

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on [our website](#) and various professional platforms.

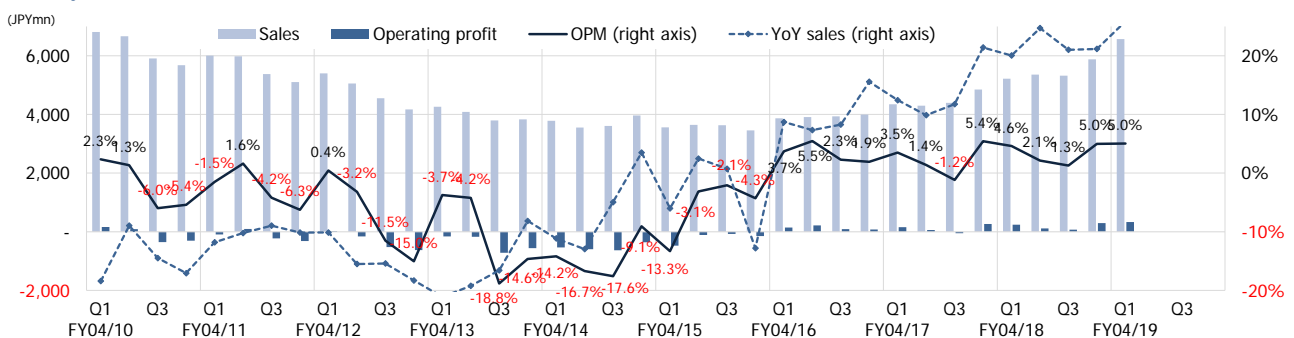
On **September 10, 2018**, Visionary Holdings Co., Ltd. announced its earnings results for Q1 FY04/19.

