

Summary Report of Consolidated Financial Results For the Fiscal Year Ended June 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
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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the fiscal year ended June 30, 2018

(1) Consolidated Results

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)
Fiscal year ended June 30, 2018	941,508	13.6	51,568	11.7	57,218	25.7	36,405	10.0
Fiscal year ended June 30, 2017	828,798	9.1	46,185	6.9	45,523	3.9	33,082	32.7

(Note) Comprehensive income: 37,098 million yen [(7.5)%] (FY 2018.6), 40,104 million yen [50.6%] (FY 2017.6)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2018	230.14	229.66	13.3	7.9	5.5
Fiscal year ended June 30, 2017	209.18	209.04	13.5	7.6	5.6

(Reference) Equity in earnings of affiliates: 4,579 million yen (FY 2018.6), 511 million yen (FY 2017.6)

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net Assets per Share (Yen)
As of June 30, 2018	807,057	312,495	36.0	1,835.55
June 30, 2017	642,868	279,930	40.3	1,637.77

(Reference) Equity: 290,363 million yen (as of June 30, 2018), 259,053 million yen (as of June 30, 2017)

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2018	46,081	(164,443)	116,083	75,883
Fiscal year ended June 30, 2017	56,441	(40,593)	17,644	78,094

2. Dividends

	Dividend per share (yen)			Dividends in total (annual, Millions of yen)	Dividend payout ratio (consolidated basis, %)	Dividends on net assets (consolidated basis, %)
	Six Months Ended December 31	Year Ended June 30	Total			
Year Ended June 30, 2017	5.00	21.00	26.00	4,113	12.4	1.7
Year Ended June 30, 2018	5.00	27.00	32.00	5,062	13.9	1.8
Year Ending June 30, 2019 (Forecast)	5.00	28.00	33.00		—	

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	503,000	8.7	29,500	0.9	32,400	4.3	19,500	4.4	123.27
Year Ending June 30, 2019	1,000,000	6.2	53,000	2.8	58,000	1.4	37,000	1.6	233.90

4. Others

(1) Significant changes in the scope of consolidation: Yes

Newly consolidated: — Excluded: one company (Don Quijote Holdings Retail Management Co., Ltd.)

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the 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

(3) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury shares included)	June 30, 2018	158,193,160 shares
	June 30, 2017	158,178,760 shares
② Number of treasury shares	June 30, 2018	4,633 shares
	June 30, 2017	4,633 shares
③ Average number of outstanding shares during the period	June 30, 2018	158,185,966 shares
	June 30, 2017	158,148,194 shares

※This financial summary is not subject to audit.

※ Explanation regarding the appropriate use of forecasts of business results

The future business result forecasts included in the financial statements are based on the information available to the company at the time of the announcement and on certain assumptions considered reasonable. Thus, we do not make any representation as to their achievability and undertake any obligation of their updates as a result of new information. Actual results may differ widely from the forecasts for a variety of reasons, including changes in economic environments related to our business, market trends and exchange rates.

Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2017	As of June 30, 2018
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥76,340	¥71,973
Notes and Accounts receivable-trade	8,966	12,848
Merchandise and finished goods	123,969	135,781
Prepaid expenses	3,525	3,749
Deferred tax assets	7,540	7,512
Other	7,263	12,266
Allowance for doubtful accounts	(18)	(4)
Total current assets	227,585	244,125
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	118,623	133,415
Tools, furniture and fixtures, net	17,249	19,718
Land	171,018	188,866
Other, net	233	213
Construction in progress	3,643	5,701
Total property, plant and equipment	310,766	347,913
Intangible assets		
Goodwill	5,363	17,600
Other	10,525	10,647
Total intangible assets	15,888	28,247
Investments and other assets		
Investment securities	7,539	31,606
Long-term loans receivable	23,171	95,815
Long-term prepaid expenses	3,214	3,531
Deferred tax assets	8,801	8,156
Lease and guarantee deposits	40,474	46,494
Other	7,131	2,848
Allowance for doubtful accounts	(1,701)	(1,678)
Total investments and other assets	88,629	186,772
Total non-current assets	415,283	562,932
Total assets	¥642,868	¥807,057

