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On **February 8, 2019**, Round One Corporation announced earnings results for Q3 FY03/19

Cumulative (JPYmm)	FY03/18				FY03/19				FY03/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	21,379	46,241	68,732	95,910	22,404	48,869	71,896		70.9%	101,400
YoY	5.4%	8.4%	9.8%	9.3%	4.8%	5.7%	4.6%			5.7%
Gross profit	1,531	5,395	6,903	12,842	1,861	6,131	7,466			
YoY	33.8%	43.1%	63.0%	43.7%	21.6%	13.6%	8.2%			
GPM	7.2%	11.7%	10.0%	13.4%	8.3%	12.5%	10.4%			
SG&A expenses	556	1,125	1,653	2,304	662	1,471	2,212			
YoY	8.6%	4.6%	-0.6%	2.3%	19.1%	30.8%	33.8%			
SG&A ratio	2.6%	2.4%	2.4%	2.4%	3.0%	3.0%	3.1%			
Operating profit	975	4,269	5,250	10,537	1,199	4,660	5,254		45.5%	11,550
YoY	54.3%	58.5%	104.0%	57.7%	23.0%	9.2%	0.1%			9.6%
OPM	4.6%	9.2%	7.6%	11.0%	5.4%	9.5%	7.3%			11.4%
Recurring profit	881	4,074	4,977	10,267	1,133	4,511	5,040		45.8%	11,000
YoY	412.2%	97.5%	169.0%	75.3%	28.6%	10.7%	1.3%			7.1%
RPM	4.1%	8.8%	7.2%	10.7%	5.1%	9.2%	7.0%			10.8%
Net income	355	2,456	3,039	8,411	781	3,001	3,278		51.9%	6,320
YoY	-	154.0%	422.2%	207.5%	120.0%	22.2%	7.9%			-24.9%
Net margin	1.7%	5.3%	4.4%	8.8%	3.5%	6.1%	4.6%			6.2%

Quarterly (JPYmm)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	21,379	24,862	22,491	27,178	22,404	26,465	23,027	
YoY	5.4%	11.1%	12.7%	8.0%	4.8%	6.4%	2.4%	
Gross profit	1,531	3,864	1,508	5,939	1,861	4,270	1,335	
YoY	33.8%	47.1%	223.6%	26.4%	21.6%	10.5%	-11.5%	
GPM	7.2%	15.5%	6.7%	21.9%	8.3%	16.1%	5.8%	
SG&A expenses	556	569	528	651	662	809	741	
YoY	8.6%	0.9%	-10.1%	10.3%	19.1%	42.2%	40.3%	
SG&A ratio	2.6%	2.3%	2.3%	2.4%	3.0%	3.1%	3.2%	
Operating profit	975	3,294	981	5,287	1,199	3,461	594	
YoY	54.3%	59.7%	-	28.7%	23.0%	5.1%	-39.4%	
OPM	4.6%	13.2%	4.4%	19.5%	5.4%	13.1%	2.6%	
Recurring profit	881	3,193	903	5,290	1,133	3,378	529	
YoY	412.2%	68.9%	-	32.0%	28.6%	5.8%	-41.4%	
RPM	4.1%	12.8%	4.0%	19.5%	5.1%	12.8%	2.3%	
Net income	355	2,101	583	5,372	781	2,220	277	
YoY	-	96.9%	-	149.5%	120.0%	5.7%	-52.5%	
Net margin	1.7%	8.5%	2.6%	19.8%	3.5%	8.4%	1.2%	