Income statement (JPYmm)	FY04/16				FY04/17				FY04/18				FY04/19				FY04/19				YoY chg Q1										
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1H Act.	1H Act.	1H Est.	% of 1H		FY	FY	FY	Est.	% of FY					
Sales	3,868	3,910	3,935	3,995	4,340	4,296	4,397	4,850	5,220	5,358	5,321	5,876	6,570					8,645	10,579	12,350	53.2%			17,892	21,772	25,300	26.0%	+1,349			
Retail Services (eyewear)	3,801	3,840	3,856	3,918	4,262	4,205	4,300	4,752	5,108	5,240	5,195	5,743	6,422					8,467	10,348							17,518	21,286			+1,314	
Wholesale													4														374	490			+30
E-commerce	67	70	79	77	86	92	97	98	112	119	125	133	142					178	231												
YoY	8.7%	7.3%	8.3%	15.6%	12.4%	9.9%	11.7%	21.4%	20.0%	24.7%	21.0%	21.2%	25.8%					11.2%	22.4%	16.7%						13.9%	21.7%	16.2%			
Retail Services (eyewear)	8.1%	6.9%	7.8%	15.5%	12.1%	9.5%	11.5%	21.3%	19.8%	24.6%	20.8%	20.9%	25.7%					10.8%	22.2%							13.7%	21.5%				
E-commerce	66.3%	35.0%	34.7%	19.8%	29.2%	30.5%	22.8%	28.5%	30.1%	29.4%	28.8%	35.3%	26.5%					29.8%	29.7%							27.6%	31.0%				
CoGS	1,247	1,193	1,258	1,302	1,418	1,431	1,562	1,703	1,825	1,923	1,960	2,149	2,366					2,849	3,748							6,114	7,858			+541	
Gross profit	2,621	2,717	2,677	2,693	2,930	2,866	2,835	3,147	3,395	3,435	3,361	3,727	4,203					5,796	6,831						11,778	13,919	15,928		+808		
YoY	10.5%	9.6%	9.1%	17.8%	11.8%	5.5%	5.9%	16.9%	15.9%	19.9%	18.5%	18.5%	23.8%					8.6%	17.8%							10.0%	18.2%	14.4%			
SG&A expenses	2,478	2,503	2,587	2,616	2,778	2,806	2,887	2,884	3,155	3,320	3,293	3,434	3,872					5,594	6,475						11,355	13,202	14,798		+717		
Selling expenses	186	213	216	196	237	252	285	291	299	305	373	313	-					489	604							1,065	1,290				
Personnel expenses	1,046	1,063	1,091	1,098	1,148	1,193	1,227	1,240	1,366	1,439	1,382	1,532	-					2,341	2,805							4,808	5,719				
Rents	598	605	619	625	632	638	622	642	648	666	664	674	-					1,270	1,314							2,534	2,652				
Depreciation	52	57	62	65	67	60	63	74	93	103	72	77	-					117	196							254	345				
Other	596	565	599	632	703	663	691	636	750	807	802	839	-					1,366	1,557							2,693	3,198				
YoY	-12.9%	-3.4%	2.3%	7.5%	12.1%	12.1%	11.6%	10.2%	13.6%	18.3%	14.1%	19.1%	22.7%					12.1%	16.0%							11.5%	16.3%	12.1%			
Selling expenses	-41.7%	4.9%	-6.9%	-12.1%	27.4%	18.3%	31.9%	48.5%	26.2%	21.0%	30.9%	7.6%	-					22.6%	23.5%							31.3%	21.1%				
Personnel expenses	-2.0%	2.6%	7.2%	6.7%	9.8%	12.2%	12.5%	12.9%	19.0%	20.6%	12.6%	23.5%	-					11.0%	19.8%							11.9%	18.9%				
Rents	-17.9%	-13.1%	-9.0%	5.8%	5.7%	5.4%	0.5%	2.8%	2.5%	4.4%	6.8%	5.0%	-					5.5%	3.4%							3.6%	4.6%				
Depreciation	-7.1%	-6.6%	3.3%	8.3%	9.6%	5.3%	1.6%	13.8%	63.2%	71.7%	14.3%	4.1%	-					7.3%	67.5%							7.6%	35.8%				
Other	-11.6%	-5.2%	11.1%	18.6%	18.0%	17.3%	15.4%	0.6%	6.7%	21.7%	16.1%	31.9%	-					17.7%	14.0%							12.6%	18.8%				
SG&A-to-sales ratio	64.1%	64.0%	65.8%	65.5%	63.9%	65.3%	65.7%	59.5%	60.4%	62.0%	61.9%	58.4%	58.9%					64.5%	61.2%							63.5%	60.6%	58.5%		-1.5pp	
Selling expenses	4.8%	5.4%	5.5%	4.9%	5.4%	5.9%	6.5%	6.0%	5.7%	5.7%	7.0%	5.3%	-					5.7%	5.7%							6.0%	5.7%				
Personnel expenses	27.0%	27.2%	27.7%	27.5%	26.4%	27.8%	27.9%	25.6%	26.2%	26.9%	26.0%	26.1%	-					27.1%	26.5%							26.9%	26.3%				
Rents	15.5%	15.5%	15.7%	15.6%	14.5%	14.8%	14.1%	13.2%	12.4%	12.4%	12.5%	11.5%	-					14.7%	12.4%							14.2%	12.2%				
Depreciation	1.3%	1.5%	1.6%	1.6%	1.3%	1.4%	1.4%	1.5%	1.8%	1.9%	1.4%	1.3%	-					1.4%	1.9%							1.4%	1.6%				
Other	15.4%	14.4%	15.2%	15.8%	16.2%	15.4%	15.7%	13.1%	14.4%	15.1%	15.1%	14.3%	-					15.8%	14.7%							15.1%	14.7%				
Operating profit	143	213	90	77	152	59	-52	263	241	115	68	293	331					212	355	483	68.6%				423	716	1,130	29.3%	+91		
Retail Services (eyewear)	148	212	88	75	149	58	-7	269	262	130	117	384	524					207	392							469	893			+262	
Wholesale					15	16	13	16	13	13	31	19	17					31	26							60	76			+4	
E-commerce	9	14	13	13	15	16	13	16	13	13	31	19	17					31	26							60	76			+4	
Other																															
Adjustments	-14	-12	-11	-11	-11	-15	-58	-22	-31	-20	-62	-99	-190					-2	-12							-41	-212			-20	
YoY	-	-	-	-	6.6%	-72.2%	-	242.4%	57.9%	93.4%	-	11.7%	37.7%	-				-40.6%	67.9%	35.9%						-19.2%	69.5%	57.7%		-158	
Retail Services (eyewear)	-	-	-	-	0.7%	-72.5%	-	260.4%	76.3%	123.8%	-	42.8%	100.1%	-				-42.5%	89.6%	-						-10.2%	90.6%				
E-commerce	281.3%	200.2%	93.6%	39.7%	56.0%	20.0%	1.7%	24.8%	-12.9%	-17.8%	131.2%	19.0%	33.9%	-				34.7%	-15.5%	-						23.3%	26.2%				
OPM	3.7%	5.5%	2.3%	1.9%	3.5%	1.4%	-1.2%	5.4%	4.6%	2.1%	1.3%	5.0%	5.0%					2.4%	3.4%	3.9%						2.4%	3.3%	4.5%		0.4pp	
Retail Services (eyewear)	3.9%	5.5%	2.3%	1.9%	3.5%	1.4%	-0.2%	5.7%	5.1%	2.5%	2.3%	6.7%	8.2%					2.4%	3.8%							2.7%	4.2%			3.0pp	
Wholesale													25.0%																		
E-commerce	14.0%	19.2%	16.5%	16.9%	16.9%	17.7%	13.7%	16.4%	11.3%	11.2%	24.5%	14.5%	12.0%					17.3%	11.3%							16.1%	15.5%			0.7pp	
Non-operating income (expenses)	-24	-27	-25	-25	-26	-15	-23	-22	-22	-11	-8	-88	-24					-41	-32	-50						-86	-129	-100		-2	
Financial income (expenses)	-29	-29	-29	-32	-29	-27	-27	-26	-27	-27	-27	-24	-22					-56	-54							-109	-104			+4	
Other	5	3	4	7	4	12	3	4	5	16	19	-64	-2					15	21							23	-25			-7	
Recurring profit	119	187	65	51	127	44	-75	241	219	104	59	205	307					171	323	433	70.9%				337	588	1,030	29.8%	+88		
RPM	3.1%	4.8%	1.6%	1.3%	2.9%	1.0%	-1.7%	5.0%	4.2%	1.9%	1.1%	3.5%	4.7%					2.0%	3.1%	3.5%						1.9%	2.7%	4.1%		0.5pp	
Extraordinary gains (losses)	5	8	3	32	-4	-1	58	-30	-35	1	-10	-1	14					-75	-34							-46	-44			+48	
Income taxes	49	71	49	15	53	54	16	56	86	71	-115	-222	76					107	157							179	-181			-9	
Implied tax rate	42.9%	39.5%	71.6%	17.4%	99.0%	126.3%	-96.9%	26.6%	46.5%	67.5%	-230.9%	-108.7%	23.8%					111.3%	54.1%							61.8%	-33.2%				
Minority interests																															
Net income	65	108	19	69	1	-11	-33	155	99	35	165	428	245					-11	133	255	96.0%				111	726	640	38.2%	+146		
YoY	-	-	-	-	-99.2%	-	-	124.9%	18.883.0%	-	-	176.4%	148.5%					-	-	91.6%						-57.6%	555.5%	-11.8%			
Net margin	1.7%	2.8%	0.5%	1.7%	0.0%	-0.3%	-0.8%	3.2%	1.9%	0.6%	3.1%	7.3%	3.7%					-0.1%	1.3%	2.1%						0.6%	3.3%	2.5%		1.8pp	
Meganesuper store count	310	321	322	325	329	325	327	351	354	368	372	381	386																		

