

Visionary Holdings Co., Ltd. announced earnings results for Q1 FY04/22; see the results section for details.

Cumulative (JPYmm)	FY04/20				FY04/21				FY04/22				FY04/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	FY Est.
Sales	7,012	14,335	21,133	27,338	6,400	13,163	19,614	26,059	6,564					
YoY	6.7%	9.2%	6.6%	3.2%	-8.7%	-8.2%	-7.2%	-4.7%	2.6%					
Gross profit	4,381	8,964	13,238	17,049	4,085	8,469	12,589	16,314	3,913					
YoY	4.2%	7.2%	6.0%	2.3%	-6.8%	-5.5%	-4.9%	-4.3%	-4.2%					
Gross profit margin	62.5%	62.5%	62.6%	62.4%	63.8%	64.3%	64.2%	62.6%	59.6%					
SG&A expenses	4,480	8,843	13,051	17,261	3,924	7,997	12,012	15,961	4,347					
YoY	15.7%	12.5%	9.7%	9.7%	-12.4%	-9.6%	-8.0%	-7.5%	10.8%					
SG&A ratio	63.9%	61.7%	61.8%	63.1%	61.3%	60.8%	61.2%	61.2%	66.2%					
Operating profit	-99	121	187	-212	161	472	576	353	-434					
YoY	-	-75.9%	-68.9%	-	-	288.8%	209.0%	-	-					
Operating profit margin	-1.4%	0.8%	0.9%	-0.8%	2.5%	3.6%	2.9%	1.4%	-					
Recurring profit	-142	62	112	-333	287	644	909	926	-301					
YoY	-	-86.6%	-79.3%	-	-	94.1%	712.6%	-	-					
Recurring profit margin	-2.0%	0.4%	0.5%	-1.2%	4.5%	4.9%	4.6%	3.6%	-					
Net income	-249	18	-68	-1,166	128	383	531	67	-450					
YoY	-	-95.5%	-	-	-	2,042.0%	-	-	-					
Net margin	-3.5%	0.1%	-0.3%	-4.3%	2.0%	2.9%	2.7%	0.3%	-					
EBIT DA	216	673	962	869	389	938	1,276	1,276	-142					
YoY	-54.1%	-17.4%	-12.9%	-45.2%	80.1%	39.4%	32.6%	46.8%	-					
EBIT DA margin	3.1%	4.7%	4.6%	3.2%	6.1%	7.1%	6.5%	4.9%	-					
Quarterly (JPYmm)	FY04/20				FY04/21				FY04/22					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	7,012	7,323	6,798	6,205	6,400	6,764	6,451	6,445	6,564					
YoY	6.7%	11.7%	1.6%	-7.0%	-8.7%	-7.6%	-5.1%	3.9%	2.6%					
Gross profit	4,381	4,583	4,273	3,811	4,085	4,384	4,120	3,725	3,913					
YoY	4.2%	10.2%	3.5%	-8.7%	-6.8%	-4.4%	-3.6%	-2.3%	-4.2%					
Gross profit margin	62.5%	62.6%	62.9%	61.4%	63.8%	64.8%	63.9%	57.8%	59.6%					
SG&A expenses	4,480	4,363	4,208	4,210	3,924	4,073	4,015	3,948	4,347					
YoY	15.7%	9.4%	4.3%	9.6%	-12.4%	-6.6%	-4.6%	-6.2%	10.8%					
SG&A ratio	63.9%	59.6%	61.9%	67.8%	61.3%	60.2%	62.2%	61.3%	66.2%					
Operating profit	-99	220	65	-399	161	311	105	-223	-434					
