

Financial Highlights for the 3rd Quarter Cumulative of Fiscal 2020
(Apr. 1, 2020– Dec. 31, 2020) <under Japanese GAAP>
DAIBIRU CORPORATION

(Unaudited Translation of 'Kessan Tanshin,' Provided for Reference Only)

January 29, 2021

Name of the Company: DAIBIRU CORPORATION
 Listing of Stock: First Section of Tokyo Stock Exchange
 Securities Code: 8806
 URL: <https://www.daibiru.co.jp/english/>
 Representative: Toshiyuki Sonobe Representative Director, President Chief Executive Officer
 Inquiries: Kenichi Sekiguchi Executive Officer, General Manager of the Finance & Accounting Department
 Scheduled Date of Quarterly Report: Feb. 12, 2021
 Scheduled Date of Commencing Dividend Payments: -
 Availability of Supplementary Briefing Material on Quarterly Financial Results: No
 Schedule of Analyst Meeting: No

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 3Q Fiscal 2020 (Apr. 1, 2020 to Dec. 31, 2020)

(1) Consolidated Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q Fiscal 2020	32,206	1.7	9,626	7.9	9,465	10.4	6,896	13.2
3Q Fiscal 2019	31,657	4.3	8,922	15.4	8,575	12.3	6,091	14.8

(Note) Comprehensive income: 3Q Fiscal 2020: ¥ 11,051 million [71.5%]
 3Q Fiscal 2019: ¥ 6,445 million [70.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q Fiscal 2020	59.61	-
3Q Fiscal 2019	52.23	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
3Q Fiscal 2020	386,634	164,207	42.0
Fiscal 2019	383,426	157,827	40.7

(Reference) Equity: 3Q Fiscal 2020: ¥ 162,272 million
 Fiscal 2019: ¥ 155,952 million

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	-	10.50	-	10.50	21.00
Fiscal 2020	-	10.50	-		
Fiscal 2020(Forecast)				10.50	21.00

(Note) Revisions to dividend forecast of the fiscal year ending March 31, 2021: No

3. Forecast of Consolidated Financial Results for Fiscal 2020 (Apr. 1, 2020 to Mar. 31, 2021)

(% indicates changes from the previous corresponding period.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal 2020	42,500	(0.7)	11,000	(4.9)	10,500	(3.3)	7,500	(5.5)	64.96

(Note) Revisions to forecast of consolidated financial results for fiscal 2020 during this quarter: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: - (Company name: -)
Exclusion: - (Company name: -)

(2) Adoption of the simplified accounting method and special accounting practices in the preparation of consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

3Q Fiscal 2020: 116,851,049 shares

Fiscal 2019: 116,851,049 shares

2) Total number of treasury shares at the end of the period:

3Q Fiscal 2020: 2,195,469 shares

Fiscal 2019: 224,775 shares

3) Average number of shares during the period:

3Q Fiscal 2020: 115,700,561 shares

3Q Fiscal 2019: 116,626,590 shares

* Financial results are not subject to auditing.

* Explanation of the Proper Use of Performance Forecast and Other Notes

Information described in this document, such as projections, was prepared based on available information at the time of the release of this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors. For the notes regarding the assumed conditions for the financial result forecast and the usage of the forecast, please refer to “(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Results” on page 3 of Attached Reference.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation on Results of Operations

In the nine months ended December 31, 2020, the Japanese economy was in an extremely difficult situation, as many corporate activities and consumer spending shrank due mainly to the global spread of the novel coronavirus infection (COVID-19) and the state of emergency declaration announced by the government in April. Although the declaration was lifted at the end of May, due to the second wave of infections, restaurants and cafes, etc. were requested to shorten business hours in the summer. After that, the number of the positive cases decreased again in September, and the requests for activity restraints were gradually eased or lifted. However, the number of the positive cases turned upward again from the end of October, and the requests for activity restraints were getting stronger. Today, the difficult situation due to the third wave of infections is continuing.

For the office leasing segment, vacancy rates of office buildings in the central business districts (CBD) of Tokyo and Osaka saw a modest increase, while rent rates remained almost flat. During this period, under the “New Lifestyle” compiled by the government, new ways of working, such as teleworking and online meetings, have spread rapidly, and the market is showing signs of reversing the tight supply-demand balance.

