Summary Report of Consolidated Financial Results For the Six Months Ended December 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 six months ended 31 December, 2017

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Six Months Ended December 31, 2017	462,830	10.8	29,247	11.0	31,058	15.3
Six Months Ended December 31, 2016	417,694	8.6	26,343	3.0	26,928	4.1

(Note) Comprehensive income: 20,851 million yen [10.2%] (FY 2018.6 2Q), 18,922 million yen [16.9%] (FY 2017.6 2Q)

	Profit Attributable to Owners of Parent	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Six Months Ended December 31, 2017	18,678	13.5	118.08	117.93
Six Months Ended December 31, 2016	16,459	15.6	104.09	104.05

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of December 31, 2017	782,137	296,897	35.3
June 30, 2017	642,868	279,930	40.3

(Reference) Equity: 276,109 million yen (as of December 31, 2017), 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 second 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	920,000	11.0	51,000	10.4	53,800	18.2	32,200	△2.7	203.55

(Note) Revision to the business forecast in the second 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)	December 31, 2017	158,193,160 shares
	June 30, 2017	158,178,760 shares
② Number of treasury stock	December 31, 2017	4,633 shares
	June 30, 2017	4,633 shares
③ Average number of outstanding shares during the period	December 31, 2017	158,183,447 shares
	December 31, 2016	158,129,763 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 February 6, 2018. Presentation materials will be available on the Company's website.

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2017	As of June 30, 2017
	Amount	Amount
Assets		
Current assets		
Cash and deposits	**¥51,677**	¥76,340
Notes and Accounts receivable-trade	**13,260**	8,966
Merchandise	**145,140**	123,969
Other	**30,531**	18,328
Allowance for doubtful accounts	**(45)**	(18)
Total current assets	**240,563**	227,585
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	**125,130**	118,623
Tools, furniture and fixtures, net	**19,305**	17,249
Land	**174,090**	171,018
Other, net	**4,540**	3,876
Total property, plant and equipment	**323,065**	310,766
Intangible assets		
Goodwill	**18,982**	5,363
Other	**10,622**	10,525
Total intangible assets	**29,604**	15,888
Investments and other assets		
Investment securities	**29,187**	7,539
Long-term loans receivable	**100,938**	23,171
Lease and guarantee deposits	**45,022**	40,474
Other	**15,453**	19,146
Allowance for doubtful accounts	**(1,695)**	(1,701)
Total investments and other assets	**188,905**	88,629
Total non-current assets	**541,574**	415,283
Total assets	**¥782,137**	¥642,868

(Millions of yen)

	As of December 31, 2017	As of June 30, 2017
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	**¥116,783**	¥85,661
Short-term loans payable	**8,287**	285
Current portion of long-term loans payable	**5,019**	5,421
Current portion of bonds	**3,816**	19,316
Payables under fluidity lease receivables	**7,207**	7,152
Income taxes payable	**9,746**	9,128
Provision for point card certificates	**1,697**	1,691
Other	**36,977**	36,171
Total current liabilities	**189,532**	164,825
Non-current liabilities		
Bonds payable	**72,982**	74,890
Long-term loans payable	**187,069**	84,638
Long-term payables under fluidity lease receivables	**15,749**	19,366
Asset retirement obligations	**6,310**	6,000
Negative goodwill	**310**	353
Other	**13,288**	12,866
Total non-current liabilities	**295,708**	198,113
Total liabilities	**485,240**	362,938
Net assets		
Shareholders' equity		
Capital stock	**22,436**	22,425
Capital surplus	**19,975**	19,425
Retained earnings	**232,004**	216,446
Treasury shares	**(14)**	(14)
Total shareholders' equity	**274,401**	258,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	**541**	326
Foreign currency translation adjustment	**1,167**	445
Total accumulated other comprehensive income	**1,708**	771
Subscription rights to shares	**98**	98
Non-controlling interests	**20,690**	20,779
Total net assets	**296,897**	279,930
Total liabilities and net assets	**¥782,137**	¥642,868

Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2016
	Amount	Amount
Net sales	**¥462,830**	¥417,694
Cost of sales	**342,654**	307,054
Gross profit	**120,176**	110,640
Selling, general and administrative expenses	**90,929**	84,297
Operating income	**29,247**	26,343
Non-operating income		
Interest and dividend income	**607**	442
Gain on valuation of derivatives	**—**	539
Amortization of negative goodwill	**43**	43
Equity in earnings of affiliates	**1,698**	—
Other	**1,528**	1,135
Total non-operating income	**3,876**	2,159
Non-operating expenses		
Interest expenses	**1,417**	551
Bond issuance cost	**—**	151
Cost of claim's liquidation	**204**	270
Foreign exchange losses	**—**	466
Other	**444**	136
Total non-operating expenses	**2,065**	1,574
Ordinary income	**31,058**	26,928
Extraordinary income		
Gain on sales of non-current assets	**88**	45
Gain on sales of investment securities	**—**	215
Other	**22**	54
Total extraordinary income	**110**	314
Extraordinary losses		
Loss on retirement of non-current assets	**94**	98
Loss on closing of stores	**116**	143
Other	**14**	67
Total extraordinary losses	**224**	308
Profit before income taxes	**30,944**	26,934
Income taxes - Current	**10,906**	9,568
Income taxes - Deferred	**123**	(2,085)
Total income taxes	**11,029**	7,483
Profit	**19,915**	19,451
Profit attributable to non-controlling interests	**1,237**	2,992
Profit attributable to owners of parent	**¥18,678**	¥16,459