YoY	-	28.0%	-32.1%	-	-	41.1%	60.4%	-	-					
Operating profit margin	-1.4%	3.0%	1.0%	-6.4%	2.5%	4.6%	1.6%	-3.5%	-					
Recurring profit	-142	204	50	-445	287	357	265	17	-301					
YoY	-	31.9%	-36.9%	-	-	75.2%	429.6%	-	-					
Recurring profit margin	-2.0%	2.8%	0.7%	-7.2%	4.5%	5.3%	4.1%	0.3%	-					
Net income	-249	267	-86	-1,098	128	255	148	-464	-450					
YoY	-	73.2%	-	-	-	-4.4%	-	-	-					
Net margin	-3.5%	3.6%	-1.3%	-17.7%	2.0%	3.8%	2.3%	-7.2%	-					
EBIT DA	216	457	289	-93	389	549	338	-	-142					
YoY	-54.1%	32.8%	-0.3%	-	80.1%	20.1%	17.0%	-	-					
EBIT DA margin	3.1%	6.2%	4.3%	-1.5%	6.1%	8.1%	5.2%	0.0%	-					
By segment Quarterly (JPYmm)	FY04/20				FY04/21				FY04/22					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	7,012	7,323	6,798	6,205	6,400	6,764	6,451	6,445	6,564					
YoY	6.7%	11.7%	1.6%	-7.0%	-8.7%	-7.6%	-5.1%	3.9%	2.6%					
Retail	6,676	6,918	6,380	5,617	6,002	6,369	6,047	6,040	6,052					
YoY	3.9%	10.3%	1.0%	-10.6%	-10.1%	-7.9%	-5.2%	7.5%	0.8%					
Wholesale	172	218	250	411	220	210	211	215	306					
YoY	3,601.2%	50.9%	11.1%	77.5%	27.6%	-3.6%	-15.4%	-47.8%	39.5%					
E-commerce	162	182	166	175	176	183	189	189	204					
YoY	13.6%	28.7%	10.6%	19.0%	8.8%	0.2%	14.2%	7.8%	16.3%					
Other	3	2	4	2	2	2	2	3	2					
YoY	-	-	-	-78.5%	-24.3%	-12.9%	-54.6%	85.3%	-23.9%					
Operating profit	-99	220	65	-399	161	311	105	-223	-434					
YoY	-	28.0%	-32.1%	-	-	41.1%	60.4%	-	-					
Operating profit margin	-1.4%	3.0%	1.0%	-6.4%	2.5%	4.6%	1.6%	-3.5%	-					
Retail	200	428	210	-311	378	581	399	39	19					
YoY	-61.8%	46.1%	14.0%	-	88.8%	35.8%	90.2%	-	-95.1%					
Operating profit margin	2.9%	5.8%	3.1%	-5.5%	5.9%	8.6%	6.2%	0.7%	0.3%					
Wholesale	-77	-12	42	42	23	-26	13	-90	51					
YoY	-	-	-7.5%	-51.3%	-	-	-68.0%	-	126.0%					
Operating profit margin	-	-	0.6%	0.7%	0.4%	-	0.2%	-	16.6%					
E-commerce	31	34	46	36	40	45	12	29	50					
YoY	71.9%	181.5%	39.3%	47.5%	31.3%	29.8%	-73.5%	-20.2%	25.7%					
Operating profit margin	0.4%	0.5%	0.7%	0.6%	0.6%	0.7%	0.2%	0.5%	24.6%					
Other	-26	-25	-11	-11	-5	-5	-1	-3	1					
YoY	-	-	-	-	-	-	-	-	-					
Operating profit margin	-	-	-	-	-	-	-	-	-					
Adjustments	-227	-205	-222	-155	-265	-294	-319	-197	-555					

