

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 April 14, 2021, TKP Corporation announced earnings results for full-year FY02/21.

	FY02/20		FY02/21		FY02/20		FY02/21		FY02/20		FY02/21	
	Cumulative (JPYmn)	Q4 cons.	Q4 cons.	Q4 TKP par.	Q4 TKP par.	Q4 Regus Japan	Q4 Regus Japan	Q4 Regus Taiwan	Q4 Regus Taiwan	Q4 Regus Taiwan	Q4 Regus Taiwan	
Sales	54,343	43,138	41,194	24,721	12,843	17,298	305	1,118				
YoY	53.0%	-20.6%	16.0%	-40.0%	-	34.7%	-	-				
Gross profit	20,722	11,210	16,353	5,849	4,335	5,296	32	65				
YoY	51.0%	-45.9%	19.2%	-64.2%	-	22.2%	-	-				
GPM	38.1%	26.0%	39.7%	23.7%	33.8%	30.6%	10.5%	5.8%				
SG&A expenses	14,404	13,708	10,560	8,075	3,791	5,136	122	496				
YoY	52.7%	-4.8%	11.9%	-23.5%	-	35.5%	-	-				
SG&A ratio	26.5%	31.8%	25.6%	32.7%	29.5%	29.7%	40.0%	44.4%				
EBITDA	10,132	3,073	7,198	-722	2,809	3,255	124	540				
YoY	95.6%	-69.7%	39.0%	-	-	15.9%	-	-				
EBITDA margin	18.6%	7.1%	17.5%	-2.9%	21.9%	-	40.7%	48.3%				
Operating profit	6,317	-2,497	5,793	-2,226	543	160	-89	-431				
YoY	47.3%	-	35.1%	-	-	-70.5%	-	-				
OPM	11.6%	-	14.1%	-	4.2%	0.9%	-	-				
Recurring profit	4,752	-2,321	-	-	-	-	-	-				
YoY	17.2%	-	-	-	-	-	-	-				
RPM	8.7%	-	-	-	-	-	-	-				
Net income	1,739	-3,503	-	-	-	-	-	-				
YoY	-8.1%	-	-	-	-	-	-	-				
Net margin	3.2%	-	-	-	-	-	-	-				

	FY02/20		FY02/21		FY02/20		FY02/21		FY02/20		FY02/21	
	Quarterly (JPYmn)	Q4 cons.	Q4 cons.	Q4 TKP par.	Q4 TKP par.	Q4 Regus Japan	Q4 Regus Japan	Q4 Regus Taiwan	Q4 Regus Taiwan	Q4 Regus Taiwan	Q4 Regus Taiwan	
Sales	14,669	10,906	9,991	6,456	4,372	4,173	305	277				
YoY	65.5%	-25.7%	12.8%	-35.4%	-	-4.6%	-	-9.2%				
Gross profit	5,429	2,814	3,810	1,767	1,585	1,011	32	37				
YoY	64.0%	-48.2%	15.1%	-53.6%	-	-36.2%	-	15.6%				
GPM	37.0%	25.8%	38.1%	27.4%	36.3%	24.2%	10.8%	13.4%				
SG&A expenses	3,952	3,393	2,660	1,939	1,159	1,325	132	129				
YoY	57.1%	-14.1%	5.8%	-27.1%	-	14.3%	-	-2.3%				
SG&A ratio	26.9%	31.1%	26.6%	30.0%	26.5%	31.8%	43.3%	46.6%				
EBITDA	2,856	828	1,504	199	1,227	477	124	152				
YoY	165.4%	-71.0%	39.8%	-86.8%	-	-61.1%	-	22.6%				
EBITDA margin	19.5%	7.6%	15.1%	3.1%	28.1%	11.4%	40.7%	54.9%				
Operating profit	1,476	-578	1,150	-173	425	-313	-99	-92				
YoY	85.4%	-	44.5%	-	-	-	-	-				
OPM	10.1%	-	11.5%	-	9.7%	-	-	-				
Recurring profit	1,490	-207	-	-	-	-	-	-				
YoY	96.6%	-	-	-	-	-	-	-				
RPM	10.2%	-	-	-	-	-	-	-				
Net income	494	-647	-	-	-	-	-	-				
YoY	-38.1%	-	-	-	-	-	-	-				
Net margin	3.4%	-	-	-	-	-	-	-				

Source: Shared Research based on company data

Full-year FY02/21 results

Overview

- ▷ Sales: JPY43.1bn (-20.6% YoY) (Forecast range: JPY42.2–43.8bn)
- ▷ EBITDA: JPY3.1bn (-69.7% YoY) (Forecast range: JPY2.3–3.6bn)
- ▷ Operating loss: JPY2.5bn (versus profit of JPY6.3bn in FY02/20) (Forecast range: Loss of JPY2.0–3.2bn)
- ▷ Recurring loss: JPY2.3bn (versus profit of JPY4.8bn) (Forecast range: Loss of JPY2.0–3.2bn)
- ▷ Net loss*: JPY3.5bn (versus net income of JPY1.7bn) (Forecast range: Loss of JPY2.9–3.7bn)

*Net income/loss attributable to owners of the parent

FY02/21 marked the company's first YoY sales decline and operating loss since its founding. In response to the worldwide COVID-19 pandemic, there has been a growing movement to refrain from holding events in Japan since the beginning of FY02/21. Since the autumn as well, due to the third wave of COVID-19 and the second state of emergency declaration, physical activities such as movement and meetings continued to be refrained from. The use of the banquet halls for the purpose of social gatherings including dining and drinking was withheld, and demand for accommodation and food and beverage services fell sharply.

