



## Wag! Announces Record Fourth Quarter and Full Year 2021 Results, Beats Initial Revenue and EBITDA Guidance

March 10, 2022

*Wag!'s Fourth Quarter Beat Drives Outperformance Ahead of Planned Business Combination with CHW Acquisition Corp.*

*Revenue Increased 238% year over year in Fourth Quarter 2021, Featuring Significant EBITDA Improvement*

*Reaffirms Fiscal 2022 and 2023 Outlook*

SAN FRANCISCO--([BUSINESS WIRE](#))--Wag Labs, Inc. ("Wag!" or the "Company"), an American pet services marketplace company powering a mobile-first technology platform that enables on-demand and scheduled dog walking, training, and other pet care services, which recently announced it would become publicly traded through a merger with special purpose acquisition company CHW Acquisition Corp. (Nasdaq: CHWA; "CHW"), today announced financial results for its fourth quarter and full fiscal year ending December 31, 2021. Wag! also reiterated its guidance for the fiscal year ending December 31, 2022 and fiscal year 2023 as previously presented in its Investor Presentation available at [investors.wag.co](https://investors.wag.co).

**Garrett Smallwood, Chief Executive Officer of Wag!**, stated: "The stellar growth of Wag!'s revenue is a true testament to the power of our mobile-first platform. Despite continued headwinds from the pandemic causing return-to-workplace delays, our 2021 cohorts are the strongest in our history, and our revenue continues to grow exponentially. I'm exceedingly proud of the entire Wag! team, who continue to work tirelessly to achieve our goal of consolidating the pet industry as we provide access to on-demand pet services and transforming the pet industry by simplifying pet care. Simply put, we are poised to become the number one pet well-being marketplace."

### Fourth Quarter 2021 Highlights:

- **Gross Bookings** increased 141% to \$16.6 million, compared to \$6.9 million in the fourth quarter of 2020.
- **Revenue** increased 238% to \$8.1 million, compared to \$2.4 million in the fourth quarter of 2020.
- **Net loss** improved to \$(2.7) million from \$(4.1) million in the fourth quarter of 2020.
- **Adjusted EBITDA** improved to a loss of \$(2.5) million from a loss of \$(4.0) million in the fourth quarter of 2020.

### Full-Year 2021 Highlights:

- **Gross Bookings** increased 35% to \$47.4 million, compared to \$35.0 million in 2020.
- **Revenue** increased 68% to \$20.1 million, compared to \$12.0 million in 2020.
- **Net loss** improved to \$(6.3) million from \$(18.8) million in 2020.
- **Adjusted EBITDA** improved to a loss of \$(6.4) million from a loss of \$(18.5) million in 2020.

### Recent Business Highlights:

- Launched on-demand and pre-scheduled Deluxe Drop-Ins, a 60 minute pet drop-in, in December 2021.
- As part of its efforts to enhance its Wag! Premium benefits, Wag! launched 24/7 Live Expert Advice.
- Launched Lifetime Wag! Premium membership.
- Improved the service take rate to 42% in 2021, compared to 34% in 2020, driven by the strength of the platform and operational excellence.
- Rapidly recovered out of the pandemic, with 2021 gross bookings up 35% from 2020 levels.
- On February 3, 2022, Wag! announced plans to become listed through a \$350 million business combination with CHW Acquisition Corporation.

### Outlook

Wag! is reaffirming its guidance for each of the years ending December 31, 2022 and December 31, 2023, as previously presented in its Investor Presentation available at [investors.wag.co](https://investors.wag.co):

- Full Year 2022 Guidance:
  - Gross Bookings of \$93.4 million
  - Revenue of \$41.8 million
  - Adjusted EBITDA of \$(15.6) million
- Full Year 2023 Guidance:
  - Gross Bookings of \$163.5 million
  - Revenue of \$71.0 million

- o Adjusted EBITDA of \$(10.7) million

#### **Business Combination Transaction:**

On February 3, 2022, Wag! announced a definitive business combination agreement with CHW Acquisition Corporation (Nasdaq: CHW) ("CHW"). Upon the closing of the business combination, which is expected in the second quarter of 2022, the combined company will be named Wag! Group Co. Wag! intends to list the common stock of the combined company on the Nasdaq under the new ticker symbol, "PET."

#### **Form S-4 Filing**

On March 10, CHW filed its Registration Statement on Form S-4 with the U.S. Securities and Exchange Commission ("SEC") in connection with the previously announced business combination transaction between Wag! and CHW. The filing can be accessed at <https://www.sec.gov/>.

