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On November 6, 2020, Round One Corporation announced earnings results for 1H 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	23,263		
YoY	14.1%	8.8%	7.2%	3.4%	-78.0%	-56.3%		
Gross profit	3,163	7,496	8,287	12,377	-10,364	-12,773		
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	1,538		
YoY	21.1%	14.3%	15.0%	15.9%	-14.6%	-8.6%		
SG&A ratio	3.1%	3.2%	3.3%	3.3%	12.2%	6.6%		
Operating profit	2,360	5,813	5,744	8,880	-11,050	-14,311		
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	-14,173		
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	-11,194		
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	17,633		
YoY	14.1%	4.4%	3.6%	-5.7%	-78.0%	-36.2%		
Gross profit	3,163	4,333	791	4,090	-10,364	-2,409		
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	853		
YoY	21.1%	8.8%	16.2%	18.7%	-14.6%	-3.1%		
SG&A ratio	3.1%	3.2%	3.6%	3.4%	12.2%	4.8%		
Operating profit	2,360	3,453	-69	3,136	-11,050	-3,261		
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	-3,121		
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	-2,635		
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	23,263		
YoY	14.1%	8.8%	7.2%	3.4%	-78.0%	-56.3%		
Japan	20,702	43,491	62,058	84,233	5,237	21,253		
YoY	8.2%	4.4%	2.1%	-0.9%	-74.7%	-51.1%		
US	4,851	9,696	14,987	20,545	392	2,009		
YoY	48.3%	34.2%	35.1%	25.7%	-91.9%	-79.3%		
Other	-	-	-	-	-	0		
Recurring profit	2,341	5,702	5,557	8,721	-11,052	-14,173		
YoY	106.6%	26.4%	10.3%	-22.3%	-572.1%	-348.6%		
Japan	2,102	5,296	5,316	8,839	-8,192	-8,941		
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	-4,996		
YoY	167.4%	-7.4%	-37.5%	-97.7%	-	-		
RPM	0.9%	0.8%	0.4%	0.0%	-	-		
Other	-	-18	-85	-151	-112	-235		

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	17,633		
YoY	14.1%	4.4%	3.6%	-5.7%	-78.0%	-36.2%		
Japan	20,702	22,789	18,567	22,175	5,237	16,016		
YoY	8.2%	1.2%	-3.1%	-8.3%	-74.7%	-29.7%		
US	4,851	4,845	5,291	5,558	392	1,617		
YoY	48.3%	22.6%	36.7%	5.9%	-91.9%	-66.6%		
Other	-	-	-	-	-	0		
Recurring profit	2,341	3,361	-145	3,164	-11,052	-3,121		
YoY	106.6%	-0.5%	-127.4%	-48.8%	-572.1%	-192.9%		
Japan	2,102	3,194	20	3,523	-8,192	-749		
YoY	101.5%	6.1%	-95.7%	-32.9%	-	-		
RPM	8.2%	11.6%	0.1%	12.7%	-145.5%	-4.2%		
US	238	185	-97	-293	-2,748	-2,248		
YoY	167.4%	-49.7%	-	-	-	-		
RPM	4.9%	3.8%	-	-	-	-		
Other	-	-18	-67	-66	-112	-123		

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	146		
YoY	6.3%	4.6%	6.8%	5.1%	5.9%	6.6%		
Japan	104	103	103	103	103	103		
YoY	-1.0%	-2.8%	-1.9%	-1.9%	-1.0%	0.0%		
US	32	34	39	41	41	43		
YoY	39.1%	36.0%	39.3%	28.1%	28.1%	26.5%		

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%	-50.9%		
Comparable stores (quarterly)	8.1%	2.2%	-1.9%	-7.5%	-74.5%	-29.7%		
All stores (cumulative)	8.2%	4.4%	2.1%	-0.9%	-74.7%	-51.1%		
All stores (quarterly)	8.2%	1.2%	-3.1%	-8.3%	-74.7%	-29.7%		

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%	-86.1%		
Comparable stores (quarterly)	-2.4%	-7.9%	-2.9%	-25.3%	-93.6%	-78.7%		
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%	-79.3%		
All stores (quarterly)	48.3%	22.6%	36.7%	5.9%	-91.9%	-66.6%		

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	21,253		
YoY	8.2%	4.4%	2.1%	-0.9%	-74.7%	-51.1%		
Bowling	5,265	10,775	15,490	21,830	1,271	5,047		
YoY	4.2%	1.6%	0.1%	-1.4%	-75.9%	-53.2%		
Amusement	9,560	20,453	29,256	38,767	2,764	11,338		
YoY	11.1%	6.9%	3.0%	-0.1%	-71.1%	-44.6%		
Karaoke	1,854	3,868	5,570	7,429	360	1,501		
YoY	6.4%	2.4%	0.6%	-2.9%	-80.6%	-61.2%		
SPO-CHA	3,252	6,810	9,422	13,028	483	2,283		
YoY	7.3%	2.0%	1.8%	-3.3%	-85.1%	-66.5%		
Other	766	1,582	2,314	3,167	357	1,081		
YoY	9.7%	9.5%	8.7%	8.4%	-53.4%	-31.7%		
US	4,851	9,696	14,987	20,545	392	2,009		
YoY	48.3%	34.2%	35.1%	25.7%	-91.9%	-79.3%		
Bowling	640	1,270	1,940	2,620	20	200		
YoY	39.1%	28.3%	30.2%	21.9%	-96.9%	-84.3%		
Amusement	3,290	6,620	10,090	13,900	340	1,630		
YoY	50.9%	36.2%	37.5%	27.6%	-89.7%	-75.4%		
Karaoke and other	910	1,790	2,920	4,020	10	170		
YoY	46.8%	31.6%	30.4%	22.9%	-98.9%	-90.5%		