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 (JPYmm)	FY03/18			FY03/19		
	Q1	Q2	Q3	Q1	Q2	Q3
Sales	21,379	46,241	68,732	22,404	48,869	71,896
YoY	5.4%	8.4%	9.8%	4.8%	5.7%	4.6%
Japan	18,988	41,139	60,791	19,131	41,645	60,801
YoY	-	-	-	0.8%	1.2%	0.0%
US	2,391	5,102	7,940	3,272	7,223	11,094
YoY	-	-	-	36.8%	41.6%	39.7%
Recurring profit	881	4,074	4,977	1,133	4,511	5,040
YoY	412.2%	97.5%	169.0%	28.6%	10.7%	1.3%
Japan	751	3,781	4,736	1,043	4,054	4,517
YoY	-	-	-	38.9%	7.2%	-4.6%
RPM	3.5%	8.2%	6.9%	4.7%	8.3%	6.3%
US	129	292	241	89	457	522
YoY	-	-	-	-31.0%	56.5%	116.6%
RPM	0.6%	0.6%	0.4%	0.4%	0.9%	0.7%
Quarterly (JPYmm)	FY03/18			FY03/19		
	Q1	Q2	Q3	Q1	Q2	Q3
Sales	21,379	24,862	22,491	22,404	26,465	23,027
YoY	5.4%	11.1%	12.7%	4.8%	6.4%	2.4%
Japan	18,988	22,151	19,652	19,131	22,514	19,156
YoY	-	-	-	0.8%	1.6%	-2.5%
US	2,391	2,711	2,838	3,272	3,951	3,871
YoY	-	-	-	36.8%	45.7%	36.4%
Recurring profit	881	3,193	903	1,133	3,378	529
YoY	412.2%	68.9%	-523.9%	28.6%	5.8%	-41.4%
Japan	751	3,030	955	1,043	3,011	463
YoY	-	-	-	38.9%	-0.6%	-51.5%
RPM	3.5%	12.2%	4.2%	4.7%	11.4%	2.0%
US	129	163	-51	89	368	65
YoY	-	-	-	-31.0%	125.8%	-
RPM	5.4%	6.0%	-	2.7%	9.3%	1.7%

Source: Shared Research based on company data

Note: In March 2018 the company changed the way it divides its business into segments, deciding to divide the former combined Amusement segment into two segments (Japan and US). For the purpose of YoY comparison, figures from the previous fiscal year have been adjusted based on the new segmentation.

Number of stores

	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Store count (quarter end)	122	125	127	129	128	131	133	
YoY	-0.8%	4.2%	5.0%	5.7%	4.9%	4.8%	4.7%	
Domestic	107	108	108	108	105	106	105	
YoY	-5.3%	-0.9%	-0.9%	0.9%	-1.9%	-1.9%	-2.8%	
US	15	17	19	21	23	25	28	
YoY	50.0%	54.5%	58.3%	40.0%	53.3%	47.1%	47.4%	

Source: Shared Research based on company data

Sales breakdown

Cumulative (JPYmn)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Domestic	18,985	41,136	60,780	84,324	19,131	41,645	60,801	
YoY	0.8%	3.8%	5.1%	4.7%	0.8%	1.2%	0.0%	
Bowling	5,127	10,755	15,841	22,724	5,052	10,605	15,470	
YoY	0.6%	3.6%	4.7%	4.9%	-1.5%	-1.4%	-2.3%	
Amusement	8,481	18,763	27,963	37,701	8,602	19,132	28,398	
YoY	-0.2%	3.8%	5.7%	5.0%	1.4%	2.0%	1.6%	
Karaoke	1,720	3,743	5,610	7,709	1,743	3,778	5,539	
YoY	-6.5%	-3.0%	-1.3%	-0.3%	1.3%	0.9%	-1.3%	
SPO-CHA	2,951	6,414	9,213	13,289	3,030	6,679	9,254	
YoY	10.4%	9.9%	9.9%	8.3%	2.7%	4.1%	0.4%	
Other	704	1,458	2,152	2,899	698	1,445	2,129	
YoY	-3.3%	-1.2%	-0.2%	-0.8%	-0.9%	-0.9%	-1.1%	
US	2,390	5,100	7,930	11,560	3,272	7,223	11,094	
YoY	64.8%	67.8%	65.6%	59.4%	36.9%	41.6%	39.9%	
Bowling	390	820	1,260	1,780	460	990	1,490	
YoY	50.0%	57.7%	55.6%	45.9%	17.9%	20.7%	18.3%	
Amusement	1,540	3,360	5,180	7,620	2,180	4,860	7,340	
YoY	69.2%	72.3%	69.8%	64.9%	41.6%	44.6%	41.7%	
Karaoke and other	440	910	1,460	2,120	620	1,360	2,240	
YoY	63.0%	62.5%	62.2%	52.5%	40.9%	49.5%	53.4%	