	As of June 30, 2017	(Millions of yen) As of June 30, 2018
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	¥85,661	¥93,030
Short-term loans payable	285	—
Current portion of long-term loans payable	5,421	17,788
Current portion of bonds	19,316	3,616
Payables under fluidity lease receivables	7,152	7,262
Accrued expenses	9,964	13,242
Income taxes payable	9,128	8,821
Provision for point card certificates	1,691	1,892
Other	26,207	26,235
Total current liabilities	164,825	171,886
Non-current liabilities		
Bonds payable	74,890	91,274
Long-term loans payable	84,638	200,668
Long-term payables under fluidity lease receivables	19,366	12,104
Asset retirement obligations	6,000	6,538
Negative goodwill	353	267
Other	12,866	11,825
Total non-current liabilities	198,113	322,676
Total liabilities	362,938	494,562
Net assets		
Shareholders' equity		
Capital stock	22,425	22,436
Capital surplus	19,425	19,975
Retained earnings	216,446	248,940
Treasury shares	(14)	(14)
Total shareholders' equity	258,282	291,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	326	244
Foreign currency translation adjustment	445	(1,218)
Total accumulated other comprehensive income	771	(974)
Subscription rights to shares	98	345
Non-controlling interests	20,779	21,787
Total net assets	279,930	312,495
Total liabilities and net assets	¥642,868	¥807,057

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Net sales	¥828,798	¥941,508
Cost of sales	610,218	697,517
Gross profit	218,580	243,991
Selling, general and administrative expenses	172,395	192,423
Operating income	46,185	51,568
Non-operating income		
Interest and dividend income	968	1,604
Amortization of negative goodwill	86	86
Equity in earnings of affiliates	511	4,579
Commission fee	449	457
Other	2,062	2,915
Total non-operating income	4,076	9,641
Non-operating expenses		
Interest expenses paid on loans and bonds	1,145	2,912
Bond issuance cost	195	90
Cost of claim's liquidation	502	382
Commission fee	2,174	300
Other	722	307
Total non-operating expenses	4,738	3,991
Ordinary income	45,523	57,218
Extraordinary income		
Gain on sales of non-current assets	9,547	93
Gain on sales of shares of subsidiaries and affiliates	2,968	—
Compensation income for expropriation	—	457
Other	271	100
Total extraordinary income	12,786	650
Extraordinary losses		
Impairment loss	1,537	1,007
Loss on retirement of non-current assets	251	172
Loss on closing of stores	959	189
Other	237	127
Total extraordinary losses	2,984	1,495
Profit before income taxes	55,325	56,373
Income taxes - Current	19,339	16,986
Income taxes - Deferred	(3,111)	543
Total income taxes	16,228	17,529
Profit	39,097	38,844
Profit attributable to non-controlling interests	6,015	2,439
Profit attributable to owners of parent	¥33,082	¥36,405

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Profit	¥39,097	¥38,844
Other comprehensive income		
Valuation difference on available-for-sale securities	304	(86)
Foreign currency translation adjustment	706	(1,663)
Share of other comprehensive income of affiliates accounted for using equity method	(3)	3
Total other comprehensive income	1,007	(1,746)
Comprehensive income	¥40,104	¥37,098
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥34,115	¥34,659
Comprehensive income attributable to non-controlling interests	5,989	2,439

Consolidated statements of changes in Net Assets

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at beginning of current period	¥22,382	¥22,425
Changes of items during period		
Issuance of new shares	43	11
Total changes of items during period	43	11
Balance at end of current period	22,425	22,436
Capital surplus		
Balance at beginning of current period	25,215	19,425
Changes of items during period		
Issuance of new shares	42	11
Capital increase (decrease) of consolidated subsidiaries	(4,150)	539
Purchase of shares of consolidated subsidiaries	(1,682)	—
Total changes of items during period	(5,790)	550
Balance at end of current period	19,425	19,975
Retained earnings		
Balance at beginning of current period	184,205	216,446
Cumulative effects of changes in accounting policies	2,406	—
Restated balance	186,611	216,446
Changes of items during period		
Dividends of surplus	(3,479)	(4,113)
Profit attributable to owners of parent	33,082	36,405
Change of scope of consolidation	(4)	—
Capital increase of consolidated subsidiaries	(0)	—
Other	236	202
Total changes of items during period	29,835	32,494
Balance at end of current period	216,446	248,940
Treasury shares		
Balance at beginning of current period	(14)	(14)
Changes of items during period		
Total changes of items during period	—	—
Balance at end of current period	(14)	(14)
Total shareholders' equity		
Balance at beginning of current period	231,788	258,282
Cumulative effects of changes in accounting policies	2,406	—
Restated balance	234,194	258,282
Changes of items during period		
Issuance of new shares	85	22
Dividends of surplus	(3,479)	(4,113)
Profit attributable to owners of parent	33,082	36,405
Change of scope of consolidation	(4)	—
Capital increase (decrease) of consolidated subsidiaries	(4,150)	539
Purchase of shares of consolidated subsidiaries	(1,682)	—
Other	236	202
Total changes of items during period	24,088	33,055
Balance at end of current period	¥258,282	¥291,337