Source: Shared Research based on company data

Note: Figures may differ from company data due to differences in rounding methods.

SG&A expenses

SG&A expenses	FY04/20	FY04/21	FY04/22
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Quarterly (JPYmm)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
SG&A expenses	4,480	4,363	4,208	4,210	3,924	4,073	4,015	3,948	4,347				
YoY	15.7%	9.4%	4.3%	9.6%	-12.4%	-6.6%	-4.6%	-6.2%	10.8%				
SG&A ratio	63.9%	59.6%	61.9%	67.8%	61.3%	60.2%	62.2%	61.3%	66.2%				
Selling expenses	501	509	573	487	507	527	551	653	618				
YoY	26.5%	8.8%	7.1%	20.5%	1.2%	3.5%	-3.8%	34.1%	21.9%				
Personnel expenses	1,802	1,766	1,650	1,741	1,679	1,651	1,626	1,566	1,755				
YoY	3.9%	1.9%	3.4%	6.2%	-6.8%	-6.5%	-1.5%	-10.1%	4.5%				
Rents	704	689	678	726	635	634	622	601	606				
YoY	1.4%	-0.6%	-1.9%	3.4%	-9.8%	-8.0%	-8.3%	-17.2%	-4.6%				
Depreciation	315	237	223	306	228	238	233	222	291				
YoY	176.3%	62.3%	32.0%	144.8%	-27.6%	0.4%	4.5%	-27.5%	27.6%				
Other	1,158	1,162	1,081	948	874	1,020	981	911	1,075				
YoY	23.9%	12.9%	3.6%	-2.6%	-24.5%	-12.2%	-9.3%	-3.9%	23.0%				

Source: Shared Research based on company data Note: Figures may differ from company data due to differences in rounding methods.

Store count (quarterly)

Factors affecting quarterly changes (JPYmm)	FY04/20				FY04/21				FY04/22				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Operating profit	-99	220	65	-399	161	311	105	-238	-434				
YoY change	-430	48	-31	-732	260	90	39	161	-595				
Sales	283	487	60	-294	-382	-350	-32	147	105				
Gross profit margin	-99	-55	75	-71	95	163	67	-232	-270				
Product mix	-6	-8	9	1	-8	-12	-3	-8	-6				
Selling expenses	-105	-40	-39	-83	-6	-18	22	-166	-110				
Personnel expenses	-68	-114	-56	-103	122	114	25	176	-76				
Rents	-10	4	11	24	68	54	57	125	28				
Depreciation	-23	-19	-12	-2	-1	-1	77	83	-63				
Goodwill amortization	-135	-21	-11	-69	93	-	-93	-	-				
Other amortization	-15	-26	-6	-86	-5	-	5	-	-				
Other administrative expenses	-248	-159	-64	-49	283	141	100	37	-200				

Source: Shared Research based on company data

Comparable and all-store sales

Store count	FY04/20		FY04/21		FY04/22	
	1H	2H	1H	2H	1H	2H
Comparable-store sales YoY (YoY)	7.9%	-0.8%	-4.8%	4.4%		
Company-wide (YoY)	6.4%	-3.0%	-8.5%	0.5%		

Source: Shared Research based on company data

Store count in Japan

Store count	FY04/20				FY04/21				FY04/22				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Store count in Japan	373	374	373	369	332	325	324	322	324				
Openings	3	3	5	4	6	3	5	3	8				
Closures	-28	-7	-6	-8	-43	-10	-6	-5	-6				
Acquisitions	-	5	-	-	-	-	-	-	-				

Source: Shared Research based on company data

Trends by segment

Retail segment

Retail Quarterly (JPYmm)	FY04/20				FY04/21				FY04/22				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales	6,676	6,918	6,380	5,617	6,002	6,369	6,047	6,040	6,052				
YoY	3.9%	10.3%	1.0%	-10.6%	-10.1%	-7.9%	-5.2%	7.5%	0.8%				
Glasses	3,014	3,095	2,668	2,218	2,546	2,737	2,468	2,493	2,265				
YoY	-5.5%	5.3%	-8.1%	-22.3%	-15.5%	-11.6%	-7.5%	12.4%	-11.0%				
Contact lenses	2,744	2,837	2,783	2,616	2,596	2,658	2,681	2,596	2,753				
YoY	9.4%	10.6%	6.1%	1.4%	-5.4%	-6.3%	-3.7%	-0.8%	6.0%				
Other	917	986	927	781	859	972	897	369	1,034				
YoY	112.8%	113.4%	90.3%	47.4%	-6.3%	-1.4%	-3.2%	-52.8%	20.3%				
Operating profit	200	428	210	-311	378	581	399	39	19				
YoY	-61.8%	46.1%	14.0%	-183.1%	88.8%	35.8%	90.2%	-	-95.1%				
Operating profit margin	3.0%	6.2%	3.3%	-5.5%	6.3%	9.1%	6.6%	0.7%	0.3%				