Main TKP group

The main TKP group reported FY02/21 sales of JPY24.7bn (-40.0% YoY), a gross profit of JPY5.8bn (-64.2% YoY), EBITDA of -JPY722mn (versus positive JPY3.1bn in FY02/20), and an operating loss of JPY2.2bn (versus profit of JPY5.8bn). For Q4 on a standalone basis, the main TKP group reported an operating loss of JPY173mn. The impact of the third wave of COVID-19 and the state of emergency was significant. The preceding Q3 had marked the return to profitability for the first time in three quarters.

Sales per tsubo (about 3.3sqm), which is a KPI, decreased significantly YoY due to the impact COVID-19 (average for Q4 FY02/20: JPY38,358/tsubo, average for Q4 FY02/21: JPY25,032 yen/tsubo). Still, sales per tsubo is back on a recovery trend as high-margin transactions such as the use of meeting rooms for online streaming and as examination halls have surfaced.

Regus Japan

The company's Regus Japan business reported FY02/21 sales of JPY17.3bn, a gross profit of JPY5.3bn, EBITDA of JPY3.3bn, and an operating profit of JPY160mn—finishing in the black even after booking goodwill amortization. Q4 marked the first operating loss (of JPY313mn) since the Regus acquisition. Many contracts with customers moving into Regus are 12 to 18-month contracts, meaning it was not substantially affected by COVID-19, and business generally did well.

Occupancy rate, the company's main KPI, has been on the decline due to the opening of new locations and cancellations by major customers, but nevertheless bottomed at 66.4% in December 2020, and climbed to 67.4% in February 2021.

Regus Taiwan

Regus Taiwan reported FY02/21 sales of JPY1.1bn, a gross profit of JPY65mn, EBITDA of JPY540mn, and an operating loss of JPY431mn—finishing in the red at the operating profit level due mainly to goodwill amortization.

Company forecast

Company forecast for FY02/22

(JPYmn)	FY02/19			FY02/20			FY02/21			FY02/22
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
Sales	17,610	17,913	35,523	24,272	30,071	54,343	20,544	22,594	43,138	48,000
YoY	25.9%	21.8%	23.8%	37.8%	67.9%	53.0%	-15.4%	-24.9%	-20.6%	11.3%
EBITDA	2,955	2,225	5,180	4,858	5,274	10,132	729	2,344	3,073	5,800
YoY	-	-	-	64.4%	137.0%	95.6%	-85.0%	-55.6%	-69.7%	88.7%
Operating profit	2,583	1,706	4,289	3,504	2,813	6,317	-2,013	-484	-2,497	700
YoY	12.4%	48.2%	24.4%	35.7%	64.9%	47.3%	-157.4%	-117.2%	-139.5%	-
OPM	14.7%	9.5%	12.1%	14.4%	9.4%	11.6%	-	-	-	1.5%
Recurring profit	2,450	1,603	4,053	2,167	2,585	4,752	-2,119	-202	-2,321	100
YoY	15.8%	47.9%	26.7%	-11.6%	61.3%	17.2%	-197.8%	-107.8%	-148.8%	-
RPM	13.9%	8.9%	11.4%	8.9%	8.6%	8.7%	-	-	-	0.2%
Net income	596	1,297	1,893	723	1,016	1,739	-2,403	-1,100	-3,503	-
YoY	-61.6%	150.9%	-8.6%	21.3%	-21.7%	-8.1%	-432.4%	-208.3%	-301.4%	-
Net margin	3.4%	7.2%	5.3%	3.0%	3.4%	3.2%	-	-	-	-

Source: Shared Research based on company data

The company's FY02/22 earnings forecasts are sales of JPY48.0bn (+11.3% YoY), operating profit of JPY700mn (vs. an operating loss of JPY2.5bn in FY02/21), EBITDA of JPY5.8bn (+88.7% YoY), recurring profit of JPY100mn (vs. an recurring loss of JPY2.3bn), and net income attributable to owners of the parent undetermined (vs. net loss of JPY3.5bn). The company is considering restructuring its subsidiaries in FY02/22, and plans to announce its forecast for net income after rationally estimating the impact of restructuring on tax costs.

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 <https://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 from us that could influence investment decisions in the company, such an 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