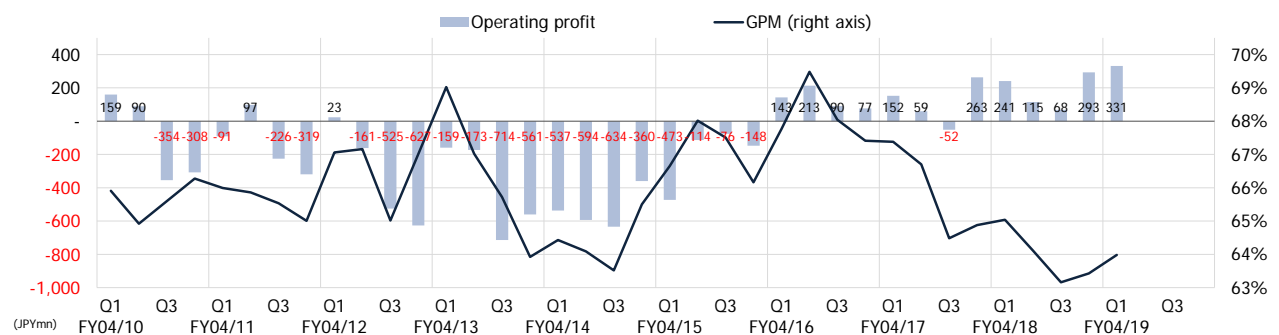
Q1 FY04/19 results (out September 10, 2018)

- ▷ Q1 FY04/19: Driven by strong growth at the Retail and E-commerce segments, sales finished Q1 up 25.8%, operating profit up 37.7% YoY. Same-store sales add to gains with continued double-digit growth, putting sales well ahead of year-ago levels and above plan
- ▷ Earnings growth underpinned by the expansion of business operations coupled with ongoing efforts to transition to a common infrastructure, allowing more of the top-line gains to flow through to the bottom line
- ▷ Same-store sales: Sales at existing stores bolstered by remodeling of 10 stores (including conversions of six stores into the company's next-generation format), nine of which went on to log sales gains of 40% YoY in the month of July
- ▷ Contact lenses: Ongoing sales at Megane House and Kansai Eyecare Platform; subscription contracts and e-commerce sales also grew
- ▷ Operating profit: Up JPY91 mn YoY as top-line growth easily covers increased costs; Retail segment underpins gains with JPY262mn increase in segment profit
- ▷ Visionize joins group as consolidated subsidiary: With its acquisition of Visionize for JPY1.1bn, Visionary is looking to create a growth area that can drive earnings over the medium/long-term by combining eyecare services and branded product procurement capabilities with Visionize, and working together to develop and operate high value-added stores.
- ▷ Reorganization of subsidiaries through company split: To accelerate intra-group cooperation and alliances and otherwise speed the reorganization process, the company is moving to increase management oversight and strategic planning at the group level to assure an appropriate and timely reorganization of group businesses FY04/19: In the context of growth of the contact lens business, the company will continue to focus on subscription contracts, which are a source of recurring revenue. The company plans to use contact lenses to increase gross profit while accelerating growth of eyeglass sales by introducing next-generation eye care specialty stores and raising the profile of its eye care services

