

Aims for growth by promoting regular purchases and enhancing its D2C brand

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[7140 Petgo Sector : Retail Trade]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	8,131	1.6	-3	-	22	-60.1	15	-67.2	9.1	223.3	0.0
Mar. 2021	9,455	16.3	99	-	112	394.1	71	366.8	59.5	275.5	0.0
Mar. 2022 f	9,613	1.7	164	64.4	151	34.5	104	46.9	87.3	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.

It conducted 1-to-200 stock split on December 4, 2021. Per share indices are adjusted retroactively.

Engaged Mainly in E-Commerce Business of Pet Healthcare Products

Petgo is engaged in the e-commerce business specialized in veterinary drugs, dietetic foods, supplements and other pet healthcare products. In the fiscal year ended March 2021, dietetic foods accounted for about 75% of net sales, veterinary drugs for most of the remainder and other pet healthcare products for a few percent. The company handles national brands as well as a D2C brand VETSOOne, which was launched in April 2020.

Most of net sales of dietetic foods are comprised of products under brands owned by ROYAL CANIN (France) and Hill's Pet Nutrition (U.S.).

Veterinary drugs include flea and tick repellents, eye drops, medicine for skin, medicine for otitis externa and gastrointestinal drugs.

Sales Format

The sales composition by sales channel in the fiscal year ended March 2021 was about 90% from online stores and about 10% from offline stores. Of the net sales from online stores, 20% is through its online site "petgo" and 80% is through online malls of other companies. As for offline stores, the company started wholesale of products to home improvement retailers in September 2014 to improve awareness.

The company enabled regular purchases at its online site in April 2013. The sales amount of regular purchases has largely increased with the impact of the spread of COVID-19. The ratio of regular purchases to net sales on its online site has increased from 29.3% in the fiscal year ended March 2020, to 33.1% in the fiscal year ended March 2021 and to 40.7% in the first three quarters of the fiscal year ended March 2022.

Financial Statements

Statement of income	Fiscal Year	Jun.2020		Jun.2021		Nine months to Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		8,131	100.0	9,455	100.0	7,127	100.0
Cost of sales		6,076	74.7	6,872	72.7	5,231	73.4
Gross profit		2,054	25.3	2,583	27.3	1,896	26.6
Selling, general and administrative expenses		2,058	25.3	2,483	26.3	1,776	24.9
Operating profit		-3	0.0	99	1.1	119	1.7
Non-operating income		58	-	42	-	20	-
Non-operating expenses		31	-	29	-	30	-
Ordinary profit		22	0.3	112	1.2	109	1.5
Profit before income taxes		22	0.3	112	1.2	109	1.5
Profit attributable to owners of parent		15	0.2	71	0.8	74	1.1

Balance sheet	Fiscal Year	Mar.2020		Mar.2021		Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,040	95.6	2,202	96.0	2,320	97.1
Cash and deposits		851	39.9	861	37.6	850	35.6
Accounts receivable-trade		515	24.2	612	26.7	632	26.5
Inventories		637	29.9	686	29.9	790	33.1
Non-current assets		93	4.4	91	4.0	69	2.9
Property, plant and equipment		57	2.7	45	2.0	39	1.7
Intangible assets		11	0.5	5	0.3	4	0.2
Investments and other assets		25	1.2	40	1.7	25	1.1
Total assets		2,134	100.0	2,293	100.0	2,389	100.0
Current liabilities		1,551	72.7	1,800	78.5	1,674	70.1
Accounts payable - trade		623	29.2	825	36.0	636	26.6
Short-term borrowings		419	19.7	457	20.0	573	24.0
Current portion of long-term borrowings		253	11.9	159	6.9	196	8.2
Non-current liabilities		304	14.3	144	6.3	290	12.1
Long-term borrowings		275	12.9	116	5.1	262	11.0
Net assets		278	13.0	349	15.2	424	17.8
Owners' equity		278	13.0	349	15.2	424	17.8

Statement of cash flows	Fiscal Year	Mar.2020	Mar.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		-58	242
Depreciation		17	22
Cash flows from investing activities		14	-15
Cash flows from financing activities		-313	-216
Dividends paid		-	-
Net increase in cash and cash equivalents		-357	10
Cash and cash equivalents		851	861

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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