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On **August 5, 2020**, Round One Corporation announced earnings results for Q1 FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	25,554	53,188	77,046	104,779	5,630			
YoY	14.1%	8.8%	7.2%	3.4%	-78.0%			
Gross profit	3,163	7,496	8,287	12,377	-10,364			
YoY	70.0%	22.3%	11.0%	-14.4%	-			
GPM	12.4%	14.1%	10.8%	11.8%	-			
SG&A expenses	802	1,682	2,543	3,497	685			
YoY	21.1%	14.3%	15.0%	15.9%	-14.6%			
SG&A ratio	3.1%	3.2%	3.3%	3.3%	12.2%			
Operating profit	2,360	5,813	5,744	8,880	-11,050			
YoY	96.8%	24.7%	9.3%	-22.4%	-			
OPM	9.2%	10.9%	7.5%	8.5%	-			
Recurring profit	2,341	5,702	5,557	8,721	-11,052			
YoY	106.6%	26.4%	10.3%	-22.3%	-			
RPM	9.2%	10.7%	7.2%	8.3%	-			
Net income	1,441	3,705	3,531	4,794	-8,559			
YoY	84.5%	23.5%	7.7%	-33.0%	-			
Net margin	5.6%	7.0%	4.6%	4.6%	-			

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	25,554	27,634	23,858	27,733	5,630			
YoY	14.1%	4.4%	3.6%	-5.7%	-78.0%			
Gross profit	3,163	4,333	791	4,090	-10,364			
YoY	70.0%	1.5%	-40.7%	-41.5%	-			
GPM	12.4%	15.7%	3.3%	14.7%	-			
SG&A expenses	802	880	861	954	685			
YoY	21.1%	8.8%	16.2%	18.7%	-14.6%			
SG&A ratio	3.1%	3.2%	3.6%	3.4%	12.2%			
Operating profit	2,360	3,453	-69	3,136	-11,050			
YoY	96.8%	-0.2%	-	-49.3%	-			
OPM	9.2%	12.5%	-	11.3%	-			
Recurring profit	2,341	3,361	-145	3,164	-11,052			
YoY	106.6%	-0.5%	-	-48.8%	-			
RPM	9.2%	12.2%	-	11.4%	-			
Net income	1,441	2,264	-174	1,263	-8,559			
YoY	84.5%	2.0%	-	-67.5%	-			
Net margin	5.6%	8.2%	-	4.6%	-			

Source: Shared Research based on company data

Note: Company estimates are the most recent figures.

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

Seasonality: the company's sales and profits are not spread evenly across quarters. Q1 (April-June) is busy due to many events held to coincide with the beginning of the business and school year, as well as the "Golden Week" holiday season in early May. Q2 (July-September) includes the busy summer vacation period. Q4 (January-March) includes New Year events and the spring vacation period in late March. In contrast, Q3 (October-December) has few holidays and is comparatively quiet.

Performance by segment

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	25,554	53,188	77,046	104,779	5,630			
YoY	14.1%	8.8%	7.2%	3.4%	-78.0%			
Japan	20,702	43,491	62,058	84,233	5,237			
YoY	8.2%	4.4%	2.1%	-0.9%	-74.7%			
US	4,851	9,696	14,987	20,545	392			
YoY	48.3%	34.2%	35.1%	25.7%	-91.9%			
Other	-	-	-	-	-			
Recurring profit	2,341	5,702	5,557	8,721	-11,052			
YoY	106.6%	26.4%	10.3%	-22.3%	-572.1%			
Japan	2,102	5,296	5,316	8,839	-8,192			
YoY	101.5%	30.6%	17.7%	-9.5%	-			
RPM	8.2%	10.0%	6.9%	8.4%	-			
US	238	423	326	33	-2,748			
YoY	167.4%	-7.4%	-37.5%	-97.7%	-			
RPM	0.9%	0.8%	0.4%	0.0%	-			
Other	-	-18	-85	-151	-112			

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	25,554	27,634	23,858	27,733	5,630			
YoY	14.1%	4.4%	3.6%	-5.7%	-78.0%			
Japan	20,702	22,789	18,567	22,175	5,237			
YoY	8.2%	1.2%	-3.1%	-8.3%	-74.7%			
US	4,851	4,845	5,291	5,558	392			
YoY	48.3%	22.6%	36.7%	5.9%	-91.9%			
Other	-	-	-	-	-			
Recurring profit	2,341	3,361	-145	3,164	-11,052			
YoY	106.6%	-0.5%	-127.4%	-48.8%	-572.1%			
Japan	2,102	3,194	20	3,523	-8,192			
YoY	101.5%	6.1%	-95.7%	-32.9%	-			
RPM	8.2%	11.6%	0.1%	12.7%	-145.5%			
US	238	185	-97	-293	-2,748			
YoY	167.4%	-49.7%	-	-	-			
RPM	4.9%	3.8%	-	-	-			
Other	-	-18	-67	-66	-112			

Source: Shared Research based on company data

Note: Other includes business activities by its subsidiary in Russia and other regions.