Amid such environment, the Daibiru Group offered tenant services from a customer’s perspective by promoting activities that improve building management quality and implementing finely tuned measures including countermeasures against COVID-19 in an effort to differentiate Daibiru properties from competitors’ buildings. The Group also sought to increase operating revenue by maintaining high occupancy rates while optimizing rent rates. On the other hand, the Group has deferred or reduced rents for some commercial tenants whose business activities were significantly affected by COVID-19.

Under the medium-term management plan “Design 100” Project Phase-II, “Improvement of overseas businesses,” which is positioned as one of the priority strategies, has been steadily proceeding. The construction of “275 George Street” (15 floors above ground, 3 floors below ground, net leasable area of 7,298m²) in Sydney, the Company’s first office building in Australia was completed in December. Furthermore, for the reconstruction of the Midosuji Daibiru Building being promoted under one of the same priority strategies of “Investment to enhance the competitiveness of existing assets,” the building was completely closed in December with plans to commence demolition and new construction in future.

With regard to operating results in the nine months ended December 31, 2020, operating revenue increased ¥548 million, or 1.7%, year on year to ¥32,206 million, and operating profit increased ¥704 million, or 7.9%, to ¥9,626 million.

As for non-operating income and expenses, ordinary profit increased ¥889 million, or 10.4%, year on year to ¥9,465 million, due to a decrease in interest expenses and an increase in operating profit, although dividend income decreased.

With regard to extraordinary income and losses, for the nine months ended December 31, 2020, gain on sales of investment securities of ¥599 million was recorded under extraordinary income, and a total of ¥122 million was recorded for loss on building reconstruction and loss on retirement of non-current assets under extraordinary losses. On the other hand, in the same period of the previous fiscal year, gain on sales of investment securities of ¥409 million was recorded under extraordinary income, and a total of ¥190 million was recorded for loss on building reconstruction and loss on retirement of non-current assets under extraordinary losses.

As a result, profit attributable to owners of parent increased ¥805 million, or 13.2%, year on year to ¥6,896 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 78.4% of consolidated operating revenue in the nine months ended December 31, 2020, operating revenue increased ¥982 million, or 4.0%, year on year to ¥25,267 million due to contributions from “BiTO AKIBA,” “DAIBIRU PIVOT” and others. In terms of expenses, operating expenses increased due mainly to increases in depreciation and amortization, management commissions, fixed property tax, but operating profit increased ¥839 million, or 8.8%, year on year to ¥10,428 million.

2) Facility Management

In this segment, which accounts for 19.9% of consolidated operating revenue, operating revenue decreased ¥518 million, or 7.5%,

year on year to ¥6,393 million mainly as some properties suspended or reduced hours of business in response to the spread of COVID-19, and operating profit decreased ¥97 million, or 21.8%, year on year to ¥349 million.

3) Other Businesses

In this segment, which accounts for 1.7% of consolidated operating revenue, operating revenue increased ¥84 million, or 18.4%, year on year to ¥544 million mainly due to a increase in construction subcontracting values, but operating profit decreased ¥32 million, or 23.3%, year on year to ¥106 million.

(2) Explanation on Financial Position

Total assets at the end of the third quarter of the current fiscal year were ¥386,634 million, an increase of ¥3,208 million from the end of the previous fiscal year. Current assets increased ¥2,684 million from the end of the previous fiscal year to ¥23,719 million. This is mainly due to an increase in cash and deposits. Non-current assets increased ¥524 million from the end of the previous fiscal year to ¥362,914 million. This is mainly due to a net increase owing to a decrease in buildings and structures resulting from depreciation, etc. and an increase in investment securities associated with a rebound in stock prices.

Liabilities at the end of the third quarter of the current fiscal year were ¥222,426 million, a decrease of ¥3,171 million from the end of the previous fiscal year. Current liabilities increased ¥1,312 million from the end of the previous fiscal year to ¥32,982 million. This is mainly due to a net increase owing to a decrease in current portion of bonds payable and increases in current portion of long-term borrowings and commercial papers. Non-current liabilities decreased ¥4,484 million from the end of the previous fiscal year to ¥189,444 million. This is mainly due to a decrease in long-term borrowings. Total interest bearing debt decreased ¥2,534 million from the end of the previous fiscal year to ¥167,197 million.