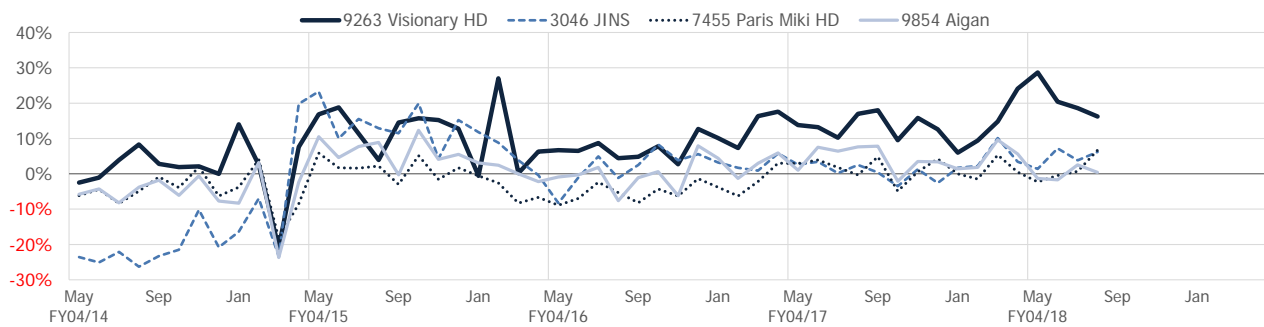
Quarterly results (JPYmn)



Source: Shared Research based on company data



Source: Shared Research based on company data

Existing store sales growth by company


Source: Shared Research, based on company data

Overview of results

Q1: Driven by strong growth at the Retail and E-commerce segments, sales finish Q1 up 25.8%, operating profit up 37.7% YoY. Same-store sales add to gains with continued double-digit growth, putting sales well ahead of year-ago levels and above plan

For Q1 FY04/19, the company reported a 25.8% YoY increase in sales and a 37.7% rise in operating profit (compared with consolidated results for Meganesuper during the same quarter last year). Bolstered by the acquisition of new subsidiaries, the group saw its 13th consecutive quarter of higher sales (with seven consecutive quarters of double-digit sales growth) and its sixth consecutive quarter of higher earnings. In addition to strong growth in sales at existing stores (which following a 13.7% rise in FY04/18 logged their 31st consecutive month of positive growth since February 2016), sales also received a boost from strong gains at the E-commerce business, finishing Q1 not only well ahead of year-ago level but also above plan.

Retail segment (formerly Eyewear Retailing)

The Retail segment reported sales of JPY6.4bn (+25.7% YoY) and a segment profit of JPY524mn (2x YoY). Earnings would have been even higher had it not been for the adjustments to segment earnings, which at JPY190mn were up sharply from the same quarter last year (JPY31mn). The strong Q1 results reflect the gains stemming from the strategic measures being implemented under the company's medium-term business plan, including 1) transitioning to its next-generation store format, 2) ongoing openings new stores designed to meet local market needs, and 3) ongoing M&A via its Me no Kenkou (eye health) platform.

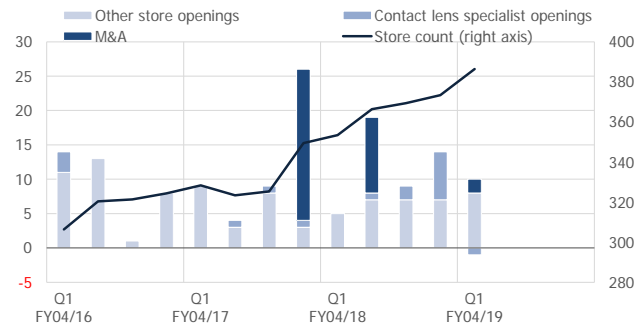
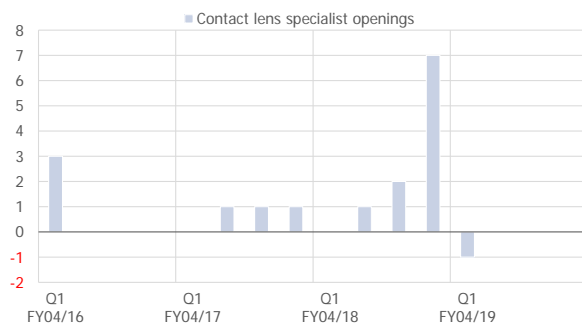
Transition to next-generation store format

Since 2015 the group has been expanding and enhancing its eyecare services with the aim of bringing in new customers and increasing average spending per customer. During FY04/18 it furthered this effort with the conversion of three existing stores into the next-generation format along with the opening of one new store in the next-generation format. During Q1 FY04/19 the company remodeled a total of 10 existing stores, with six of these being conversions into the next-generation format. Following remodeling, nine of the 10 stores went on to log 40% YoY increases in sales in the month of July.

Ongoing openings of new stores designed to meet local market needs

Based on the analysis of its extensive database covering millions of customers, the company continued working to choose the store format best suited to the unique needs of each local market (choosing from among its next-generation format, traditional format, and contact lens special store format). During Q1, the group opened a total of seven new stores (including two store opened by Michinoku Eye Care Platform Co., which it acquired from Takahashi Co., Ltd.) and closed two stores to bring the total number of stores in operation at period-end to 386.

