

Argus Updates Equity Research Report Coverage on Dogness (DOGZ)

DONGGUAN, China , July 29, 2022 [/PRNewswire/](#) -- Dogness (International) Corporation ("Dogness" or the "Company") (NASDAQ: DOGZ), a developer and manufacturer of a comprehensive line of Dogness-branded, OEM and private label pet products, today announced that Argus Research, an investment research firm retained by Dogness, updated its Equity Research Report coverage on Dogness.

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Highlights, as conveyed by Argus Analyst Steve Silver, include:

- In our view, Dogness' successful execution of its business plan led the company back to profitability in fiscal 2021, which ended on June 30, 2021. Dogness has benefitted from a surge in demand related to increased pet ownership during the COVID-19 pandemic and increased momentum for its core product line, led by higher-margin smart pet products.
- In our view, Dogness is in the early stage of a growth cycle that led the company back to profitability in fiscal 2021 (ended June 30, 2021), and continued through the first half of fiscal 2022 (December 31, 2021). We think Dogness is well positioned to benefit from a surge in demand for its products, led by a line of higher-margin smart products, amid increased pet ownership during the COVID-19 pandemic.
- Dogness achieved 27% revenue growth in fiscal 2021, and 48% growth in the first half of fiscal 2022, despite macro-economic and COVID-related headwinds. We project sustained sales growth, driven by strong demand for the smart product portfolio, where sales and volumes increased by 193% and 155%, respectively, in the first half of fiscal 2022 and over the same period in fiscal 2021. The smart line comprised 54.5% of revenues during the first six months of fiscal 2022, compared with 32.1% for fiscal 2021, driving gross-margin expansion to 39%, compared with 37.6% in fiscal 2021 (a level not seen since 2018).
- Over the past two years, Dogness significantly expanded product availability across multiple sales channels (online, specialty stores, big box warehouse clubs, and general retail outlets) in markets including China, the U.S., Canada, Japan, and others. We expect this momentum to continue, as Dogness has established new and expanding partnerships with leading retailers including Target, Petco, IKEA, and Walmart, and online platforms, including Amazon and Chewy.com, which we see easing customer concentration risk.
- Thus, we expect Dogness to continue its evolution into a higher-margin technology-focused pet products company with a diversified global footprint, and to capitalize on favorable long-term global trends in the pet care industry as pet owners return to offices and require mobile pet monitoring and care.
- As of December 31, 2021, Dogness had \$7.1 million in cash and short-term investments on its balance sheet. Subsequently, the company raised more than \$17 million in aggregate gross proceeds from equity offerings completed in February and June 2022. Based on our view of a favorable outlook for sustained positive operational cash flow, we believe the company is capitalized sufficiently to execute on its business plan.

INVESTMENT THESIS ([Click here](#) to view full Argus Equity Research Report & Investment Thesis)

Argus Research Co. has received a flat fee from Dogness as part of a Sponsored Research agreement between Argus and the company. No part of Argus Research's compensation is directly or indirectly related to the content of its assessment or to other opinions expressed in its research report. Please refer to the full Argus report and the disclaimer for complete disclosures.

About Dogness

Dogness (International) Corporation was founded in 2003 from the belief that dogs and cats are important, well-loved family members. Through its smart products, hygiene products, health and wellness products, and leash products, Dogness' technology simplifies pet lifestyles and enhances the relationship between pets and pet caregivers. The Company ensures industry-leading quality through its fully integrated vertical supply chain and world-class research and development capabilities, which has resulted in over 200 patents and patents pending. Dogness products reach families worldwide through global chain stores and distributors. For more information, please visit: ir.dogness.com.

Forward Looking Statements

No statement made in this press release should be interpreted as an offer to purchase or sell any security. Such an offer can only be made in accordance with the Securities Act of 1933, as amended, and applicable state securities laws. Certain statements in this press release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the "safe harbor" under

the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding lingering effects of the Covid-19 pandemic on our customers' businesses and end purchasers' disposable income, our ability to raise capital on any particular terms, fulfillment of customer orders, fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, our ability to realize revenue from expanded operation and acquired assets in China and the U.S., our ability to attract and retain highly skilled professionals, client concentration, industry segment concentration, reduced demand for technology in our key focus areas, our ability to successfully complete and integrate potential acquisitions, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings. These filings are available at www.sec.gov. Dogness may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this press release. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

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