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	¥12	¥326
Changes of items during period		
Net changes of items other than shareholders' equity	314	(82)
Total changes of items during period	314	(82)
Balance at end of current period	326	244
Foreign currency translation adjustment		
Balance at beginning of current period	(272)	445
Changes of items during period		
Net changes of items other than shareholders' equity	717	(1,663)
Total changes of items during period	717	(1,663)
Balance at end of current period	445	(1,218)
Total accumulated other comprehensive income		
Balance at beginning of current period	(260)	771
Changes of items during period		
Net changes of items other than shareholders' equity	1,031	(1,745)
Total changes of items during period	1,031	(1,745)
Balance at end of current period	771	(974)
Subscription rights to shares		
Balance at beginning of current period	23	98
Changes of items during period		
Net changes of items other than shareholders' equity	75	247
Total changes of items during period	75	247
Balance at end of current period	98	345
Non-controlling interests		
Balance at beginning of current period	12,996	20,779
Cumulative effects of changes in accounting policies	2,484	—
Restated balance	15,480	20,779
Changes of items during period		
Net changes of items other than shareholders' equity	5,299	1,008
Total changes of items during period	5,299	1,008
Balance at end of current period	20,779	21,787
Total net assets		
Balance at beginning of current period	244,547	279,930
Cumulative effects of changes in accounting policies	4,890	—
Restated balance	249,437	279,930
Changes of items during period		
Issuance of new shares	85	22
Dividends of surplus	(3,479)	(4,113)
Profit attributable to owners of parent	33,082	36,405
Change of scope of consolidation	(4)	—
Capital increase (decrease) of consolidated subsidiaries	(4,150)	539
Purchase of shares of consolidated subsidiaries	(1,682)	—
Other	236	202
Net changes of items other than shareholders' equity	6,405	(490)
Total changes of items during period	30,493	32,565
Balance at end of current period	¥279,930	¥312,495

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥55,325	¥56,373
Depreciation and amortization	15,952	17,378
Impairment loss	1,537	1,007
Amortization of negative goodwill	(86)	(86)
Decrease in allowance for doubtful accounts	(51)	(36)
Interest and dividend income	(968)	(1,604)
Interest expenses paid on loans and bonds	1,145	2,912
Gain on sales of shares of subsidiaries and affiliates	(2,968)	—
Gain on sales of investment securities	(215)	(63)
Equity in earnings of affiliates	(511)	(4,579)
Loss (gain) on sales and retirement of property, plant and equipment	(9,291)	119
Loss on store closings	959	189
Compensation income for expropriation	—	(457)
Offset payments for house rental fee with lease and guarantee deposits	1,754	1,777
Increase in notes and accounts receivable-trade	(2,928)	(3,816)
Increase in inventories	(6,517)	(9,235)
Increase in notes and accounts payable-trade	9,108	4,638
Decrease (increase) in other current assets	592	(402)
Increase (decrease) in other current liabilities	5,472	(79)
Increase (decrease) in other non-current liabilities	(42)	308
Other, net	3,199	792
Subtotal	71,466	65,136
Interest and dividend income received	702	1,102
Interest expenses paid	(1,150)	(2,274)
Income taxes paid	(15,830)	(19,152)
Income taxes refund	1,203	637
Proceeds from compensation for expropriation	—	582
Dividends received from affiliates accounted for using equity method	50	50
Net cash provided by operating activities	56,441	46,081
Cash flows from investing activities:		
Payments into time deposits	(59)	—
Proceeds from withdrawal of time deposits	59	—
Purchase of property, plant and equipment	(39,398)	(53,341)
Proceeds from sales of property, plant and equipment	16,594	1,225
Purchase of intangible assets	(858)	(695)
Payments for lease and guarantee deposits	(3,552)	(2,123)
Proceeds from collection of lease and guarantee deposits	224	153
Payment for store opening in progress	(1,950)	(404)
Proceeds from sales of investment securities	1,122	64
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,265	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(16,283)
Purchase of shares of subsidiaries and associates	(3,527)	(19,976)
Payments of loans receivable	(22,818)	(77,979)
Collection of loans receivable	10,242	4,601
Other, net	63	315
Net cash used in investing activities	¥(40,593)	¥(164,443)