New store openings and number of stores in operation



Source: Shared Research, based on company data

Ongoing M&A via Me no Kenkou (eye health) platform

In addition to expanding the number of stores that emphasize eyecare services (the group's strength), the company is also looking to expand its store network by establishing alliance with or acquiring other eyewear retailers in surrounding areas and coordinating retail store formats and merchandise lineups by using a common platform. In addition to expanding its store network, Visionary aims to give itself a competitive advantage in the high value-added segment of the eyewear retailing market by building up business infrastructure that can be used by all group companies. On August 31, 2018, Visionary took over the operation of two stores in Aomori from Takahashi Co., Ltd. and completed the acquisition of shares of Visionize Co., Ltd. that was agreed to in the contract signed by the two companies on July 10, 2018. The acquisition price was JPY1.1bn plus all related acquisition expenses; details such as the amount of goodwill acquired have not yet been determined.

Reference: Making Visionize a subsidiary

Visionize, established in January 2011, is an exclusive distributor in Japan for Marcolin S.p.A. (Italy), which designs, manufactures, and distributes global top brands' eyewear products. Leveraging this tie with Marcolin, Visionize has developed a solid customer base in the eyewear retail business. Its strengths include media and marketing activities that reinforce its brand power, and logistics such as import, quality control, and product delivery management. Operating five (four in Tokyo and one in Nagoya) Eyestyle stores (selling eyeglasses and sunglasses), this company designs its stores and develops products to appropriately seize the needs of fashion-conscious consumers, giving it an edge.

Visionary aims to create a growth area that can serve as its medium- to long-term business pillar, by combining the group's Me no Kenkou (eye health) platform with Visionize's customer base, collaborating in eye care services and brand product procurement, and jointly developing and operating value-added stores.

Visionize's earnings

(JPYmn)	FY12/15	FY12/16	FY12/17
Sales	854	1,137	1,211
Operating profit	111	317	287
Recurring profit	108	314	284
Net income	64	194	179

(JPYmn)	FY12/15	FY12/16	FY12/17
Net assets	141	336	515
Total assets	445	776	750
Book value per share (JPY'000)	709.9	1,682.3	2,579.9
Earnings per share (JPY'000)	321.8	972.4	897.6
Dividend per share	-	-	-

Source: Shared Research based on company data

Wholesale segment

A new segment, the Wholesale segment supplies goods for the various special events held at the LaLaport Toyosu shopping mall. For Q1, the Wholesaling segment reported sales of JPY4mn and a segment profit of JPY1mn. On May 1, 2018, Visionary established VisionWedge Co. Ltd. to help strengthen and expand its business base by using the expertise the group has built up in private brand goods, eyecare services, and other areas to help the group transmit information and develop sales channels through a range of other industries and thereby uncover additional demand for eyecare services. Along with the establishment of VisionWedge, the Wholesale segment was established in Q1 FY04/19.

E-commerce segment

For Q1 FY04/19, the E-commerce segment achieved higher sales and higher earnings, with sales rising 26.5% YoY to JPY142mn and segment profit rising to JPY17mn. The growth in online sales reflects the company's ongoing efforts to improve the quality of

service and add to the convenience of online shopping at the group's official shopping website as well as at the stores at online shopping malls such as Amazon, Rakuten, and Lohaco. During Q1, the company attracted more shoppers to its e-commerce site with the help of couponing, successful measures to attract more visitors from the company's corporate website, and strong sales at stores at online shopping malls. The company also moved forward with the construction of the infrastructure needed for its omnichannel strategy that aims to make best use of the strengths of its brick-and-mortar stores as well as its e-commerce website, including the development of a smartphone app that allows past customers to repurchase contact lens-related supplies with the touch of a single button, a store appointment reservation system using either the corporate website or LINE, and a digital channel that covers brick-and-mortar stores as well as the company's e-commerce website.

Other segment

In May 2017, the company established Enhanlabo Co., Ltd. to undertake R&D and mass produce a wearable optical device called *b.g.* In anticipation of the start of mass production and sales in the winter of 2019, Enhanlabo is currently working together with partner companies to undertake field testing and is also developing sales channels. The upfront spending on this and various development-related expenses left the Other segment with a loss of JPY21mn in Q1 FY04/19.

Outlook for FY04/19 (as of Q4, for reference): In FY04/19, the company forecasts sales of JPY25.3bn (+16.2% YoY), operating profit of JPY1.1bn (+61.0%), and net income of JPY640mn (-10.0%). Profit forecasts remain unchanged from the targets in the medium-term plan. The company's management plan calls for differentiation from industry peers through aggressive openings of next-generation eye care specialty stores. Visionary will also create stores that can offer high customer satisfaction, meeting heightened expectations stemming from the company's efforts to spread awareness of eye care services and increase customer lifetime value. The company intends to open 13 next-generation stores by October 2018 (one in May, five in June, one in July, one in September, and five in October), and 25 in FY04/19. However, this plan has yet to be finalized, and the company may decide to remodel stores or increase openings of stores using existing formats.

