

Expects continued growth by enhancing efforts for expanding periodic purchases and enriching its own brand products

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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. 2021		9,455	16.3	99	-	112	394.1	71	366.8	59.5	292.0	0.0
Mar. 2022		9,650	2.1	165	65.3	152	35.4	105	47.8	87.9	380.2	0.0
Mar. 2023	CE	10,442	8.2	230	39.3	222	45.3	154	46.5	86.2	-	0.0
Mar. 2023	E	10,342	7.2	233	41.1	228	49.2	157	49.4	85.2	509.8	0.0
Mar. 2024	E	11,210	8.4	266	14.2	261	14.5	180	14.7	97.7	607.5	0.0
Mar. 2025	E	12,160	8.5	330	24.1	323	23.7	223	23.8	121.1	728.6	0.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

Petgo is engaged in the e-commerce business specialized in dietetic foods for dogs and cats, veterinary drugs and other pet healthcare products.

For fiscal year ended March 2022, the composition of net sales by store format was 24.7% for its own online site and 75.3% for online malls, etc. of other companies. The composition of net sales by sales format for its own online site was 59.0% for purchase each time and 41.0% for periodic purchase. The ratio of the D2C brand products planned and developed in-house to net sales was 6%.

2. Financial Analysis

With the backdrop of factors including improved gross profit margin by increased number of customers with the multi-commerce strategy and increased net sales composition of D2C brand products, net sales increased by 6.6% annually and ordinary profit by 96.7% from fiscal year ended March 2017 through to fiscal year ended March 2022.

In terms of growth potential and financial stability, Petgo is more attractive than similar companies.

3. Non-Financial Analysis

The source of its intellectual capital lies in its extensive volume of high-value added pet data.

4. Corporate Strategy Analysis

The management strategies that the company takes are the multi-commerce strategy to proactively open stores in online malls of other companies in addition to its own site, the subscription commerce strategy aiming to strengthen periodic purchases and the D2C brand strategy.

5. Analyst Evaluation

We forecast 7.2% revenue increase and 41.1% operating profit increase for fiscal year ending March 2023 considering the progress made up to the third quarter and various measures planned to be implemented in the fourth quarter.

We anticipate continued growth for the medium term through enhanced efforts to increase periodic purchases, enrichment of D2C brand products and such. We forecast year-on-year revenue increase of 8.4% and operating profit increase of 14.2% in fiscal year ending March 2024, and 8.5% and 24.1%, respectively, in fiscal year ending March 2025.

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