	(Millions of yen)	
	Fiscal year ended June 30, 2017	Fiscal year ended June 30, 2018
	Amount	Amount
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	¥1,249	¥(281)
Proceeds from long-term loans payable	44,086	134,689
Repayments of long-term loans payable	(18,734)	(6,057)
Proceeds from issuance of bonds	18,302	19,903
Redemption of bonds	(13,001)	(19,316)
Repayments of payables under fluidity lease receivables	(7,985)	(7,514)
Proceeds from issuance of common shares	85	23
Cash dividends paid	(3,479)	(4,113)
Cash dividends paid to non-controlling interests	(660)	(892)
Other, net	(2,219)	(359)
Net cash provided by financing activities	17,644	116,083
Effect of exchange rate change on cash and cash equivalents	(46)	68
Net increase (decrease) in cash and cash equivalents	33,446	(2,211)
Cash and cash equivalents at beginning of period	44,496	78,094
Increase in cash and cash equivalents from newly consolidated subsidiary	103	—
Increase in cash and cash equivalents resulting from change of accounting period of consolidated subsidiaries	49	—
Cash and cash equivalents at end of period	¥78,094	¥75,883

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are those for which financial information separate from that of other units comprising the Group can be obtained. These reporting segments are the subject of regular reviews by the board of directors for determining the allocation of management resources and assessment of business results.

The Group regards "Retail business" and "Rent business" as reporting segments from scope of business. The "Retail business" presents stores such as "Don Quijote", "MEGA Don Quijote", "Nagasakiya", "Doit". The "Rent business" operates a tenant invitation in the shopping malls and management.

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2017

(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	¥801,802	¥20,559	¥822,361	¥6,437	¥828,798	¥—	¥828,798
Intersegment sales	487	20,054	20,541	9,156	29,697	(29,697)	—
Total	802,289	40,613	842,902	15,593	858,495	(29,697)	828,798
Segment income	23,693	16,123	39,816	6,395	46,211	(26)	46,185
Segment Assets	360,658	239,653	600,311	43,091	643,402	(534)	642,868
Others (Note 4)							
(1) Depreciation expenses	10,797	4,861	15,658	324	15,982	(30)	15,952
(2) Increase in property, plant and equipment, and intangible assets	¥18,902	¥23,889	¥42,791	¥154	¥42,945	¥(1,892)	¥41,053

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 ¥(26) million adjustment to segment income is an intersegment elimination.
The ¥(534) million adjustment to segment assets includes ¥47,680 million of companywide assets not allocated to the respective reporting segments, and ¥ (48,214) million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.

For the Fiscal Year Ended June 30, 2018

(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	¥913,497	¥21,295	¥934,792	¥6,716	¥941,508	¥—	¥941,508
Intersegment sales	731	21,812	22,543	9,125	31,668	(31,668)	—
Total	914,228	43,107	957,335	15,841	973,176	(31,668)	941,508
Segment income	27,760	17,237	44,997	6,329	51,326	242	51,568
Segment Assets	428,348	252,602	680,950	28,057	709,007	98,050	807,057
Others (Note 4)							
(1) Depreciation expenses	12,159	4,932	17,091	319	17,410	(32)	17,378
(2) Increase in property, plant and equipment, and intangible assets	¥25,184	¥46,097	¥71,281	¥240	¥71,521	¥ (16,824)	¥54,697

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 ¥242 million adjustment to segment income is an intersegment elimination.
The ¥98,050 million adjustment to segment assets includes ¥53,822 million of companywide assets not allocated to the respective reporting segments, and ¥ 44,228 million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.