#### **Non-GAAP Financial Measures and Other Operating Metrics**

Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) adjusted for (benefit from) income taxes, interest income (expense), depreciation and amortization, stock-based compensation expense, and 2020 restructuring expense. Adjusted EBITDA provides a basis for comparison of our business operations between current, past, and future periods by excluding items from net income (loss) that we do not believe are indicative of our core operating performance.

Gross bookings is defined as the total dollar value of a transaction booked via the platform for pet and wellness services, in each case without any adjustment for discounts or refunds, Pet Caregiver earnings, and Pet Parent incentives. Bookings are an indication of the scale of our current platform, which ultimately impacts revenue.

Take rate is calculated as revenue divided by gross bookings.

#### **About Wag! – Wag.co**

Wag! strives to be the #1 app for pet parents, offering access to 5-star dog walking, pet sitting, expert pet advice and training from local pet caregivers nationwide. Wag!'s community of approximately 400,000 pet caregivers are pet people, and it shows. Making pet parents happy is what Wag! does best. With safety and happiness at the forefront, pet caregivers with Wag! have a trusted record of experience with over 11.7 million pet care services completed by pet caregivers on the Wag! Platform and over \$300 million total bookings across all 50 states, resulting in more than 96% of services earning 5 stars.

#### **About CHW Acquisition Corporation – [www.chwacquisitioncorp.com](http://www.chwacquisitioncorp.com)**

CHW is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. The focus of the team is to pursue a business combination within the consumer, health and wellness or retail sector. Management is led by Jonah Raskas, Mark Grundman, and Paul Norman.

#### **Additional Information and Where to Find It**

In connection with the proposed business combination, on March 10, 2022, CHW filed a registration statement on Form S-4 (the "Form S-4") with the Securities and Exchange Commission (the "SEC"). The Form S-4 includes a proxy statement of CHW and a prospectus of Wag!, referred to as a proxy statement/prospectus. The proxy statement/prospectus will be sent to all CHW shareholders. Additionally, CHW will file other relevant materials with the SEC in connection with the proposed business combination. Copies of the Form S-4, the proxy statement/prospectus and all other relevant materials filed or that will be filed with the SEC may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Before making any voting or investment decision, investors and security holders of CHW are urged to read the Form S-4, the proxy statement/prospectus and all other relevant materials filed or that will be filed with the SEC in connection with the proposed business combination because they will contain important information about the proposed business combination and the parties to the proposed business combination.

#### **Participants in Solicitation**

CHW, Wag! and their respective directors and executive officers, under SEC rules, may be deemed to be participants in the solicitation of proxies of CHW's shareholders in connection with the proposed business combination. Investors and security holders may obtain more detailed information regarding the names and interests in the proposed business combination of CHW's directors and officers in CHW's filings with the SEC, including CHW's initial public offering prospectus, which was filed with the SEC on August 30, 2021, CHW's subsequent quarterly reports on Form 10-Q, annual reports on Form 10-K and the Form S-4. To the extent that holdings of CHW's securities by CHW's insiders have changed from the amounts reported therein, any such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to CHW's shareholders in connection with the business combination will be included in the proxy statement/prospectus relating to the proposed business combination when it becomes available. You may obtain free copies of these documents as described in the preceding paragraph.

#### **No Offer or Solicitation**

This communication shall not constitute a proxy statement or solicitation of a proxy, consent or authorization with respect to any securities or in respect of the proposed business combination. This communication shall also not constitute an offer to sell or a solicitation of an offer to buy any securities of CHW or Wag!, nor shall there be any sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

#### **Forward-Looking Statements**

This communication includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 with respect to the proposed business combination between CHW and Wag!. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predict," "potential," "continue," "strategy," "future,"