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	16,016		
YoY	8.2%	1.2%	-3.1%	-8.3%	-74.7%	-29.7%		
Bowling	5,265	5,510	4,715	6,340	1,271	3,776		
YoY	4.2%	-0.8%	-3.1%	-4.9%	-75.9%	-31.5%		
Amusement	9,560	10,893	8,803	9,511	2,764	8,574		
YoY	11.1%	3.4%	-5.0%	-8.5%	-71.1%	-21.3%		
Karaoke	1,854	2,014	1,702	1,859	360	1,141		
YoY	6.4%	-1.0%	-3.4%	-12.0%	-80.6%	-43.3%		
SPO-CHA	3,252	3,558	2,612	3,606	483	1,800		
YoY	7.3%	-2.5%	1.4%	-14.4%	-85.1%	-49.4%		
Other	766	816	732	853	357	724		
YoY	9.7%	9.2%	7.0%	7.7%	-53.4%	-11.3%		
US	4,851	4,845	5,291	5,558	392	1,617		
YoY	48.3%	22.6%	36.7%	5.9%	-91.9%	-66.6%		
Bowling	640	630	670	670	20	180		
YoY	39.1%	18.9%	34.0%	1.5%	-96.9%	-71.4%		
Amusement	3,290	3,330	3,470	3,790	340	1,290		
YoY	50.9%	24.3%	39.9%	6.8%	-89.7%	-61.3%		
Karaoke and other	910	880	1,130	1,080	10	160		
YoY	46.8%	18.9%	28.4%	4.9%	-98.9%	-81.8%		

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.

1H FY03/21 results

- ▷ Sales: JPY23.3bn (-56.3% YoY)
- ▷ Operating loss: JPY14.3bn (operating profit of JPY5.8bn in 1H FY03/20)
- ▷ Recurring loss: JPY14.2bn (recurring profit of JPY5.7bn in 1H FY03/20)
- ▷ Net loss*: JPY11.2bn (net income of JPY3.7bn in 1H FY03/20)

*Net income/loss attributable to owners of the parent

In Japan, Round One temporarily closed all 103 stores from early April 2020, but once the Japanese government lifted its state of emergency declaration and eased its request for store closings, the company reopened all domestic stores in early June after implementing thorough measures to prevent the spread of COVID-19. Further, the company continued its ROUND1 LIVE

campaigns, and from mid-September it implemented “Student Gekiwari” (deep discount) and “Elementary and Junior High Gekiwari” campaigns allowing students to use bowling, SPO-CHA, or Karaoke facilities for JPY990 each.

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. As of November 2020, 29 of its 43 stores are operational, while 14 remain temporarily closed.

In Japan, with no openings or closures, the total store count was 103 at end-1H FY03/21 (versus 103 stores total at end-FY03/20). In the US, the company opened its Towne East Square store (Kansas), and Potomac Mills store (Virginia) for a total store count of 43 at end-1H FY03/21 (versus 41 stores at end-FY03/20).

Japan

- ▷ Sales: JPY21.3bn (-51.1% YoY)
- ▷ Segment loss (recurring loss): JPY8.9bn (segment profit of JPY5.3bn in 1H FY03/20)

The company ran “Rou-Challe” (Round Challenge), “Battle Bowling Battle Karaoke,” and other campaigns on its ROUND1 LIVE platform, and had fan events. Further, it introduced the latest medal game machine “Gyo-Turn! Gappori Sushi Extreme” and in mid-September implemented “Student Gekiwari” (deep discount) and “Elementary and Junior High Gekiwari” campaigns allowing students to use Bowling, SPO-CHA, or Karaoke facilities for JPY990 each.

The breakdown of sales by service was as follows:

- ▷ Bowling: JPY5.0bn (-53.2% YoY; -52.8% YoY at existing stores)
- ▷ Amusement: JPY11.3bn (-44.6% YoY; -44.4% YoY at existing stores)
- ▷ Karaoke: JPY1.5bn (-61.2% YoY; -60.9% YoY at existing stores)
- ▷ SPO-CHA: JPY2.3bn (-66.5% YoY; -66.5% YoY at existing stores)

US

- ▷ Sales: JPY2.0bn (-79.3% YoY)
- ▷ Segment loss (recurring loss): JPY5.0bn (segment profit of JPY423mn in 1H FY03/20)

Round One opened two stores to strengthen its US operations. Of its 43 US stores, 29 are operating under government restrictions such as operating hours in place at respective state and county levels, while 14 remain temporarily closed.

The breakdown of sales by service was as follows:

- ▷ Bowling: JPY200mn (-84.3% YoY)
- ▷ Amusement: JPY1.6bn (-75.4% YoY)
- ▷ Karaoke and other: JPY170mn (-90.5% YoY)

Financial condition

As of end-September, 2020, the company had JPY24.1bn in cash and deposits and JPY8.7bn in guarantee deposits. In addition, it raised funds of JPY20.8bn mainly from its main banks during the September–October period. Further, the company plans to procure an additional JPY18.0bn before December. Adding the total value of financing facility of JPY16.0bn secured through committed credit line agreements it had entered with various banks in May 2020, the company, in effect, has access to approximately JPY83.0bn of funds.

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, and the company believes it has secured necessary cash on hand for the foreseeable future.

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

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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