Next generation store format

As a result of surplus funds generated by the earnings recovery, the company is now in a better position to invest in remodeling stores. The Takadanobaba store, which reopened on November 23, 2017 after remodeling, has been transformed into a next-generation store that offers more extensive eye care services. The store is steadily building up a customer base, but as a result of remodeling, it can now attract customers seeking more high-end eyewear.

Takadanobaba store: Successful example

Sales at the Takadanobaba store grew 65.5% YoY in the period from November 2017 through April 2018 after completion of remodeling; eyewear sales were up 78.3% owing to an expansion of eye care services, and sales of hearing aids up 212%. Efforts to increase sales have also been apparent in unit prices, with the price of eyeglasses up 23.3% YoY from JPY38,803 to JPY47,854, and the price of hearing aids up 68% from JPY142,348 to JPY239,163. Shared Research notes that the store also enjoyed remarkable growth in the number of new customers, which was up 2.5x YoY.

Further, telephone inquiries from customers who watched the TV program aired in April 2018 are increasing, and we understand the company is steadily converting such calls into appointments for store visits. This has apparently also led to increased customer satisfaction thanks to reduced waiting times, while employee productivity has improved as a result of better allocation of store employees based on customer visit trends. The store has been renovated internally and externally, but the company is keeping remodeling costs down to around twice the cost of opening a new store (JPY15mn).

Takadanobaba store



Source: Company materials

Store exterior: Shift away from flashy promotions to appeal to target customer bases

Traditionally, the company used flashy sales promotions outside stores to give its weakening brand recognition a boost, but this had the negative effect of turning away consumers interested in higher-end eyewear. Given that its name recognition had increased and the store was located in an area likely to attract consumers who buy premium eyewear, the company changed the exterior of the first next-generation format store to cultivate new consumer

segments and be recognized as a store that provides eye care. The interior layout and fittings were also updated so that they would appeal to target customer segments as well as express the brand image of sunglasses and frames. The company also made the most of the store's generous floor area by providing an eye care relaxation room, a hearing aid lab, and meeting rooms to offer extensive eye care services.

Could potentially convert roughly one-third of stores into next-generation stores

The company does not have a target number of stores to convert into next-generation stores, because the decision depends on the location and customer profile of each store. That being said, it appears that the company estimates that a third of its stores could be converted. At a briefing in June 2018, Visionary said it plans to convert about 20 stores to next-generation stores each year, and bring the share of such stores up to 20% by FY04/22. While Analyzing post-remodeling performance at the Takadanobaba store, the company implemented similar remodeling for other stores. As a result, the company achieved an increase of over 15% in unit prices and of over 10% in the retail conversion rate after completion of the remodeling, reflecting an increase in the share of new customers. We believe the company will monitor post-remodeling performance and aim to achieve further effects.

The company plans to convert a number of stores in areas with demand among middle-aged and older consumers that are likely to generate above average per-customer sales (currently JPY36,000–37,000). Remodeling has already been completed at several stores (four stores in FY04/18) and projects for completion by October 2018 are under way (total 13 stores; one in May, five in June, one in July, one in September, and five in October). We are positive on this development, because we think steady progress with remodeling could further enhance the business base of existing stores.

Strengthened eye care services

To convince customers that its products offer added value, Visionary Holdings is strengthening its eye care services: improving services for customers with color vision and low vision problems; offering perfect fitting services that require highly skilled technicians; expanding the number of subscribers to the HYPER guarantee insurance; and growing the home visit service, which saw a steady increase in the number of visits and sales (up 2.1x in 1H). These trends show growing awareness of its eye care services among consumers. The company also offers a paid eye care relaxation service at some stores, developed under the supervision of doctors/specialists, charging JPY1,000–3,000 for 10 minutes. These services are offered at both next-generation and conventional stores. The company is training employees to provide the service, adding 40 stores per month that offer the service, with a target of all stores by summer 2018.

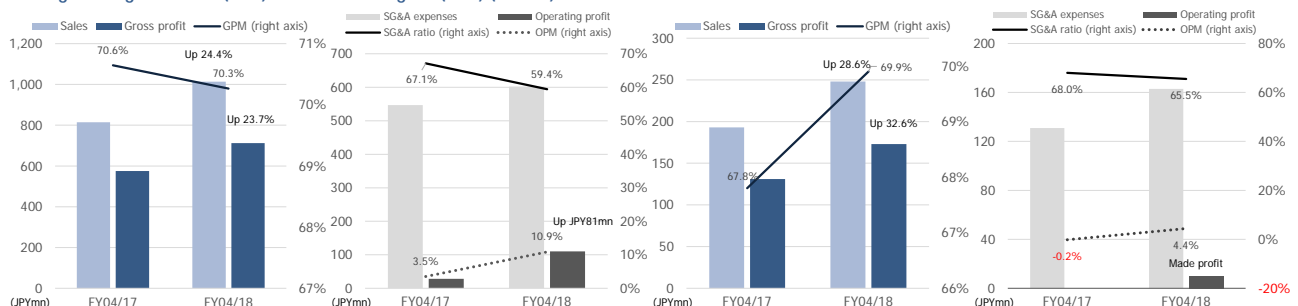
Earnings improved at acquired companies, proving effectiveness of management and inspiring confidence; a learning opportunity for staff

The sharp earnings improvement of Megane House (joined the Group in January 2017) and Shimizu Megane (joined in August 2017) is proof that the company's management measures are working. This has inspired confidence in these measures among its employees. President Naohiko Hoshizaki took over in July 2013 and introduced various measures after making "the eye care company declaration" in July 2014. Since then, dozens of employees have been trained and have gained experience to implement these measures. Some of these employees were assigned to newly acquired stores and injected the company's know-how before the stores officially joined the Group. As a result, the newly acquired stores have seen a quick earnings turnaround.