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2016
	Amount	Amount
Profit	¥19,915	¥19,451
Other comprehensive income		
Valuation difference on available-for-sale securities	212	292
Foreign currency translation adjustment	722	(821)
Share of other comprehensive income of affiliates accounted for using equity method	2	—
Total other comprehensive income	936	(529)
Comprehensive income	¥20,851	¥18,922
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥19,614	¥15,938
Comprehensive income attributable to non-controlling interests	1,237	2,984

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2016
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	**¥30,944**	¥26,934
Depreciation	**7,801**	7,739
Amortization of negative goodwill	**(43)**	(43)
Increase (decrease) in provision	**31**	(211)
Interest and dividend income	**(607)**	(442)
Interest expenses	**1,417**	551
Gain on sales of investment securities	**—**	(215)
Equity in earnings of affiliates	**(1,698)**	—
Increase in notes and accounts receivable - trade	**(4,206)**	(4,971)
Increase in inventories	**(18,248)**	(5,532)
Increase in notes and accounts payable - trade	**28,108**	17,982
Other, net	**138**	4,141
Subtotal	**43,637**	45,933
Interest and dividend income received	**343**	314
Interest expenses paid	**(942)**	(559)
Income taxes paid	**(11,310)**	(7,154)
Income taxes refund	**30**	1,203
Net cash provided by operating activities	**31,758**	39,737
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(18,426)**	(18,314)
Proceeds from sales of property, plant and equipment	**315**	1,288
Purchase of intangible assets	**(338)**	(441)
Payments for lease and guarantee deposits	**(1,616)**	(1,738)
Proceeds from collection of lease and guarantee deposits	**54**	183
Payment for store opening in progress	**(346)**	(390)
Proceeds from sales of investment securities	**—**	1,118
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**(16,283)**	—
Purchase of shares of subsidiaries and affiliates	**(19,976)**	(423)
Payments of loans receivable	**(77,650)**	(22,536)
Other, net	**334**	(52)
Net cash used in investing activities	**(133,932)**	(41,305)
Cash flows from financing activities:		
Net increase in short-term loans payable	**8,000**	1,249
Proceeds from long-term loans payable	**105,000**	44,023
Repayment of long-term loans payable	**(3,137)**	(13,996)
Proceeds from issuance of bonds	**—**	8,349
Redemption of bonds	**(17,408)**	(10,593)
Repayments of payables under fluidity lease receivables	**(3,757)**	(4,228)
Proceeds from issuance of common shares	**23**	50
Cash dividends paid	**(3,322)**	(2,688)

Cash dividends paid to non-controlling interests	**(788)**	(583)
Other, net	**(31)**	(11)
Net cash provided by financing activities	**84,580**	21,572
Effect of exchange rate change on cash and cash equivalents	**535**	(491)
Net increase (decrease) in cash and cash equivalents	**(17,059)**	19,513
Cash and cash equivalents at beginning of period	**78,094**	44,496
Increase in cash and cash equivalents from newly consolidated subsidiary	—	103
Increase in cash and equivalents resulting from change of accounting period of consolidated subsidiaries	—	49
Cash and cash equivalents at end of period	**¥61,035**	¥64,161

Segment Information

For the six months ended December 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	**¥448,791**	**¥10,686**	**¥459,477**	**¥3,353**	**¥462,830**	**¥—**	**¥462,830**
Intersegment sales	**427**	**10,637**	**11,064**	**4,522**	**15,586**	**(15,586)**	**—**
Total	**449,218**	**21,323**	**470,541**	**7,875**	**478,416**	**(15,586)**	**462,830**
Segment income	**¥17,495**	**¥8,834**	**¥26,329**	**¥2,858**	**¥29,187**	**¥60**	**¥29,247**

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 ¥ 60 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 under review. There is no revision to the goodwill value.

(Significant gain on negative goodwill)

Not applicable

For the six months ended December 31, 2016

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	**¥403,716**	**¥10,349**	**¥414,065**	**¥3,629**	**¥417,694**	**¥—**	**¥417,694**
Intersegment sales	**271**	**9,780**	**10,051**	**4,951**	**15,002**	**(15,002)**	**—**

Total	403,987	20,129	424,116	8,580	432,696	(15,002)	417,694
Segment income	¥14,321	¥8,442	¥22,763	¥3,485	¥26,248	¥95	¥26,343

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 ¥ 95 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)

Information is omitted since it is immaterial.

(Significant gain on negative goodwill)

Not applicable