

Financial Highlights for the 1st Quarter Cumulative of Fiscal 2021
(Apr. 1, 2021– June 30, 2021) <under Japanese GAAP>

DAIBIRU CORPORATION

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

July 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: Aug. 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 1Q Fiscal 2021 (April 1, 2021 to June 30, 2021)

(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	%
1Q Fiscal 2021	10,518	(0.3)	3,248	(7.7)	3,325	(7.1)	2,421	(1.9)
1Q Fiscal 2020	10,547	0.5	3,520	14.9	3,581	14.5	2,468	16.5

(Note) Comprehensive income: 1Q Fiscal 2021: ¥ 3,157 million [(0.8)%]
 1Q Fiscal 2020: ¥ 3,182 million [41.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q Fiscal 2021	21.12	-
1Q Fiscal 2020	21.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2021	387,075	169,185	43.2
March 31, 2021	393,928	167,346	42.0

(Reference) Equity: As of June 30, 2021: ¥ 167,171 million
 As of March 31, 2021: ¥ 165,367 million

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	-	10.50	-	11.50	22.00
Fiscal 2021	-	-	-	-	-
Fiscal 2021 (Forecast)	-	10.50	-	10.50	21.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Forecast of Consolidated Financial Results for Fiscal 2021 (Apr. 1, 2021 to Mar. 31, 2022)

(% 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 2021	41,500	(3.3)	10,500	(13.2)	10,000	(14.3)	7,000	(17.0)	61.05

(Note) Revision to the financial results forecast announced most recently: No

* 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) Accounting policies adopted specially for the preparation of quarterly 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: Yes

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):

June 30, 2021: 115,051,049 shares

March 31, 2021: 115,051,049 shares

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

June 30, 2021: 397,328 shares

March 31, 2021: 397,284 shares

3) Average number of shares during the period:

1Q Fiscal 2021: 114,653,732 shares

1Q Fiscal 2020: 116,425,934 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 three months ended June 30, 2021, the Japanese economy saw many corporate activities and consumption trends impacted, and any recovery coming to a standstill by the continued spread of novel coronavirus infection (COVID-19). With the implementation of measures to prevent the spread of COVID-19 and the promotion of vaccinations, the various political measures brought about some positive effects and the global economy improved. However, while recovery was anticipated, the prospects of the economy remained uncertain as it was still not possible to predict when COVID-19 would be contained.

For the office leasing segment, in response to COVID-19, the popularization of new ways of working, such as teleworking and online meetings, has continued, and momentum has grown for companies to review their use of offices. Vacancy rates of office buildings in the central business districts (CBD) of Tokyo and Osaka increased, and rent rates are trending weaker.

Amid such an environment, putting customers' safety and health first, the Daibiru Group continued to promote activities that improve building management quality while implementing finely-tuned measures including countermeasures against COVID-19, in an effort to differentiate Daibiru properties from competitors' buildings. By offering tenant services from a customer's perspective, the Group also sought to increase operating revenue by maintaining high occupancy rates while optimizing rent rates. On the other hand, the Group continued to defer or reduce rents for some commercial tenants whose business activities were significantly affected by COVID-19.

With regard to operating results in the three months ended June 30, 2021, operating revenue decreased ¥29 million, or 0.3% year on year to ¥10,518 million, and operating profit decreased ¥272 million, or 7.7%, year on year to ¥3,248 million.

As for non-operating income and expenses, ordinary profit decreased ¥255 million, or 7.1%, year on year to ¥3,325 million, due to a decrease in operating profit, despite a decrease in interest expenses.

With regard to extraordinary income and losses, for the three months ended June 30, 2021, gain on sales of investment securities of ¥280 million was recorded under extraordinary income, and ¥73 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, loss on building reconstruction of ¥22 million was recorded under extraordinary income and losses.

As a result, profit attributable to owners of parent decreased ¥46 million, or 1.9%, year on year to ¥2,421 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 77.9% of consolidated operating revenue in the three months ended June 30, 2021, operating revenue decreased ¥286 million, or 3.4%, year on year to ¥8,192 million due mainly to decreased revenue attributable to reconstructed buildings. In terms of expenses, operating expenses increased due primarily to increases in repair expenses and management commissions, and operating profit decreased ¥300 million, or 7.9%, year on year to ¥3,489 million. While operating revenue decreased ¥49 million as a result of the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc., this had no impact on operating profit.

2) Facility Management

In this segment, which accounts for 19.2% of consolidated operating revenue, operating revenue increased ¥25 million, or 1.3%, year on year to ¥2,021 million due to contributions mainly from Nowatec Co., Ltd., which became a subsidiary in the previous fiscal year, and operating profit increased ¥37 million, or 31.1%, year on year to ¥156 million. While operating revenue decreased ¥33 million as a result of the application of the Revenue Recognition Accounting Standard, this had no impact on operating profit.