Number of stores

Store count (quarter-end)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	136	137	142	144	144			
YoY	6.3%	4.6%	6.8%	5.1%	5.9%			
Japan	104	103	103	103	103			
YoY	-1.0%	-2.8%	-1.9%	-1.9%	-1.0%			
US	32	34	39	41	41			
YoY	39.1%	36.0%	39.3%	28.1%	28.1%			

Source: Shared Research based on company data

Store sales in Japan

Domestic sales (YoY)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Comparable stores (cumulative)	8.1%	5.0%	2.8%	-0.1%	-74.5%			
Comparable stores (quarterly)	8.1%	2.2%	-1.9%	-7.5%	-74.5%			
All stores (cumulative)	8.2%	4.4%	2.1%	-0.9%	-74.7%			
All stores (quarterly)	8.2%	1.2%	-3.1%	-8.3%	-74.7%			

Source: Shared Research based on company data

Store sales in US

US sales (YoY)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Comparable stores (cumulative)	-2.4%	-5.4%	-4.5%	-11.1%	-93.6%			
Comparable stores (quarterly)	-2.4%	-7.9%	-2.9%	-25.3%	-93.6%			
Stores open for 25 months or more (cumulative)	0.2%	-1.5%	-0.4%	-7.1%				
Stores open for 25 months or more (quarterly)	0.2%	-3.0%	1.6%	-21.9%				
All stores (cumulative)	48.3%	34.2%	35.1%	25.7%	-91.9%			
All stores (quarterly)	48.3%	22.6%	36.7%	5.9%	-91.9%			

Source: Shared Research based on company data

Sales breakdown

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Domestic	20,702	43,491	62,058	84,233	5,237			
YoY	8.2%	4.4%	2.1%	-0.9%	-74.7%			
Bowling	5,265	10,775	15,490	21,830	1,271			
YoY	4.2%	1.6%	0.1%	-1.4%	-75.9%			
Amusement	9,560	20,453	29,256	38,767	2,764			
YoY	11.1%	6.9%	3.0%	-0.1%	-71.1%			
Karaoke	1,854	3,868	5,570	7,429	360			
YoY	6.4%	2.4%	0.6%	-2.9%	-80.6%			
SPO-CHA	3,252	6,810	9,422	13,028	483			
YoY	7.3%	2.0%	1.8%	-3.3%	-85.1%			
Other	766	1,582	2,314	3,167	357			
YoY	9.7%	9.5%	8.7%	8.4%	-53.4%			
US	4,851	9,696	14,987	20,545	392			
YoY	48.3%	34.2%	35.1%	25.7%	-91.9%			
Bowling	640	1,270	1,940	2,620	20			
YoY	39.1%	28.3%	30.2%	21.9%	-96.9%			
Amusement	3,290	6,620	10,090	13,900	340			
YoY	50.9%	36.2%	37.5%	27.6%	-89.7%			
Karaoke and other	910	1,790	2,920	4,020	10			
YoY	46.8%	31.6%	30.4%	22.9%	-98.9%			
Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Domestic	20,702	22,789	18,567	22,175	5,237			
YoY	8.2%	1.2%	-3.1%	-8.3%	-74.7%			
Bowling	5,265	5,510	4,715	6,340	1,271			
YoY	4.2%	-0.8%	-3.1%	-4.9%	-75.9%			
Amusement	9,560	10,893	8,803	9,511	2,764			
YoY	11.1%	3.4%	-5.0%	-8.5%	-71.1%			
Karaoke	1,854	2,014	1,702	1,859	360			
YoY	6.4%	-1.0%	-3.4%	-12.0%	-80.6%			
SPO-CHA	3,252	3,558	2,612	3,606	483			
YoY	7.3%	-2.5%	1.4%	-14.4%	-85.1%			
Other	766	816	732	853	357			
YoY	9.7%	9.2%	7.0%	7.7%	-53.4%			
US	4,851	4,845	5,291	5,558	392			
YoY	48.3%	22.6%	36.7%	5.9%	-91.9%			
Bowling	640	630	670	670	20			
YoY	39.1%	18.9%	34.0%	1.5%	-96.9%			
Amusement	3,290	3,330	3,470	3,790	340			
YoY	50.9%	24.3%	39.9%	6.8%	-89.7%			
Karaoke and other	910	880	1,130	1,080	10			
YoY	46.8%	18.9%	28.4%	4.9%	-98.9%			