Both Megane House (+24.4% in sales, +23.7% in gross profit, + JPY81mn in operating profit) and Kansai Eyecare Platform (+28.6% in sales, +32.6% in gross profit, achieved an operating profit) saw improved profitability in a short time span.

In March 2018, the company took over and opened a small eyeglass store in Tokunoshima, an island in the Amami archipelago, Kagoshima Prefecture. The company acquired the customers and after-sales service of the island's sole eyeglass retail store, which was closing down. We expect the company to engage in other business succession type acquisitions going forward.

Earnings of Megane House (RHS) and Shimizu Megane (RHS) (JPYmn)



Source: Shared Research, based on company data

Medium-term management plan

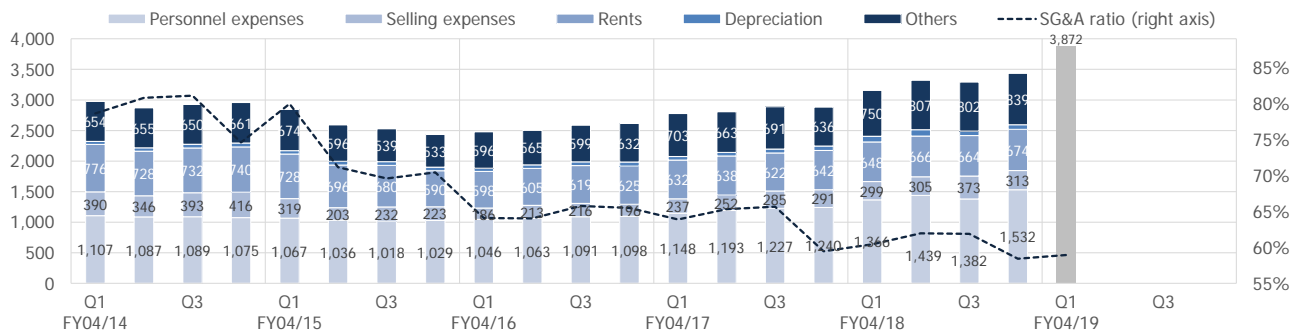
(JPYmn)	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21
Sales	17,892	20,630	23,030	25,620	28,670
YoY	13.9%	15.3%	11.6%	11.2%	11.9%
Gross profit	11,778	13,428	14,850	16,363	18,087
YoY	10.0%	14.0%	10.6%	10.2%	10.5%
GPM	65.8%	65.1%	64.5%	63.9%	63.1%
SG&A expenses	11,355	12,728	13,720	14,763	15,857
YoY	11.5%	12.1%	7.8%	7.6%	7.4%
SG&A ratio	63.5%	61.7%	59.6%	57.6%	55.3%
Operating profit	423	700	1,130	1,600	2,230
YoY	-19.2%	65.6%	61.4%	41.6%	39.4%
OPM	2.4%	3.4%	4.9%	6.2%	7.8%
Recurring profit	337	600	1,030	1,500	2,130
YoY	-20.2%	78.3%	71.7%	45.6%	42.0%
RPM	1.9%	2.9%	4.5%	5.9%	7.4%
Net income	111	230	640	1,040	1,630
YoY	-57.6%	107.7%	178.3%	62.5%	56.7%
Net margin	0.6%	1.1%	2.8%	4.1%	5.7%
EBITDA	869	1,258	1,684	2,168	2,795
YoY	8.6%	44.8%	33.9%	28.7%	28.9%
EBITDA margin	4.9%	6.1%	7.3%	8.5%	9.7%

Key performance indicators (JPYmn)	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21
Meganesuper					
Comp. store sales YoY					
Glasses	-1.1%	4.5%	4.0%	4.0%	4.0%
Contact lenses	29.6%	16.5%	10.0%	10.0%	10.0%
Hearing aids	0.5%	12.2%	4.0%	4.0%	4.0%
Store plans					
Openings	19	12	12	12	12
Relocation	7	6	6	6	6
Megane House					
Comp. store sales YoY					
Glasses			5.0%	4.0%	4.0%
Contact lenses			13.0%	15.0%	15.0%
Hearing aids			4.0%	4.0%	4.0%
Enhancelabo					
Sales			38	296	586
Operating profit			-10	55	162
OPM			-26.3%	18.6%	27.6%