3) Other Businesses

In this segment, which accounts for 2.9% of consolidated operating revenue, operating revenue increased ¥232 million, or 325.1%, year on year to ¥304 million due mainly to an increase in construction subcontracting values, and operating profit increased ¥12 million, or 48.7%, year on year to ¥38 million.

(2) Explanation on Financial Position

Total assets at the end of the first quarter of the current fiscal year were ¥387,075 million, a decrease of ¥6,852 million from the end of the previous fiscal year. Current assets decreased ¥6,116 million from the end of the previous fiscal year to ¥15,727 million. This was mainly due to a decrease in cash and deposits. Non-current assets decreased ¥736 million from the end of the previous fiscal year to ¥371,347 million. This was mainly due to decreases in buildings and structures resulting from depreciation, etc. and in investment securities associated with falls in stock prices.

Liabilities at the end of the first quarter of the current fiscal year were ¥217,889 million, a decrease of ¥8,692 million from the end of the previous fiscal year. Current liabilities decreased ¥2,147 million from the end of the previous fiscal year to ¥25,478 million. This was mainly due to a net decrease primarily resulting from decreases in current portion of long-term borrowings and income taxes payable and an increase in current portion of bonds payable. Non-current liabilities decreased ¥6,544 million from the end of the previous fiscal year to ¥192,411 million. This was mainly due to a decrease in bonds payable. Total interest bearing debt decreased ¥5,894 million from the end of the previous fiscal year to ¥160,513 million.

Net assets at the end of the first quarter of the current fiscal year increased ¥1,839 million from the end of the previous fiscal year to ¥169,185 million. This was mainly due to a net increase primarily resulting from increases in retained earnings and foreign currency translation adjustment and a decrease in valuation difference on available-for-sale securities.

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

Figures announced on April 30, 2021 have not been revised.

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 March 31,2021	1Q of Current Fiscal Year As of June 30,2021
Assets		
Current assets		
Cash and deposits	18,752	13,333
Trade accounts receivable	1,257	1,189
Inventories	82	72
Other	1,766	1,138
Allowance for doubtful accounts	(13)	(5)
Total current assets	21,844	15,727
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,356	104,451
Land	191,623	192,946
Land in trust	31,231	31,231
Construction in progress	575	603
Other, net	606	606
Total property, plant and equipment	329,394	329,840
Intangible assets		
Goodwill	1,653	1,693
Other	10,400	10,992
Total intangible assets	12,054	12,686
Investments and other assets		
Investment securities	27,834	25,896
Deferred tax assets	611	630
Other	2,204	2,309
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	30,634	28,820
Total non-current assets	372,083	371,347
Total assets	393,928	387,075

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

	Previous Fiscal Year As of March 31,2021	1Q of Current Fiscal Year As of June 30,2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	15,718	10,738
Current portion of bonds payable	-	5,000
Income taxes payable	2,171	1,161
Provision for bonuses for directors (and other officers)	67	-
Other	9,668	8,578
Total current liabilities	27,625	25,478
Non-current liabilities		
Bonds payable	95,000	90,000
Long-term borrowings	55,690	54,775
Leasehold and guarantee deposits received	24,699	24,606
Deferred tax liabilities	8,925	8,494
Deferred tax liabilities for land revaluation	13,439	13,439
Provision for retirement benefits for directors (and other officers)	90	54
Retirement benefit liability	876	888
Other	235	151
Total non-current liabilities	198,956	192,411
Total liabilities	226,581	217,889
Net assets		
Shareholders' equity		
Share capital	12,227	12,227
Capital surplus	13,850	13,850
Retained earnings	116,290	117,393
Treasury shares	(431)	(431)
Total shareholders' equity	141,937	143,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,641	14,302
Deferred gains or losses on hedges	12	16
Revaluation reserve for land	6,779	6,779
Foreign currency translation adjustment	995	3,032
Total accumulated other comprehensive income	23,429	24,131
Non-controlling interests	1,979	2,013
Total net assets	167,346	169,185
Total liabilities and net assets	393,928	387,075

(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)

	1Q of Previous Fiscal Year (From Apr. 1, 2020 to June 30, 2020)	1Q of Current Fiscal Year (From Apr. 1, 2021 to June 30, 2021)
Operating revenue	10,547	10,518
Operating costs	6,070	6,233
Operating gross profit	4,477	4,285
Selling, general and administrative expenses	956	1,036
Operating profit	3,520	3,248
Non-operating income		
Interest income	19	14
Dividend income	342	329
Other	5	14
Total non-operating income	367	358
Non-operating expenses		
Interest expenses	299	276
Other	7	4
Total non-operating expenses	306	281
Ordinary profit	3,581	3,325
Extraordinary income		
Gain on sales of investment securities	-	280
Total extraordinary income	-	280
Extraordinary losses		
Loss on building reconstruction	22	71
Loss on retirement of non-current assets	-	2
Total extraordinary losses	22	73
Profit before income taxes	3,558	3,533
Income taxes - current	889	1,031
Income taxes - deferred	196	45
Total income taxes	1,085	1,077
Profit	2,472	2,455
Profit attributable to non-controlling interests	4	34
Profit attributable to owners of parent	2,468	2,421

Quarterly Consolidated Statements of Comprehensive Income

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

	1Q of Previous Fiscal Year (From Apr. 1, 2020 to June 30, 2020)	1Q of Current Fiscal Year (From Apr. 1, 2021 to June 30, 2021)
Profit	2,472	2,455
Other comprehensive income		
Valuation difference on available-for-sale securities	1,921	(1,338)
Deferred gains or losses on hedges	509	3
Foreign currency translation adjustment	(1,721)	2,036
Total other comprehensive income	709	701
Comprehensive income	3,182	3,157
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,177	3,123
Comprehensive income attributable to non-controlling interests	4	34

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Significant Changes in Shareholder's Equity)

None applicable

(Changes in Accounting Policies)

Application of the Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current fiscal year. This has resulted in a recognition of revenue in the monetary amount projected in exchange for goods or services at the point of time in which the control of promised goods or services is transferred to the customer.

As for jointly-owned buildings in the Leasing business, although the Company had previously recognized the total amount of compensation received from the tenants as revenue and recognized rent equivalents for the portion owned by joint-owners as operating costs, following the judgment made concerning the roles performed in terms of the provision of services to tenants (meaning in terms of the principal or the agent), the Company has shifted the arrangement to entail a method involving the recognition of revenue in the net amount, with the amount paid to the joint-owners being subtracted from the total amount of compensation received from the tenants. In the Facility Management business, of the services provided to customers, those in the case where the Company or its consolidated subsidiary is judged to be an agent are also subject to the revised method of recognizing revenue in a net amount calculated by deducting the amount paid to other relevant parties concerned, from the amount received in exchange for services provided by other relevant parties.

With respect to the application of the Revenue Recognition Accounting Standard, the Company complies with the transitional accounting treatment stipulated in the proviso of Paragraph 84 thereof. This means that the Company has performed additions to or subtractions from retained earnings at the beginning of the first quarter of the current fiscal year which consist of the cumulative impact amount obtained in the case where new accounting policies have been applied retroactively from the beginning of the first quarter of the current fiscal year and earlier. The Company has applied the new accounting policy starting with the balance at the beginning of the relevant period. However, the Company has adopted the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, which means that no new accounting policies apply retroactively to contracts wherein almost all of the revenue amounts are recognized in accordance with the prior accounting treatment up to the beginning of the first quarter of the current fiscal year. Moreover, the Company has also applied the method stipulated in item (1) of the supplementary provisions of Paragraph 86 of the Revenue Recognition Accounting Standard. With respect to changes to contracts undertaken before the beginning of the first quarter of the current fiscal year, accounting treatment has been conducted based on the contractual conditions resulting from the reflection of all contractual changes, and the cumulative impact amount has been added to or subtracted from retained earnings at the beginning of the first quarter of current fiscal year.

As a result, operating revenue for the three months ended June 30, 2021 decreased by ¥82 million and operating costs decreased by ¥82 million. There has been no impact on operating profit, ordinary profit, or profit before income taxes. Moreover, there has been no impact on the balance at the beginning of the period with respect to retained earnings.

Application of the Accounting Standard for Fair Value Measurement

Starting from the beginning of the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"). This means that in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has applied the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. and will apply it in the future as well. This has no impact on quarterly consolidated financial statements.

(Segment Information)

I Previous 1Q fiscal year (Apr. 1, 2020 to June 30, 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				
Operating revenue:							
Outside customers	8,479	1,996	10,475	71	10,547	-	10,547
Intersegment	27	590	618	-	618	(618)	-
Total	8,507	2,587	11,094	71	11,166	(618)	10,547
Segment income	3,790	119	3,909	25	3,935	(414)	3,520

- 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 ¥414 million for segment income is mainly the corporate expense of ¥416 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 1Q fiscal year (Apr. 1, 2021 to June 30, 2021)

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				
Operating revenue:							
Outside customers	8,192	2,021	10,214	304	10,518	-	10,518
Intersegment	28	597	625	-	625	(625)	-
Total	8,221	2,618	10,839	304	11,144	(625)	10,518
Segment income	3,489	156	3,646	38	3,685	(436)	3,248

- 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 ¥436 million for segment income is mainly the corporate expense of ¥441 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.

2. Matters concerning changes to reporting segments

As described in the Changes in Accounting Policies, the Company has applied the Revenue Recognition Accounting Standard from the beginning of the first quarter of the current fiscal year and has thus changed the accounting methods concerning the recognition of revenue. Thus, the Company has also made similar changes to the calculation methods used for profit and losses in its business segments.

As a result of the relevant changes, operating revenue decreased ¥49 million in "Leasing segment" in the three months ended June 30, 2021, compared with the previous methods. There was, however, no impact on segment income. Moreover, while operating revenue decreased ¥33 million in "Facility Management segment", there was no impact on segment income.