Source: Shared Research based on company data

Average price of frame and lenses set at all existing stores, at conventional stores, and at next-generation format stores

Average price of frame and lenses

(Comparable-store sales YoY)	FY04/20				FY04/21				FY04/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
All existing stores	36,696	37,870	37,047	36,854	37,030	38,961	39,055	39,419	39,507			
Conventional stores	35,397	36,070	35,131	34,789	35,093	36,352	35,705	35,955	35,636			
Next-generation format stores	41,471	42,198	40,627	40,457	40,220	42,660	42,776	42,816	42,770			

Source: Shared Research based on company data

Wholesale segment

Wholesale Quarterly (JPYmm)	FY04/20				FY04/21				FY04/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	172	218	250	411	220	210	211	215	306			
YoY	3,601.2%	50.9%	11.1%	77.5%	27.6%	-3.6%	-15.4%	-47.8%	39.5%			
Gross profit	82	106	122	179	114	86	84	79	180			
YoY	3,080.1%	24.1%	-2.5%	51.4%	39.1%	-18.6%	-31.1%	-55.9%	57.9%			
Gross profit margin	47.6%	48.5%	49.0%	43.6%	46.6%	40.9%	40.2%	36.8%	58.8%			
SG&A expenses	159	117	80	137	91	112	71	169	129			
YoY	18,197.3%	145.4%	0.3%	337.1%	-42.5%	-4.8%	-12.1%	24.0%	41.1%			
SG&A ratio	92.4%	53.9%	32.1%	33.2%	41.7%	53.2%	33.4%	78.8%	42.2%			
Operating profit	-77	-12	42	42	23	-26	13	-90	51			
YoY	-	-	-7.5%	-51.3%	-	-	-68.0%	-	126.0%			
Operating profit margin	-44.8%	-5.4%	16.7%	10.3%	10.3%	-12.3%	6.3%	-	16.6%			

Source: Shared Research based on company data

E-commerce segment

E-commerce Quarterly (JPYmm)	FY04/20				FY04/21				FY04/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	162	182	166	175	176	183	189	189	204			
YoY	13.6%	28.7%	10.6%	19.0%	8.8%	0.2%	14.2%	7.8%	16.3%			
Gross profit	75	81	72	77	80	79	76	86	101			
YoY	33.9%	50.0%	22.0%	28.3%	6.7%	-2.5%	5.6%	11.7%	26.3%			
Gross profit margin	46.9%	44.7%	43.8%	44.5%	45.0%	43.3%	40.3%	45.5%	49.4%			
SG&A expenses	44	47	26	41	40	34	64	57	51			
YoY	16.3%	11.4%	0.1%	14.9%	-10.2%	-26.4%	145.3%	40.2%	26.8%			
SG&A ratio	27.5%	25.5%	15.7%	23.2%	22.7%	18.7%	33.7%	30.2%	24.8%			
Operating profit	31	34	46	36	40	45	12	29	50			
YoY	71.9%	181.5%	39.3%	47.5%	31.3%	29.8%	-73.5%	-20.2%	25.7%			
Operating profit margin	18.9%	18.9%	27.7%	20.8%	22.8%	24.5%	6.4%	15.4%	24.6%			

Source: Shared Research based on company data

Q1 FY04/22 results (out September 14, 2021)

Results summary

Q1 FY04/22 results

- Sales: JPY6.6bn (+2.6% YoY)
- Operating loss: JPY434mn (versus a profit of JPY161mn in Q1 FY04/21)
- Net loss attributable to owners of the parent: JPY450mn (versus a profit of JPY128mn in FY04/21)
- EBITDA*: JPY-142mn (JPY389mn in Q1 FY04/21) (*EBITDA = operating profit + depreciation + amortization of long-term prepaid expenses + amortization of asset retirement obligations + goodwill amortization + share-based compensation expenses)

The company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), but this had minimal impact on earnings.

