

# Summary Report of Consolidated Financial Results For the Nine Months Ended March 31, 2017

(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, 2017

#### (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, 2017	619,987	8.9	37,138	6.3	36,006	2.1
Nine Months Ended March 31, 2016	569,547	11.7	34,937	3.7	35,249	1.3

(Note) Comprehensive income: 33,608 million yen [50.0%] (FY 2017.6 3Q), 22,410 million yen [ $\Delta$ 13.4%] (FY 2016.6 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, 2017	26,977	36.7	170.59	170.53
Nine Months Ended March 31, 2016	19,732	$\Delta$ 1.7	124.83	124.73

#### (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, 2017	629,705	273,448	40.3
June 30, 2016	560,568	244,547	41.3

(Reference) Equity: 253,557 million yen (as of March 31, 2017), 231,528 million yen (as of June 30, 2016)

### 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, 2016	—	5.00	—	17.00	22.00
Year Ending June 30, 2017	—	5.00	—		
Year Ending June 30, 2017 (Forecast)				18.00	23.00

(Note) Revision to the dividend forecast in the third quarter of fiscal 2017: None

### 3. Consolidated Business Forecast : For the year ending June 30, 2017 (From July 1, 2016 to June 30, 2017)

(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, 2017	822,000	8.2	45,500	5.4	44,800	2.3	31,500	26.3	199.15

(Note) Revision to the business forecast in the third quarter of fiscal 2017: 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: Yes
  - 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, 2017 | 158,174,560 shares |
|  | June 30, 2016  | 158,118,160 shares |
| ② Number of treasury stock                               | March 31, 2017 | 4,633 shares       |
|  | June 30, 2016  | 4,633 shares       |
| ③ Average number of outstanding shares during the period | March 31, 2017 | 158,140,328 shares |
|  | March 31, 2016 | 158,072,181 shares |
- (5) Changes in accounting policies  
(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Accounting Statement No. 26 of March 28, 2016; hereinafter called the “Implementation Guidance on Recoverability”) from the first quarter of the fiscal year and revised part of its accounting treatment for recoverability of deferred tax assets.

As for application of the Implementation Guidance on Recoverability, the Company followed the transitional treatment stipulated in paragraph 49 (4) of the Implementation Guidance on Recoverability.

The differences between the amount of deferred tax assets and deferred tax liabilities at the beginning of the first quarter of the current fiscal year in the case of applying the paragraph 49 (3) 1 to 3 of the Implementation Guidance on Recoverability and the amount of deferred tax assets and deferred tax liabilities at the end of the previous fiscal year were added to the retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, deferred tax assets (investments and other assets) increased by ¥4,890 million, retained earnings increased by ¥2,406 million and non-controlling interests increased by ¥2,484 million at the beginning of the first quarter of the current fiscal year.

※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, 2017. Presentation materials will be available on the Company’s website.

## Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of June 30, 2016
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	¥74,059	¥42,894
Notes and Accounts receivable-trade	8,833	7,720
Purchased receivables	—	6,606
Merchandise	118,061	117,400
Other	18,405	21,423
Allowance for doubtful accounts	(25)	(66)
Total current assets	<b>219,333</b>	195,977
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	116,017	108,114
Tools, furniture and fixtures, net	17,250	16,616
Land	169,810	165,185
Other, net	3,320	2,137
Total property, plant and equipment	<b>306,397</b>	292,052
Intangible assets		
Goodwill	5,521	6,852
Other	10,513	10,153
Total intangible assets	<b>16,034</b>	17,005
Investments and other assets		
Investment securities	7,436	5,736
Lease and guarantee deposits	39,185	35,645
Other	43,026	15,950
Allowance for doubtful accounts	(1,706)	(1,797)
Total investments and other assets	<b>87,941</b>	55,534
Total non-current assets	<b>410,372</b>	364,591
Total assets	<b>¥629,705</b>	¥560,568

	(Millions of yen)	
	As of March 31, 2017	As of June 30, 2016
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥81,054	¥70,194
Short-term loans payable	296	1,680
Current portion of long-term loans payable	6,060	18,557
Current portion of bonds	19,316	12,686
Payables under fluidity lease receivables	7,125	7,147
Income taxes payable	8,470	5,573
Provision for point card certificates	1,603	1,327
Other	31,130	30,831
Total current liabilities	<b>155,054</b>	147,995
Non-current liabilities		
Bonds payable	75,690	76,471
Long-term loans payable	84,812	45,082
Long-term payables under fluidity lease receivables	21,164	26,876
Asset retirement obligations	5,892	5,177
Negative goodwill	375	439
Other	13,270	13,981
Total non-current liabilities	<b>201,203</b>	168,026
Total liabilities	<b>356,257</b>	316,021
<b>Net assets</b>		
Shareholders' equity		
Capital stock	22,422	22,382
Capital surplus	19,422	25,215
Retained earnings	210,341	184,205
Treasury shares	(14)	(14)
Total shareholders' equity	<b>252,171</b>	231,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	283	12
Foreign currency translation adjustment	1,103	(272)
Total accumulated other comprehensive income	<b>1,386</b>	(260)
Subscription rights to shares	42	23
Non-controlling interests	19,849	12,996
Total net assets	<b>273,448</b>	244,547
Total liabilities and net assets	<b>¥629,705</b>	¥560,568

## Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Nine months ended March 31, 2017	Nine months ended March 31, 2016
	Amount	Amount
Net sales	<b>¥619,987</b>	¥569,547
Cost of sales	<b>456,082</b>	417,413
Gross profit	<b>163,905</b>	152,134
Selling, general and administrative expenses	<b>126,767</b>	117,197
Operating income	<b>37,138</b>	34,937
Non-operating income		
Interest and dividend income	<b>690</b>	514
Amortization of negative goodwill	<b>65</b>	65
Share of profit of entities accounted for using equity method	<b>471</b>	—
Penalty income	<b>116</b>	818
Other	<b>1,732</b>	1,051
Total non-operating income	<b>3,074</b>	2,448
Non-operating expenses		
Interest expenses	<b>842</b>	771
Cost of claim's liquidation	<b>389</b>	461
Commission fee	<b>2,174</b>	189
Other	<b>801</b>	715
Total non-operating expenses	<b>4,206</b>	2,136
Ordinary income	<b>36,006</b>	35,249
Extraordinary income		
Gain on sales of non-current assets	<b>7,665</b>	117
Gain on sales of shares of subsidiaries and associates	<b>2,968</b>	—
Other	<b>269</b>	—
Total extraordinary income	<b>10,902</b>	117
Extraordinary loss		
Loss on retirement of non-current assets	<b>149</b>	102
Loss on closing of stores	<b>592</b>	983
Other	<b>70</b>	1
Total extraordinary losses	<b>811</b>	1,086
Profit before income taxes	<b>46,097</b>	34,280
Income taxes – Current	<b>15,579</b>	11,304
Income taxes – Deferred	<b>(1,469)</b>	(310)
Total income taxes	<b>14,110</b>	10,994
Profit	<b>31,987</b>	23,286
Profit attributable to non-controlling interests	<b>5,010</b>	3,554
Profit attributable to owners of parent	<b>¥26,977</b>	¥19,732

## Consolidated Quarterly Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended March 31, 2017	Nine months ended March 31, 2016
	Amount	Amount
Profit	<b>¥31,987</b>	¥23,286
Other comprehensive income		
Valuation difference on available-for-sale securities	<b>258</b>	(421)
Foreign currency translation adjustment	<b>1,364</b>	(455)
Share of other comprehensive income of entities accounted for using equity method	<b>(1)</b>	—
Total other comprehensive income	<b>1,621</b>	(876)
Comprehensive income	<b>¥33,608</b>	¥22,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<b>¥28,625</b>	¥18,867
Comprehensive income attributable to non-controlling interests	<b>4,983</b>	3,543

## Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2017	Nine months ended March 31, 2016
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before income taxes	¥46,097	¥34,280
Depreciation	11,770	10,908
Amortization of negative goodwill	(65)	(65)
Increase (decrease) in provision	(410)	270
Interest and dividend income	(690)	(514)
Interest expenses	842	771
Gain on sales of non-current assets	(7,665)	(117)
Gain on sales of shares of subsidiaries and associates	(2,968)	—
Gain on sales of investment securities	(215)	—
Increase in notes and accounts receivable - trade	(2,800)	(2,193)
Increase in inventories	(473)	(14,631)
Increase in notes and accounts payable - trade	4,400	9,258
Other, net	7,043	2,690
Subtotal	54,866	40,657
Interest and dividend income received	515	411
Interest expenses paid	(974)	(867)
Income taxes paid	(12,760)	(16,675)
Income taxes refund	1,203	1,630
Net cash provided by operating activities	42,850	25,156
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(28,526)	(31,015)
Proceeds from sales of property, plant and equipment	12,546	1,143
Purchase of intangible assets	(672)	(396)
Payments for lease and guarantee deposits	(3,264)	(1,217)
Proceeds from collection of lease and guarantee deposits	213	107
Payment for store opening in progress	(1,396)	(2,632)
Proceeds from sales of investment securities	1,118	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,265	—
Purchase of shares of subsidiaries and associates	(3,481)	(160)
Payments of loans receivable	(22,682)	(1,685)
Collection of loans receivable	10,242	9
Other, net	3	20
Net cash used in investing activities	(32,634)	(35,826)
<b>Cash flows from financing activities:</b>		
Net increase in short-term loans payable	1,249	2,492
Proceeds from long-term loans payable	44,060	38,917
Repayment of long-term loans payable	(18,076)	(17,058)
Proceeds from issuance of bonds	18,302	26,680
Redemption of bonds	(12,201)	(18,373)

Repayments of payables under fluidity lease receivables	(6,107)	(5,715)
Proceeds from issuance of common shares	79	310
Cash dividends paid	(3,479)	(3,159)
Cash dividends paid to non-controlling interests	(583)	(567)
Other, net	(2,202)	(29)
Net cash provided by financing activities	21,042	23,498
Effect of exchange rate change on cash and cash equivalents	(31)	(547)
Net increase in cash and cash equivalents	31,227	12,281
Cash and cash equivalents at beginning of period	44,496	51,292
Increase in cash and cash equivalents	103	—
from newly consolidated subsidiary		
Decrease in cash and cash equivalents resulting from	—	(32)
exclusion of subsidiaries from consolidation		
Increase in cash and equivalents resulting	49	—
from change of accounting period of consolidated subsidiaries		
Cash and cash equivalents at end of period	¥75,875	¥63,541

## Segment Information

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

- 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.
- The ¥(64) million adjustment to segment income is an intersegment elimination.
- 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



For the nine months ended March 31, 2016

1. Information concerning net sales and income or loss by reporting segment is as follow:

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Net sales							
Sales to third parties	¥549,928	¥14,691	¥564,619	¥4,928	¥569,547	¥—	¥569,547
Intersegment sales	11	13,322	13,333	5,947	19,280	(19,280)	—
Total	549,939	28,013	577,952	10,875	588,827	(19,280)	569,547
Segment income	¥19,673	¥10,638	¥30,311	¥4,870	¥35,181	¥(244)	¥34,937

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 ¥ (244) 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)

Not applicable

(Significant gain on negative goodwill)

Not applicable