

# Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 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 Ohara, 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 first quarter of fiscal 2019 (From July 1, 2018 to September 30, 2018)

### (1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Three Months Ended September 30, 2018	250,080	11.9	14,503	1.4	17,917	25.3
Three Months Ended September 30, 2017	223,433	11.0	14,300	14.1	14,301	11.8

(Note) Comprehensive income: 13,637 million yen [38.2%] (FY 2019.6 1Q), 9,865 million yen [21.9%] (FY 2018.6 1Q)

	Profit Attributable to Owners of Parent	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Three Months Ended September 30, 2018	11,646	37.6	73.62	73.45
Three Months Ended September 30, 2017	8,465	4.2	53.52	53.47

### (2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of September 30, 2018	871,712	313,112	33.7
June 30, 2018	806,778	312,495	36.0

(Reference) Equity: 293,556 million yen (as of September 30, 2018), 290,363 million yen (as of June 30, 2018)

(Note) Starting with the beginning of the first quarter of fiscal 2019, we are applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018).

Prior-year figures have been adjusted retroactively to conform with this accounting standard.

## 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, 2018	—	5.00	—	27.00	32.00
Year Ending June 30, 2019	—				
Year Ending June 30, 2019 (Forecast)		5.00	—	28.00	33.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2019: None

### 3. Consolidated Business Forecast : For the year ending June 30, 2019 (From July 1, 2018 to June 30, 2019)

(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)
Six Months Ending December 31, 2018	512,000	10.6	30,000	2.6	35,000	12.7	21,500	15.1	135.91
Year Ending June 30, 2019	—	—	—	—	—	—	—	—	—

(Note) Revision to the business forecast in the first quarter of fiscal 2019: Yes

As for the consolidated business forecast for the fiscal year ending June 2019, we are disclosing only the second quarter (cumulative) business forecasts as it is difficult to calculate reasonable business forecasts for the full year.

### 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)	September 30, 2018	158,193,160 shares
	June 30, 2018	158,193,160 shares
② Number of treasury stock	September 30, 2018	4,633 shares
	June 30, 2018	4,633 shares
③ Average number of outstanding shares during the period	September 30, 2018	158,188,527 shares
	September 30, 2017	158,178,366 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 November 6, 2018. Presentation materials will be available on the Company's website.

## Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of June 30, 2018	As of September 30, 2018
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	¥71,973	¥119,407
Notes and Accounts receivable-trade	12,848	12,471
Merchandise	135,781	137,142
Other	16,015	19,808
Allowance for doubtful accounts	(4)	(20)
Total current assets	236,613	288,808
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,415	146,725
Tools, furniture and fixtures, net	19,718	20,269
Land	188,866	193,518
Other, net	5,914	3,024
Total property, plant and equipment	347,913	363,536
Intangible assets		
Goodwill	17,600	17,917
Other	10,647	11,052
Total intangible assets	28,247	28,969
Investments and other assets		
Investment securities	31,606	34,189
Long-term loans receivable	95,815	89,693
Deferred tax assets	15,389	15,365
Lease and guarantee deposits	46,494	46,272
Other	6,379	6,574
Allowance for doubtful accounts	(1,678)	(1,694)
Total investments and other assets	194,005	190,399
Total non-current assets	570,165	582,904
Total assets	¥806,778	¥871,712

	As of June 30, 2018 Amount	(Millions of yen) As of September 30, 2018 Amount
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥93,030	¥97,752
Current portion of long-term loans payable	17,788	25,861
Current portion of bonds	3,616	3,616
Payables under fluidity lease receivables	7,262	7,289
Income taxes payable	8,821	5,794
Provision for point card certificates	1,892	1,937
Other	39,477	40,446
Total current liabilities	171,886	182,695
Non-current liabilities		
Bonds payable	91,274	90,166
Long-term loans payable	200,668	255,777
Long-term payables under fluidity lease receivables	12,104	10,272
Asset retirement obligations	6,538	6,719
Negative goodwill	267	245
Other	11,546	12,726
Total non-current liabilities	322,397	375,905
Total liabilities	494,283	558,600
<b>Net assets</b>		
Shareholders' equity		
Capital stock	22,436	22,436
Capital surplus	19,975	14,439
Retained earnings	248,940	256,315
Treasury shares	(14)	(14)
Total shareholders' equity	291,337	293,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	244	298
Foreign currency translation adjustment	(1,218)	82
Total accumulated other comprehensive income	(974)	380
Subscription rights to shares	345	345
Non-controlling interests	21,787	19,211
Total net assets	312,495	313,112
Total liabilities and net assets	¥806,778	¥871,712

## Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
	Amount	Amount
Net sales	¥223,433	<b>¥250,080</b>
Cost of sales	164,165	<b>183,348</b>
Gross profit	59,268	<b>66,732</b>
Selling, general and administrative expenses	44,968	<b>52,229</b>
Operating income	14,300	<b>14,503</b>
Non-operating income		
Interest and dividend income	228	<b>487</b>
Amortization of negative goodwill	22	<b>22</b>
Equity in earnings of affiliates	56	<b>2,513</b>
Other	759	<b>1,353</b>
Total non-operating income	1,065	<b>4,375</b>
Non-operating expenses		
Interest expenses	688	<b>823</b>
Cost of claim's liquidation	106	<b>79</b>
Other	270	<b>59</b>
Total non-operating expenses	1,064	<b>961</b>
Ordinary income	14,301	<b>17,917</b>
Extraordinary income		
Gain on sales of non-current assets	1	<b>0</b>
Other	0	<b>0</b>
Total extraordinary income	1	<b>0</b>
Extraordinary losses		
Loss on retirement of non-current assets	3	<b>6</b>
Loss on closing of stores	50	<b>32</b>
Loss on disaster	2	<b>232</b>
Other	13	<b>9</b>
Total extraordinary losses	68	<b>279</b>
Profit before income taxes	14,234	<b>17,638</b>
Income taxes - Current	5,071	<b>5,352</b>
Income taxes - Deferred	24	<b>2</b>
Total income taxes	5,095	<b>5,354</b>
Profit	9,139	<b>12,284</b>
Profit attributable to non-controlling interests	674	<b>638</b>
Profit attributable to owners of parent	¥8,465	<b>¥11,646</b>

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
	Amount	Amount
Profit	¥9,139	<b>¥12,284</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	185	55
Foreign currency translation adjustment	541	1,300
Share of other comprehensive income of affiliates accounted for using equity method	0	(2)
Total other comprehensive income	726	1,353
Comprehensive income	¥9,865	<b>¥13,637</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥9,192	<b>¥12,999</b>
Comprehensive income attributable to non-controlling interests	673	638

## Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before income taxes	¥14,234	¥17,638
Depreciation	3,815	4,448
Amortization of negative goodwill	(22)	(22)
Increase (decrease) in provision	(113)	94
Interest and dividend income	(228)	(487)
Interest expenses	688	823
Equity in earnings of affiliates	(56)	(2,513)
Decrease (increase) in notes and accounts receivable - trade	(263)	407
Increase in inventories	(3,158)	(1,145)
Increase in notes and accounts payable - trade	4,937	4,521
Other, net	879	(110)
Subtotal	20,713	23,654
Interest and dividend income received	145	430
Interest expenses paid	(372)	(1,014)
Payments for loss on disaster	—	(158)
Income taxes paid	(8,101)	(8,309)
Net cash provided by operating activities	12,385	14,603
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(11,277)	(13,450)
Proceeds from sales of property, plant and equipment	4	0
Purchase of intangible assets	(168)	(490)
Payments for lease and guarantee deposits	(22)	(1,212)
Proceeds from collection of lease and guarantee deposits	11	235
Payment for store opening in progress	(392)	(411)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(16,283)	—
Collection of loans receivable	0	636
Other, net	(140)	69
Net cash used in investing activities	(28,267)	(14,623)
<b>Cash flows from financing activities:</b>		
Proceeds from long-term loans payable	105,000	65,000
Repayment of long-term loans payable	(2,681)	(2,970)
Redemption of bonds	(1,608)	(1,108)
Repayments of payables under fluidity lease receivables	(1,878)	(1,878)
Cash dividends paid	(3,322)	(4,271)
Cash dividends paid to non-controlling interests	(788)	(808)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(4,322)
Other, net	3	(52)
Net cash provided by financing activities	94,726	49,591
Effect of exchange rate change on cash and cash equivalents	424	428
Net increase in cash and cash equivalents	79,268	49,999
Cash and cash equivalents at beginning of period	78,094	75,883
Increase in cash and cash equivalents from newly consolidated subsidiary	—	0
Cash and cash equivalents at end of period	¥157,362	¥125,882

## Segment Information

For the first quarter ended September 30, 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	¥242,703	¥5,480	¥248,183	¥1,897	¥250,080	¥-	¥250,080
Intersegment sales	149	5,772	5,921	2,298	8,219	(8,219)	-
Total	242,852	11,252	254,104	4,195	258,299	(8,219)	250,080
Segment income	¥8,151	¥4,374	¥12,525	¥1,862	¥14,387	¥116	¥14,503

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 ¥ 116 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

Not applicable

For the first quarter ended September 30, 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	¥216,498	¥5,232	¥221,730	¥1,703	¥223,433	¥-	¥223,433
Intersegment sales	245	5,295	5,540	2,256	7,796	(7,796)	-
Total	216,743	10,527	227,270	3,959	231,229	(7,796)	223,433
Segment income	¥8,847	¥4,321	¥13,168	¥1,067	¥14,235	¥65	¥14,300

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 ¥ 65 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

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 three months ended September 30, 2017.