Net assets at the end of the third quarter of the current fiscal year increased ¥6,380 million from the end of the previous fiscal year to ¥164,207 million. This is mainly due to increases in retained earnings and valuation difference on available-for-sale securities.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Results

With regard to the forecast for full year consolidated results, the Company had previously forecast the consolidated results while incorporating the impact of COVID-19 to some extent and the Company has adjusted the previously released forecast (announced April 30, 2020) as follows due to factors such as the limited impact on the office building business up until December 31, 2020 while expense items such as repairing expenses and general and administrative expenses have been below forecast.

Note that the forecast could change due to factors such as the situation with COVID-19. The Company shall promptly make an announcement if there is a need to revise the forecast consolidated results.

Revision of Consolidated Financial Results Forecast for Fiscal 2020 (Apr. 1, 2020 to Mar. 31, 2021)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A) (announced on Apr. 30, 2020)	42,500	10,500	10,000	7,000	60.02
Revised forecast (B)	42,500	11,000	10,500	7,500	64.96
Change (B-A)	-	500	500	500	-
Percentage change	-	4.8%	5.0%	7.1%	-
Reference: Previous year's results (Fiscal 2019)	42,817	11,561	10,858	7,932	68.02

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of Mar. 31,2020	3Q of Current Fiscal Year As of Dec. 31,2020
Assets		
Current assets		
Cash and deposits	17,975	22,055
Trade accounts receivable	990	1,203
Inventories	54	134
Other	2,027	339
Allowance for doubtful accounts	(12)	(13)
Total current assets	21,035	23,719
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,006	100,232
Land	180,626	180,687
Land in trust	31,231	31,231
Construction in progress	9,472	9,158
Other, net	359	402
Total property, plant and equipment	326,696	321,712
Intangible assets		
Goodwill	1,548	1,726
Other	11,218	10,593
Total intangible assets	12,766	12,319
Investments and other assets		
Investment securities	20,512	26,412
Deferred tax assets	376	437
Other	2,053	2,047
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	22,927	28,882
Total non-current assets	362,390	362,914
Total assets	383,426	386,634

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of Mar. 31,2020	3Q of Current Fiscal Year As of Dec. 31,2020
Liabilities		
Current liabilities		
Current portion of long-term borrowings	8,360	15,868
Current portion of bonds payable	15,000	-
Commercial papers	-	10,000
Income taxes payable	2,142	1,440
Provision for bonuses for directors (and other officers)	73	-
Provision for environmental measures	622	-
Other	5,472	5,673
Total current liabilities	31,669	32,982
Non-current liabilities		
Bonds payable	95,000	95,000
Long-term borrowings	51,372	46,329
Leasehold and guarantee deposits received	25,653	24,911
Deferred tax liabilities	6,554	8,564
Deferred tax liabilities for land revaluation	13,439	13,439
Provision for retirement benefits for directors (and other officers)	81	84
Retirement benefit liability	829	865
Other	998	248
Total non-current liabilities	193,928	189,444
Total liabilities	225,598	222,426
Net assets		
Shareholders' equity		
Share capital	12,227	12,227
Capital surplus	13,852	13,854
Retained earnings	112,239	116,700
Treasury shares	(148)	(2,385)
Total shareholders' equity	138,171	140,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,528	14,633
Deferred gains or losses on hedges	(500)	9
Revaluation reserve for land	6,779	6,779
Foreign currency translation adjustment	973	453
Total accumulated other comprehensive income	17,780	21,875
Non-controlling interests	1,874	1,935
Total net assets	157,827	164,207
Total liabilities and net assets	383,426	386,634

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen, figures are rounded down to the nearest million yen)