"opportunity," "would," "seem," "seek," "outlook" and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties that could cause the actual results to differ materially from the expected results. These statements are based on various assumptions, whether or not identified in this communication. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and they must not be relied on by an investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. These forward-looking statements include, without limitation, Wag!'s and CHW's expectations with respect to anticipated financial impacts of the proposed business combination, the satisfaction of closing conditions to the proposed business combination, and the timing of the completion of the proposed business combination. You should carefully consider the risks and uncertainties described in the "Risk Factors" section of CHW's initial public offering prospectus and its subsequent quarterly reports on Form 10-Q and annual reports on Form 10-K. In addition, there will be risks and uncertainties described in the Form S-4 and other documents which are or will be filed by CHW from time to time with the SEC. These filings would identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Many of these factors are outside Wag!'s and CHW's control and are difficult to predict. Many factors could cause actual future events to differ from the forward-looking statements in this communication, including but not limited to: (1) the outcome of any legal proceedings that may be instituted against CHW or Wag! following the announcement of the proposed business combination; (2) the inability to complete the proposed business combination, including due to the inability to concurrently close the business combination and related transactions, including the private placement of common stock, borrowing under the credit facility or due to failure to obtain approval of the shareholders of CHW; (3) the risk that the proposed business combination may not be completed by CHW's business combination deadline and the potential failure to obtain an extension of the business combination deadline if sought by CHW; (4) the failure to satisfy the conditions to the consummation of the proposed business combination, including the approval by the shareholders of CHW, the satisfaction of the minimum cash requirement following any redemptions by CHW's public shareholders and the receipt of certain governmental and regulatory approvals; (5) delays in obtaining, adverse conditions contained in, or the inability to obtain necessary regulatory approvals or complete regulatory reviews required to complete the proposed business combination; (6) the occurrence of any event, change or other circumstance that could give rise to the termination of the business combination agreement; (7) volatility in the price of CHW's or Wag!'s securities; (8) the risk that the proposed business combination disrupts current plans and operations as a result of the announcement and consummation of the business combination; (9) the inability to recognize the anticipated benefits of the proposed business combination, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with users and suppliers and retain key employees; (10) costs related to the proposed business combination; (11) changes in the applicable laws or regulations; (12) the possibility that the combined company may be adversely affected by other economic, business, and/or competitive factors; (13) the risk of downturns and a changing regulatory landscape in the highly competitive industry in which Wag! operates; (14) the impact of the global COVID-19 pandemic; (15) the potential inability of Wag! to raise additional capital needed to pursue its business objectives or to achieve efficiencies regarding other costs; (16) the enforceability of Wag!'s intellectual property, including its patents, and the potential infringement on the intellectual property rights of others, cyber security risks or potential breaches of data security; and (17) other risks and uncertainties described in CHW's initial public offering prospectus, its subsequent Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K, and the Form S-4. These risks and uncertainties may be amplified by the COVID-19 pandemic, which has caused significant economic uncertainty. Wag! and CHW caution that the foregoing list of factors is not exclusive or exhaustive and not to place undue reliance upon any forward-looking statements, including projections, which speak only as of the date made. Neither Wag! nor CHW gives any assurance that Wag! or CHW will achieve its expectations. None of Wag! or CHW undertakes or accepts any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, or should circumstances change, except as otherwise required by securities and other applicable laws.

Wag Labs, Inc.

Consolidated Statements of Operations

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>(\$ in thousands, except percentages)</b>		
Revenues	\$ 20,082	\$ 11,970
Costs and expenses:		
Cost of revenues, excluding depreciation and amortization	2,777	2,756
Platform operations and support	10,265	13,282
Sales and marketing	10,221	3,140
General and administrative	6,956	11,550
Depreciation and amortization	388	213

Total costs and expenses	30,607	30,941
Gain on forgiveness of PPP loan	3,482	-
Interest (expense) income, net	(61)	145
Loss before income taxes	(7,104)	(18,826)
Income tax expense	793	(13)
Net loss	\$ (6,311)	\$ (18,839)
Net loss per share, basic and diluted	(1.07)	(3.35)
Weighted average shares, basic and diluted	5,908,062	5,623,515

Wag Labs, Inc.

Adjusted EBITDA Reconciliation

**Year Ended December 31, Quarter Ended December 31,**

<i>(\$ in thousands, except percentages)</i>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues	\$ 20,082	\$ 11,970	\$ 8,101	\$ 2,387
Adjusted EBITDA reconciliation:				
Net loss	(6,311)	(18,839)	(2,724)	(4,101)
Add (deduct):				
Interest expense (income)	61	(145)	56	12
Depreciation and amortization	388	213	156	32
Share based compensation	222	285	39	71
Tax expense	(793)	13	0	3
Adjusted EBITDA	\$ (6,433)	\$ (18,473)	\$ (2,473)	\$ (3,983)

**Contacts**

**Media:**

Wag!: [Media@wagwalking.com](mailto:Media@wagwalking.com)

ICR for Wag!: [Wag@icrinc.com](mailto:Wag@icrinc.com)

**CHW:**

[info@chwacquisitioncorp.com](mailto:info@chwacquisitioncorp.com)

**Investor Relations:**

ICR for Wag!: [WagIR@icrinc.com](mailto:WagIR@icrinc.com)