Source: Shared Research based on company data

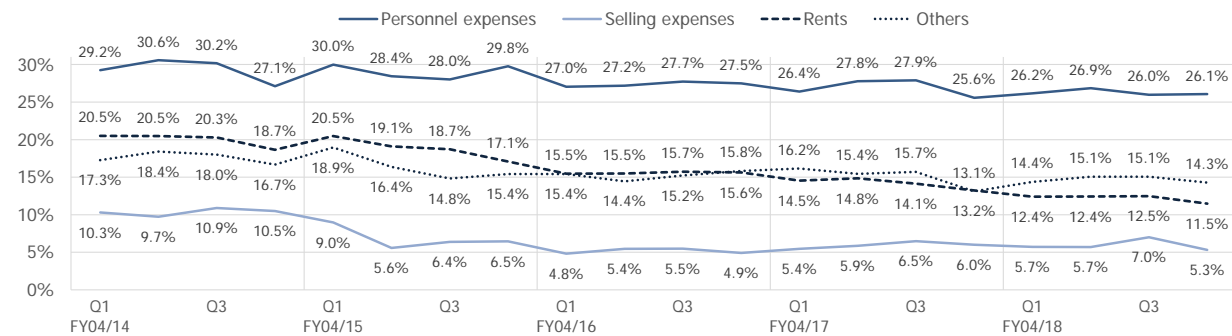
Reference

SG&A expenses and YoY change (JPYmn)



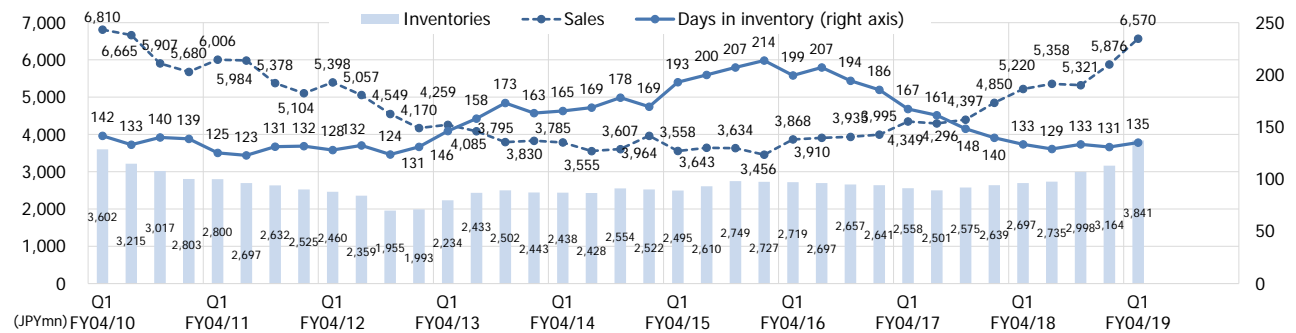
Source: Shared Research based on company data

SG&A expenses ratio



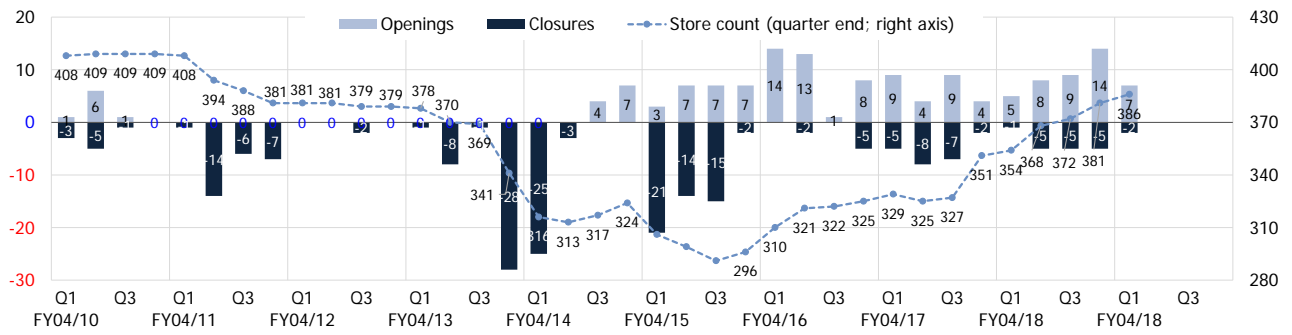
Source: Shared Research based on company data

Quarterly sales, inventory, inventory turnover (JPYmn, days)



Source: Shared Research based on company data

Store openings, store closings, and store count as of quarter-end



Source: Shared Research based on company data
 Note: From FY04/18, figures are consolidated figures that include Megane House and others

This note is the most recent addition to the [full report](#).

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <http://www.sharedresearch.jp>.

Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. We shall not be held responsible for any damage caused by the use of this report.

The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. Our officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity.

Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer

The report has been prepared by Shared Research under a contract with the company described in this report ("the company"). Opinions and views presented are ours where so stated. Such opinions and views attributed to the company are interpretations made by Shared Research. We represent that if this report is deemed to include an opinion by us that could influence investment decisions in the company, such opinion may be in exchange for consideration or promise of consideration from the company to Shared Research.

Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp