

# Summary Report of Consolidated Financial Results For the Nine Months Ended March 31, 2018

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

## Don Quijote Holdings Co., Ltd.

Securities Code No.: 7532  
 Shares Listed: Tokyo Stock Exchange  
 Address: 2-19-10 Aobadai, Meguro-ku, Tokyo  
 Representative: Kohji Oohara, President and CEO  
 Contact: Mitsuo Takahashi, Senior Managing Director (Phone: +81-3-5725-7588)  
 URL: <http://www.donki-hd.co.jp>

(Amounts in million yen are rounded off to the nearest million)

### 1. Overview of Business Results and Financial Position for the nine months ended 31 March, 2018

#### (1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Nine Months Ended March 31, 2018	703,156	13.4	40,060	7.9	43,441	20.6
Nine Months Ended March 31, 2017	619,987	8.9	37,138	6.3	36,006	2.1

(Note) Comprehensive income: 29,984 million yen [ $\Delta$ 10.8%] (FY 2018.6 3Q), 33,608 million yen [50.0%] (FY 2017.6 3Q)

	Profit Attributable to Owners of Parent	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Nine Months Ended March 31, 2018	27,163	0.7	171.71	171.43
Nine Months Ended March 31, 2017	26,977	36.7	170.59	170.53

#### (2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of March 31, 2018	797,445	305,238	35.6
June 30, 2017	642,868	279,930	40.3

(Reference) Equity: 283,787 million yen (as of March 31, 2018), 259,053 million yen (as of June 30, 2017)

### 2. Dividends

	Yen				
	Three Months Ended September 30	Six Months Ended December 31	Nine Months Ended March 31	Year Ended June 30	Total
Year Ended June 30, 2017	—	5.00	—	21.00	26.00
Year Ending June 30, 2018	—	5.00	—		
Year Ending June 30, 2018 (Forecast)				22.00	27.00

(Note) Revision to the dividend forecast in the third quarter of fiscal 2018: None

### 3. Consolidated Business Forecast : For the year ending June 30, 2018 (From July 1, 2017 to June 30, 2018)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)	Net Income per Share (Yen)
Year Ending June 30, 2018	935,000	12.8	51,000	10.4	54,000	18.6	33,300	0.7	210.51

(Note) Revision to the business forecast in the third quarter of fiscal 2018: Yes

#### 4. Others

(1) Significant changes in the scope of consolidation: None

Newly consolidated: — Excluded:—

(2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies concerning preparation of quarterly consolidated financial statements

① Changes in line with revision to accounting standards: None

② Other changes: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury stock included)	March 31, 2018	158,193,160 shares
	June 30, 2017	158,178,760 shares
② Number of treasury stock	March 31, 2018	4,633 shares
	June 30, 2017	4,633 shares
③ Average number of outstanding shares during the period	March 31, 2018	158,185,115 shares
	March 31, 2017	158,140,328 shares

※This financial summary is not subject to quarterly reviews.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, actual results might be significantly different from the aforementioned forecasts for a variety of reasons, including changes in economic environments related to our business, market trends and exchange rates.

※The Company plans to hold financial results briefing for securities analysts and institutional investors on May 8, 2018. Presentation materials will be available on the Company's website.

## Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of June 30, 2017
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	¥74,521	¥76,340
Notes and Accounts receivable-trade	14,425	8,966
Merchandise	137,168	123,969
Other	25,071	18,328
Allowance for doubtful accounts	(49)	(18)
Total current assets	<u>251,136</u>	<u>227,585</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	130,101	118,623
Tools, furniture and fixtures, net	20,245	17,249
Land	175,660	171,018
Other, net	5,469	3,876
Total property, plant and equipment	<u>331,475</u>	<u>310,766</u>
Intangible assets		
Goodwill	18,769	5,363
Other	10,559	10,525
Total intangible assets	<u>29,328</u>	<u>15,888</u>
Investments and other assets		
Investment securities	30,259	7,539
Long-term loans receivable	97,124	23,171
Lease and guarantee deposits	44,775	40,474
Other	15,043	19,146
Allowance for doubtful accounts	(1,695)	(1,701)
Total investments and other assets	<u>185,506</u>	<u>88,629</u>
Total non-current assets	<u>546,309</u>	<u>415,283</u>
Total assets	<u>¥797,445</u>	<u>¥642,868</u>

	(Millions of yen)	
	As of March 31,	As of June 30,
	2018	2017
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥93,159	¥85,661
Short-term loans payable	287	285
Current portion of long-term loans payable	17,792	5,421
Current portion of bonds	3,816	19,316
Payables under fluidity lease receivables	7,234	7,152
Income taxes payable	6,739	9,128
Provision for point card certificates	1,788	1,691
Other	35,698	36,171
Total current liabilities	<b>166,513</b>	164,825
Non-current liabilities		
Bonds payable	91,874	74,890
Long-term loans payable	200,515	84,638
Long-term payables under fluidity lease receivables	13,930	19,366
Asset retirement obligations	6,384	6,000
Negative goodwill	288	353
Other	12,703	12,866
Total non-current liabilities	<b>325,694</b>	198,113
Total liabilities	<b>492,207</b>	362,938
<b>Net assets</b>		
Shareholders' equity		
Capital stock	22,436	22,425
Capital surplus	19,975	19,425
Retained earnings	239,698	216,446
Treasury shares	(14)	(14)
Total shareholders' equity	<b>282,095</b>	258,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	306	326
Foreign currency translation adjustment	1,386	445
Total accumulated other comprehensive income	<b>1,692</b>	771
Subscription rights to shares	98	98
Non-controlling interests	21,353	20,779
Total net assets	<b>305,238</b>	279,930
Total liabilities and net assets	<b>¥797,445</b>	¥642,868

## Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Nine months ended March 31, 2018	Nine months ended March 31, 2017
	Amount	Amount
Net sales	<b>¥703,156</b>	¥619,987
Cost of sales	<b>522,541</b>	456,082
Gross profit	<b>180,615</b>	163,905
Selling, general and administrative expenses	<b>140,555</b>	126,767
Operating income	<b>40,060</b>	37,138
Non-operating income		
Interest and dividend income	<b>1,091</b>	690
Amortization of negative goodwill	<b>65</b>	65
Equity in earnings of affiliates	<b>3,110</b>	471
Other	<b>2,605</b>	1,848
Total non-operating income	<b>6,871</b>	3,074
Non-operating expenses		
Interest expenses	<b>2,148</b>	842
Cost of claim's liquidation	<b>297</b>	389
Commission fee	<b>300</b>	2,174
Other	<b>745</b>	801
Total non-operating expenses	<b>3,490</b>	4,206
Ordinary income	<b>43,441</b>	36,006
Extraordinary income		
Gain on sales of non-current assets	<b>93</b>	7,665
Gain on sales of shares of subsidiaries and affiliates	<b>—</b>	2,968
Other	<b>23</b>	269
Total extraordinary income	<b>116</b>	10,902
Extraordinary loss		
Loss on retirement of non-current assets	<b>128</b>	149
Loss on closing of stores	<b>126</b>	592
Other	<b>13</b>	70
Total extraordinary losses	<b>267</b>	811
Profit before income taxes	<b>43,290</b>	46,097
Income taxes – Current	<b>14,100</b>	15,579
Income taxes – Deferred	<b>126</b>	(1,469)
Total income taxes	<b>14,226</b>	14,110
Profit	<b>29,064</b>	31,987
Profit attributable to non-controlling interests	<b>1,901</b>	5,010
Profit attributable to owners of parent	<b>¥27,163</b>	¥26,977

## Consolidated Quarterly Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended March 31, 2018	Nine months ended March 31, 2017
	Amount	Amount
Profit	<b>¥29,064</b>	¥31,987
Other comprehensive income		
Valuation difference on available-for-sale securities	<b>(22)</b>	258
Foreign currency translation adjustment	<b>940</b>	1,364
Share of other comprehensive income of affiliates accounted for using equity method	<b>2</b>	(1)
Total other comprehensive income	<b>920</b>	1,621
Comprehensive income	<b>¥29,984</b>	¥33,608
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<b>¥28,083</b>	¥28,625
Comprehensive income attributable to non-controlling interests	<b>1,901</b>	4,983

## Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2018	Nine months ended March 31, 2017
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before income taxes	¥43,290	¥46,097
Depreciation	12,552	11,770
Amortization of negative goodwill	(65)	(65)
Increase (decrease) in provision	147	(410)
Interest and dividend income	(1,091)	(690)
Interest expenses	2,148	842
Gain on sales of non-current assets	(93)	(7,665)
Gain on sales of shares of subsidiaries and affiliates	—	(2,968)
Gain on sales of investment securities	—	(215)
Equity in earnings of affiliates	(3,110)	(471)
Increase in notes and accounts receivable - trade	(5,379)	(2,800)
Increase in inventories	(10,265)	(473)
Increase in notes and accounts payable - trade	4,494	4,400
Other, net	2,714	7,514
Subtotal	45,342	54,866
Interest and dividend income received	668	515
Interest expenses paid	(1,766)	(974)
Income taxes paid	(18,383)	(12,760)
Income taxes refund	30	1,203
Net cash provided by operating activities	25,891	42,850
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(32,875)	(28,526)
Proceeds from sales of property, plant and equipment	1,063	12,546
Purchase of intangible assets	(455)	(672)
Payments for lease and guarantee deposits	(1,668)	(3,264)
Proceeds from collection of lease and guarantee deposits	77	213
Payment for store opening in progress	(282)	(1,396)
Proceeds from sales of investment securities	—	1,118
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(16,283)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	3,265
Purchase of shares of subsidiaries and affiliates	(19,976)	(3,481)
Payments of loans receivable	(77,650)	(22,682)
Collection of loans receivable	3,001	10,242
Other, net	332	3
Net cash used in investing activities	(144,716)	(32,634)
<b>Cash flows from financing activities:</b>		
Net increase in short-term loans payable	—	1,249
Proceeds from long-term loans payable	134,689	44,060

Repayment of long-term loans payable	(5,627)	(18,076)
Proceeds from issuance of bonds	19,903	18,302
Redemption of bonds	(18,516)	(12,201)
Repayments of payables under fluidity lease receivables	(5,635)	(6,107)
Proceeds from issuance of common shares	23	79
Cash dividends paid	(4,113)	(3,479)
Cash dividends paid to non-controlling interests	(788)	(583)
Other, net	(340)	(2,202)
Net cash provided by financing activities	119,596	21,042
Effect of exchange rate change on cash and cash equivalents	(396)	(31)
Net increase in cash and cash equivalents	375	31,227
Cash and cash equivalents at beginning of period	78,094	44,496
Increase in cash and cash equivalents	—	103
from newly consolidated subsidiary		
Increase in cash and equivalents resulting	—	49
from change of accounting period of consolidated subsidiaries		
Cash and cash equivalents at end of period	¥78,469	¥75,875

## Segment Information

For the nine months ended March 31, 2018

### 1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Sales							
Sales to third parties	¥682,198	¥15,914	¥698,112	¥5,044	¥703,156	¥—	¥703,156
Intersegment sales	555	16,167	16,722	6,777	23,499	(23,499)	—
Total	682,753	32,081	714,834	11,821	726,655	(23,499)	703,156
Segment income	¥22,123	¥13,340	¥35,463	¥4,552	¥40,015	¥45	¥40,060

Notes

1. The other businesses segment includes the services of real estate business and marketing business that are not included in other reporting segments.
2. The ¥45 million adjustment to segment income is an intersegment elimination.
3. Segment income is adjusted to the quarterly consolidated operating income.

### 2. Information concerning impairment loss of fixed assets or goodwill by reporting segment

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill)

In the retail business segment, the increase of goodwill resulting from the acquisition of all shares of QSI, Inc. was ¥13,794 million during the first quarter of the current fiscal year. The amount of goodwill had been calculated tentatively because the distribution of acquisition cost was not completed. The distribution was finalized in the second quarter, and there was no revision to the goodwill value.

(Significant gain on negative goodwill)

Not applicable



For the nine months ended March 31, 2017

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Sales							
Sales to third parties	¥599,517	¥15,450	¥614,967	¥5,020	¥619,987	¥—	¥619,987
Intersegment sales	374	14,890	15,264	7,081	22,345	(22,345)	—
Total	599,891	30,340	630,231	12,101	642,332	(22,345)	619,987
Segment income	¥19,673	¥12,520	¥32,193	¥5,009	¥37,202	¥(64)	¥37,138

Notes

1. The other businesses segment includes the services of real estate business, marketing business and financial service business that are not included in other reporting segments.
2. The ¥(64) million adjustment to segment income is an intersegment elimination.
3. Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning impairment loss of fixed assets or goodwill by reporting segment

(Significant impairment losses on non-current assets)

Information is omitted since it is immaterial.

(Significant changes in goodwill)

The goodwill of other business decreased ¥1,097 million by selling stocks of Accretive Co., Ltd. partly, and having removed from the scope of consolidation in the third quarter of fiscal 2017.

(Significant gain on negative goodwill)

Not applicable