Quarterly (JPYmn)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Domestic	18,985	22,151	19,644	23,544	19,131	22,514	19,156	
YoY	0.8%	6.5%	8.0%	3.7%	0.8%	1.6%	-2.5%	
Bowling	5,127	5,628	5,086	6,883	5,052	5,553	4,865	
YoY	0.6%	6.5%	7.0%	5.3%	-1.5%	-1.3%	-4.3%	
Amusement	8,481	10,282	9,200	9,738	8,602	10,530	9,266	
YoY	-0.2%	7.4%	9.7%	3.1%	1.4%	2.4%	0.7%	
Karaoke	1,720	2,023	1,867	2,099	1,743	2,035	1,761	
YoY	-6.5%	0.1%	2.3%	2.4%	1.3%	0.6%	-5.7%	
SPO-CHA	2,951	3,463	2,799	4,076	3,030	3,649	2,575	
YoY	10.4%	9.5%	10.0%	4.7%	2.7%	5.4%	-8.0%	
Other	704	754	694	747	698	747	684	
YoY	-3.3%	0.8%	2.1%	-2.6%	-0.9%	-0.9%	-1.4%	
US	2,390	2,710	2,830	3,630	3,272	3,951	3,871	
YoY	64.8%	71.5%	61.7%	48.8%	36.9%	45.8%	36.8%	
Bowling	390	420	440	520	460	530	500	
YoY	50.0%	61.5%	51.7%	33.3%	17.9%	26.2%	13.6%	
Amusement	1,540	1,810	1,820	2,440	2,180	2,680	2,480	
YoY	69.2%	75.7%	65.5%	56.4%	41.6%	48.1%	36.3%	
Karaoke and other	440	470	550	660	620	740	880	
YoY	63.0%	67.9%	61.8%	40.4%	40.9%	57.4%	60.0%	

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)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average hourly wage	1,007	1,012	1,025	1,019	1,025	1,036		
YoY	2.4%	2.5%	2.4%	2.2%	1.9%	2.3%		

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.

Q3 FY03/19 results

Earnings overview

▷ Sales:	JPY71.9bn (+4.6% YoY)
▷ Operating profit:	JPY5.3bn (+0.1% YoY)
▷ Recurring profit:	JPY5.0bn (+1.3% YoY)
▷ Net income*:	JPY3.3bn (+7.9% YoY)

*Net income is net income attributable to parent company shareholders.

In Japan, the company began rolling out leading-edge equipment in its bowling areas and karaoke rooms, and installed new machines for its amusement facilities. It also continued implementing its 1,000-yen cash back campaign, a campaign allowing free entry to elementary and junior high-school students, and Cheers at Round One! (selling alcoholic beverages for JPY100). In the US, Round One continued All Inclusive Party plan (unlimited gaming and food), Kids BOGO, and selling beer at USD1.99 and ice-cream at USD0.99, working to cultivate a future fan base and acquire a wide range of customers.

Round One opened one store in Japan and closed four, bringing the total number of stores to 105 (versus 108 stores total as of end-FY03/18). The company opened nine stores in the US, taking the total number of US stores to 28 (vs. 21 stores total as of end-FY03/18).

In Q1 FY03/19 the company changed the way it divides its business into segments, deciding to divide the former combined Amusement segment into two segments (Japan and US). For the purpose of YoY comparison, figures from the previous fiscal year have been adjusted based on the new segmentation.

The breakdown by segment is as follows.

Japan

Sales were JPY60.8bn (flat YoY), and segment profit (recurring profit) was JPY4.5bn (-4.6% YoY).

In addition to continually implementing the 1000-yen cash back campaign, free entry campaign for elementary and junior high school students, and Cheers at Round One!, the company introduced new arcade game machines Mobile Suit Gundam: Extreme Vs. and Starwing Paradox for its amusement service at all stores.

The breakdown of sales by service was as follows:

- ▷ Bowling: JPY15.5bn (-2.3% YoY; -1.8% YoY at existing stores)
- ▷ Amusement: JPY28.4bn (+1.6% YoY; +1.6% YoY at existing stores)
- ▷ Karaoke: JPY5.5bn (-1.3% YoY; -1.6% YoY at existing stores)
- ▷ SPO-CHA: JPY9.3bn (+0.4% YoY; -1.1% YoY at existing stores)

US

Sales were JPY11.1bn (+39.9% YoY), and segment profit (recurring profit) was JPY522mn (+116.6% YoY).

The company opened three new stores in Q3 (October–December 2018) in order to expand its operating base. The company continued with the All Inclusive Party plan (offering unlimited gaming and food), Kids BOGO (where one kids club member can bowl one game for free when accompanied by an adult), and selling beer at USD1.99 and ice cream at USD0.99.

The breakdown of sales by service was as follows:

- ▷ Bowling: JP1.5bn (+18.3% YoY)
- ▷ Amusement: JPY7.3bn (+41.7% YoY)
- ▷ Karaoke and Other: JPY2.2bn (+53.4% YoY)

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

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