Source: Shared Research based on company data

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

Average hourly wage for part-time workers in three major metropolitan areas (Tokyo, Tokai, and Kansai)

(JPY)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average hourly wage	1,025	1,036	1,052	1,046	1,051	1,061	1,082	1,081
YoY	1.9%	2.3%	2.7%	2.6%	2.5%	2.4%	2.9%	3.3%

Source: Shared Research based on data provided by Recruit Jobs Co., Ltd.

*The average hourly wage is based on data for a three-month period.

Q1 FY03/21 results

- ▷ Sales: JPY5.6bn (-78.0% YoY)
- ▷ Operating loss: JPY11.1bn (operating profit of JPY2.4bn in Q1 FY03/20)
- ▷ Recurring loss: JPY11.1bn (recurring profit of JPY2.3bn in Q1 FY03/20)
- ▷ Net loss*: JPY8.6bn (net income of JPY1.4bn in Q1 FY03/20)

*Net income/loss attributable to owners of the parent

In Japan, Round One temporarily closed all 103 stores from early April 2020. Once the Japanese government lifted its state of emergency declaration and eased its request for store closings, the company reopened all 103 domestic stores in early June after implementing thorough measures to prevent the spread of COVID-19. In the US, it temporarily closed all 41 stores from

mid-March 2020. From mid-May, as various state and county governments began easing restrictions, Round One reopened some stores, but still had to limit business hours and faced restrictions on some business areas.

In Japan, the total store count was 103 at end-Q1 FY03/21 (versus 103 stores total as of end-FY03/20). In the US, the total store count was 41 at end-Q1 FY03/21 (versus 41 stores as of end-FY03/20).

Japan

- ▷ Sales: JPY5.2bn (-74.7% YoY)
- ▷ Segment loss (recurring loss): JPY8.2bn (segment profit of JPY2.1bn in Q1 FY03/20)

Due to the spread of the novel coronavirus, Round One temporarily closed all 103 domestic stores from early April 2020. Thereafter, it implemented measures to prevent infection, such as regularly disinfecting bowling and karaoke equipment and in-store facilities with alcohol and applying antimicrobial/antiviral coatings where possible, and reopened some stores in mid-May. All domestic stores resumed operation in early June. However, even after reopening, Round One maintained abbreviated business hours and limited some areas of business.

The breakdown of sales by service was as follows:

- ▷ Bowling: JPY1.3bn (-75.9% YoY; -75.5% YoY at existing stores)
- ▷ Amusement: JPY2.8bn (-71.1% YoY; -70.9% YoY at existing stores)
- ▷ Karaoke: JPY360mn (-80.6% YoY; -80.3% YoY at existing stores)
- ▷ SPO-CHA: JPY483mn (-85.1% YoY; -85.1% YoY at existing stores)

US

- ▷ Sales: JPY392mn (-91.9% YoY)
- ▷ Segment loss (recurring loss): JPY2.7bn (segment profit of JPY238mn in Q1 FY03/20).

Due to the spread of the novel coronavirus, Round One temporarily closed all 41 US stores from mid-March 2020. At the end of Q1, it reopened 20 stores, primarily in central and eastern regions of the US, but rules put in place by various state and country governments meant it still faced limits on business hours and some areas of business. The remaining 21 stores were still temporarily closed, mostly in western regions.

The breakdown of sales by service was as follows:

- ▷ Bowling: JPY20mn (-96.9% YoY)
- ▷ Amusement: JPY340mn (-89.7% YoY)
- ▷ Karaoke and Other: JPY10mn (-98.9% YoY)

Financial condition

As of June 30, 2020, the company had JPY26.9bn in cash and deposits, JPY8.8bn in guarantee deposits, and JPY16bn in lines of credit through commitment line contracts with various banks. The company said it had around JPY51.6bn in adjusted cash on hand including its lines of credit.

According to the company, monthly cash outflows during its all-store closure were JPY3.9bn in Japan and JPY600mn in the US, for a total of JPY4.5bn, meaning its adjusted cash on hand equates to about one year's worth of working capital.

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

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