	3Q of Previous Fiscal Year (From Apr. 1, 2019 to Dec. 31, 2019)	3Q of Current Fiscal Year (From Apr. 1, 2020 to Dec. 31, 2020)
Operating revenue	31,657	32,206
Operating costs	19,850	19,628
Operating gross profit	11,806	12,577
Selling, general and administrative expenses	2,884	2,951
Operating profit	8,922	9,626
Non-operating income		
Interest income	49	50
Dividend income	720	646
Other	17	100
Total non-operating income	787	797
Non-operating expenses		
Interest expenses	968	847
Other	165	110
Total non-operating expenses	1,133	957
Ordinary profit	8,575	9,465
Extraordinary income		
Gain on sales of investment securities	409	599
Total extraordinary income	409	599
Extraordinary losses		
Loss on building reconstruction	183	107
Loss on retirement of non-current assets	7	15
Total extraordinary losses	190	122
Profit before income taxes	8,793	9,941
Income taxes - current	2,730	2,998
Income taxes - deferred	(87)	(13)
Total income taxes	2,642	2,985
Profit	6,151	6,956
Profit attributable to non-controlling interests	60	60
Profit attributable to owners of parent	6,091	6,896

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen, figures are rounded down to the nearest million yen)

	3Q of Previous Fiscal Year (From Apr. 1, 2019 to Dec. 31, 2019)	3Q of Current Fiscal Year (From Apr. 1, 2020 to Dec. 31, 2020)
Profit	6,151	6,956
Other comprehensive income		
Valuation difference on available-for-sale securities	1,389	4,104
Deferred gains or losses on hedges	131	510
Foreign currency translation adjustment	(1,226)	(519)
Total other comprehensive income	294	4,095
Comprehensive income	6,445	11,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,385	10,991
Comprehensive income attributable to non-controlling interests	60	60

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Changes in Scope of Consolidation or Application of Equity Method)

From the second quarter of the current fiscal year, the Daibiru Group acquired the shares of Nowatec Co., Ltd. As a result, Nowatec Co., Ltd. has been included in the scope of consolidation.

(Significant Changes in Shareholders' Equity)

Pursuant to the resolution at the meeting of the Board of Directors held on April 30, 2020, the Company repurchased 2,000,000 shares of its treasury shares. Also, pursuant to the resolution at the meeting of the Board of Directors held on June 25, 2020, the Company disposed of 29,600 shares of its treasury shares as restricted stock compensation. As a result, inclusive of an increase due to the purchase of shares less than one unit, treasury shares increased ¥2,237 million during the nine months ended December 31, 2020, and treasury shares totaled ¥2,385 million at the end of the third quarter of the current fiscal year.

(Additional Information)

The Daibiru Group makes accounting estimates including impairment of non-current assets and recoverability of deferred tax assets based on the information available at the time of preparation of the quarterly consolidated financial statements.

Accounting estimates based on the assumption that the impact of the spread of COVID-19 will continue throughout the year ending March 31, 2021 have been reflected in the accounting procedure. However, there are many uncertainties associated with the impact of the spread of COVID-19, which may affect the financial position and results of operation of the Daibiru Group from the next quarter onward.

(Segment Information)

I Previous 3Q fiscal year (Apr. 1, 2019 to Dec. 31, 2019)

1. Information on the amount of revenue and income by reportable segment

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	24,284	6,912	31,197	460	31,657	-	31,657
Intersegment	89	1,791	1,880	-	1,880	(1,880)	-
Total Sales	24,374	8,703	33,077	460	33,537	(1,880)	31,657
Segment income	9,588	446	10,034	139	10,173	(1,251)	8,922

- Notes: 1. "Other" is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
2. The adjustment was minus ¥1,251 million for segment income is mainly the corporate expense of ¥1,259 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
3. Segment income is adjusted to operating income on Quarterly Consolidated Statements of Income.

II Current 3Q fiscal year (Apr. 1, 2020 to Dec. 31, 2020)

1. Information on the amount of revenue and income by reportable segment

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	25,267	6,393	31,661	544	32,206	-	32,206
Intersegment	87	1,788	1,876	0	1,876	(1,876)	-
Total Sales	25,355	8,182	33,537	544	34,082	(1,876)	32,206
Segment income	10,428	349	10,777	106	10,884	(1,257)	9,626

- Notes: 1. "Other" is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
2. The adjustment was minus ¥1,257 million for segment income is mainly the corporate expense of ¥1,262 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
3. Segment income is adjusted to operating income on Quarterly Consolidated Statements of Income.