	**(1,706)**	**-79%**

Non-operating and non-cash items increased by $324,000, contributing to a 17% rise compared to 1H24.Transaction costs increased by $93,000, primarily due to the Group managing inbound interest related to various assets of the Group. Share-based payments decreased by $258,000, contributing to a reduction in non-cash compensation expenses.