

Argus Updates Equity Research Report Coverage of Dogness (International) Corp. (DOGZ)

PLANO, Texas, June 18, 2021 /PRNewswire/ -- Argus Research, an independent investment research firm, continues its Equity Research Report coverage on **Dogness (International) Corporation** (NasdaqGM: DOGZ).

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

COMPANY HIGHLIGHTS

- DOGZ: A leading developer and manufacturer of a comprehensive line of Dogness-branded, OEM, and private-label pet products, with a record of innovation in the smart tech segment and a strong distribution network.
- In our view, Dogness' successful execution of its business plan led the company back to profitability during the first half of fiscal 2021, which ended on December 31, 2020. Dogness 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 growing demand for smart pet products. Dogness continues to see strong product demand, particularly from its smart tech portfolio, and has expanded availability across multiple sales channels, including online, specialty stores, big box warehouse clubs, and general retail.
- We expect this momentum, which was evident during the 2020 holiday season, to continue, driven by new and expanding partnerships with leading U.S. retailers including Target, Costco, and Petco. We also believe that favorable industry tailwinds (accelerated by people spending more time at home and adopting new pets during COVID-19) and the company's leadership in the faster-growing pet tech and smart pet product segments have contributed to the strong consumer demand.
- Dogness reported 7% revenue growth for the first half of fiscal 2021, reversing a negative trend seen since 2019, with growth in both the U.S. and domestic China market. Smart pet product sales increased 60% over the same year-ago period, and accounted for 27.6% of total revenue, compared to 18.4% in the comparable period in fiscal 2020, and 22.6% for the full 2020 fiscal year. As a result, gross margin for the first half of fiscal 2021 rose to 39%, levels not seen since 2018. Thus, we expect Dogness to continue its evolution into a higher-margin technology-focused pet product 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, 2020, Dogness had \$2.3 million in cash and short-term investments on its balance sheet. Subsequently, the company raised \$7.4 million in gross proceeds from an equity and warrant offering in January 2021. With its favorable outlook for sustained positive operational cash flow, we believe the company is capitalized sufficiently to execute on its business plan and build value for the company and shareholders.
- DOGZ shares are trading at roughly 7-times our EPS estimate of \$0.27 for fiscal 2022. This forward multiple represents a steep discount to the average forward multiple of roughly 24-times for the S&P Small Cap 600 and the Russell 2000 benchmarks. In our view, the current valuation does not reflect Dogness' recent positive financial results, its strengthened balance sheet, growth initiatives, or continued favorable market trends. As such, we view the shares as having upside and, based on our forward P/E analysis, a fair value of \$6.00.

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

About Argus Research Corp.

Headquartered in NYC, Argus Research (www.argusresearch.com) is a leading independent equity research firm (est. 1934) providing fundamental and quantitative research coverage on more than 1,500 companies across all 11 sectors of the S&P 500, as well as macroeconomic and equity market forecasts, thematic research, model portfolios and pre-IPO research. In addition, Argus has recently committed to providing a sponsored research solution for small & mid-cap companies seeking coverage. Argus's Asset Management, Bank Trust, sell-side advisor and self-directed investor clients value Argus's proprietary equity research methodology, analysis and commentary. Argus's Equity Research/earnings estimates are available on major research / earnings estimate aggregator platforms, including Bloomberg, Thomson Reuters, Factset and S&P Global.

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 cooperation with telecom companies to secure 4G coverage, our ability to meet development, production and shipping targets, 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.

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 this assessment or to other opinions expressed in this report. Please refer to the full Argus report and the disclaimer for complete disclosures.

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