Sales increased YoY. Although customer traffic was down in the mainstay Retail business, sales were up YoY due to solid sales of the contact lens delivery service.

The company recorded an operating loss in Q1. Gross profit was down 4.2% YoY to JPY3.9bn. The GPM declined as a result of changes in pricing policy and the sales mix. SG&A expenses were JPY4.3bn (+10.8% YoY), increasing due to a smaller rent reduction/relief for stores than in Q1 FY04/21, strengthening measures to revitalize existing stores, and strategic increase in spending on marketing in the form of TV commercial video ads, direct mail, and newspaper insert ads.

Retail segment

The Retail segment reported full-year sales of JPY6.1bn (+0.8% YoY) and operating profit of JPY19mn (-95.1% YoY). Customer traffic was down due to the fourth state of emergency declaration and consumers staying home in response to priority

measures to prevent the spread of COVID-19, as well as the decline the number of stores in operation at the fiscal year-end. However, sales increased slightly YoY as a result of ongoing efforts to strengthen recurring revenue-type businesses such as the contact lens delivery service.

The company is focusing on providing high value-added services, and has worked to step up its marketing policy to engage in information delivery using multiple media, including TV commercials, video ads, and social media to raise the profile of its initiatives, and to build a structure for the development and delivery of high value-added services over the longer term.

For retail stores, the company opened and closed stores based on earnings performance per store, opening eight new stores (of which five were relocated) and closing six (two integrated with nearby stores and four relocated), bringing the total number of stores at end-Q1 FY04/22 to 324 (-8 YoY). The company trialed opening stores in locations with potential for mutual customer transfer synergies with partner retailers of other industries and prioritized store profitability in operations, such as continuing to shorten opening hours and recommending and strengthening customer reservations to optimize staffing with greater flexibility.

Wholesale segment

The Wholesale segment reported Q1 sales of JPY306mn (+39.5% YoY) and an operating profit of JPY51mn (+126.0% YoY). The company worked to meet diverse needs of the eyecare and eyewear markets, largely at Visionize, the exclusive distributor in Japan for Marcolin S.p.A., an Italian designer, manufacturer, and distributor of the world's leading eyewear brands.

E-commerce segment

The E-commerce segment reported Q1 sales of JPY204mn (+16.3% YoY) and operating profit of JPY50mn (+25.7% YoY). Along with this, the company also reported total contribution to sales from its e-commerce operations of JPY236mn (+15.9% YoY), this figure reflecting e-commerce sales plus contributions to brick-and-mortar store sales resulting from customers coming as a result of the company's online presence under its omnichannel marketing strategy.

In addition to the group's own e-commerce website, the segment also includes sales through online shopping malls operated by third-parties such as Amazon, Rakuten, Yahoo, and Lohaco, these outside vendors being integral part of the company's overall effort to provide customers with both high-quality services and convenience. In the case of its own e-commerce website, the company's efforts to bring in more customers were aided by a successful coupon marketing initiative, the addition of links from its corporate website. The number of subscribers to its mail-order contact lens replacement service also increased. On the third-party website front, sales through Amazon continued showing strong performance. The company also continued laying the groundwork for its omnichannel market strategy aimed at making the best use of both its physical stores and digital channels that encompass its stores and e-commerce sites. To this end, it launched a mobile app allowing users to order replacement contact lens based on previous purchases and have them shipped with just a single tap on their smartphones. The company also provided services where customers can search and reserve contact lens inventory levels, and also book appointments for store visits via either the company's website or the LINE messenger app.

Company outlook for FY04/22

The company is still not offering any guidance with respect to its outlook for FY04/22. By way of explanation, the company said it was still too early to put together reliable estimates as to when the COVID-19 pandemic might come to an end and how much sales and earnings might be affected, noting that even as vaccinations in Japan were just starting to be phased in there were still concerns about the possibility of another round of infections. The company said, however, that it would be quick to make an announcement and provide guidance for FY04/22 as soon as it is in a position to do so.

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