

Consolidated Financial Results for the First Three Months of Fiscal Year Ending December 31, 2022 (Three Months Ended March 31, 2022)

 Company name: **MonotaRO Co., Ltd.**

Stock code: 3064

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Listing: Tokyo Stock Exchange, Prime Market

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Scheduled date to file Quarterly Securities Report: May 12, 2022

Scheduled date of dividend payments: -

Supplementary materials: Yes Investors meeting: No

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2022

(January 1, 2022 – March 31, 2022)
(1) Consolidated results of operations *(Percentages show the change from the same period of previous fiscal year)*

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Mar. 31, 2022	54,610	18.7	6,664	10.9	6,746	10.9	4,709	11.0
Three months ended Mar. 31, 2021	46,017	24.6	6,009	33.4	6,083	35.0	4,240	33.9

Note: Comprehensive income: Three months ended Mar. 31, 2022: 4,770 million yen (10.0%)

Three months ended Mar. 31, 2021: 4,336 million yen (45.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2022	9.48	9.48
Three months ended Mar. 31, 2021	8.54	8.53

The Company implemented a 2-for-1 share split effective on April 1, 2021 and net income per share and diluted net income per share are stated on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2022	102,081	62,206	60.0
As of Dec. 31, 2021	95,789	60,283	61.9

Reference: Shareholders' equity Mar. 31, 2022: 61,268 million yen Dec. 31, 2021: 59,286 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2021	-	5.75	-	5.75	11.50
Year ending Dec. 31, 2022 (actual)	-				
Year ending Dec. 31, 2022 (forecast)		6.50	-	7.00	13.50

Note: Amendments to dividend forecast compared with the most recent disclosure: None

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(Percentages show the change from the same period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year (accumulated)	108,983	18.6	11,702	(1.6)	11,713	(2.2)	8,204	(1.7)	16.51
Full year	226,073	19.2	24,380	1.0	24,392	0.4	17,067	(2.8)	34.35

Note: Revision of consolidated forecast during this quarter: None

4. Others

(1) Changes in the number of material subsidiaries resulting in changes in scope of consolidation during the three-month period ended March 31, 2022: None

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

(3) Changes in accounting principles and estimates, or retrospective restatements:

1) Changes in accounting principles caused by the revision of accounting standards: Yes

2) Changes in accounting principles other than mentioned in 1): None

3) Changes in estimates: None

4) Retrospective restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock)

Mar. 31, 2022:	501,313,800 shares	Dec. 31, 2021:	501,275,000 shares
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2) Number of treasury stock at the end of period

Mar. 31, 2022:	4,443,812 shares	Dec. 31, 2021:	4,443,812 shares
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3) Average number of shares outstanding during the period

Three months ended Mar. 31, 2022:	496,869,988 shares	Three months ended Mar. 31, 2021:	496,818,424 shares
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The Company implemented a 2-for-1 share split effective on April 1, 2021 and the respective numbers of shares above are stated on the assumption that the share split was implemented at the beginning of the previous fiscal year.

This quarterly report of financial results is out of scope from quarterly review procedures conducted by independent auditors.

*** Cautionary statement with respect to forward-looking statements**

The forecasts above are based on the judgments made in accordance with information currently available. Forecasts therefore include risks and uncertainties. Actual figures may differ from these forecasts due to subsequent changes in the circumstances.

1. Qualitative Information on the Consolidated Financial Statements

(1) Qualitative Information Regarding Consolidated Results of Operations

The Japanese economy during the first three months of the fiscal year ending December 31, 2022 generally continued to be unpredictable with concerns about the global rebound of the novel coronavirus infectious disease (COVID-19), supply chain disruptions, shortages in the supply of semiconductors and other components, rising energy and raw material prices, as well as concerns about the impact on the economy from the escalating situation in Ukraine.

In this economic environment, we have continually concentrated on acquiring new customers aggressively mainly through internet advertisements (paid listings) and internet search engine optimization (SEO), which can improve our website's position on the search engines. We also conducted promotion activities including direct mail using e-mail and mail flyers, daily special prices, the publication and distribution of catalogs. In terms of catalogs, we newly published RED BOOK vol. 18 Spring Edition in late February, divided into 13 volumes with 174 thousand items and approximately 3.1 million issues available in total.

Furthermore, the total number of our product lineup reached approximately 18 million items in total and 49.7 thousand items in stock which are available for the same day shipment to meet the increase in demand corresponding to the expansion of our customer base as of the end of the first three months of the fiscal year ending December 31, 2022.

In addition, in relation to the sales of MRO products to large customers through the integrated purchase systems, both the number of customers and the amount of sales steadily increased.

Consequently, we have successfully obtained 316,868 newly registered accounts for the first three months of the fiscal year ending December 31, 2022 and the number of registered accounts totaled 7,096,187 as of the end of the first three months of the fiscal year ending December 31, 2022.

In addition, NAVIMRO, which is our Korean subsidiary, also aggressively engaged in acquiring new customers mainly through paid listings and focused on increasing both its product lineup and the number of products in stock in order to expand its customer base.

All of our efforts mentioned above resulted in net sales of 54,610 million yen (18.7% increase from the same period of the previous fiscal year), operating income of 6,664 million yen (10.9% increase from the same period of the previous fiscal year), ordinary income of 6,746 million yen (10.9% increase from the same period of the previous fiscal year), and net income attributable to owners of the parent of 4,709 million yen, a corresponding 11.0% increase.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of March 31, 2022 (the end of the first three months of the fiscal year ending December 31, 2022) amounted to 102,081 million yen, an increase of 6,292 million yen from the end of the previous fiscal year. This was attributable to increases of 4,886 million yen, 2,435 million yen and 1,686 million yen in construction in progress, notes and accounts receivable-trade and software, respectively, despite decreases of 2,343 million yen and 1,609 million yen in cash and deposits and software in progress, respectively.

On the other hand, total liabilities as of March 31, 2022 amounted to 39,874 million yen, an increase of 4,369 million yen from the end of the previous fiscal year. This was due mainly to increases of 3,238 million yen and 2,045 million yen in accounts payable-other and accounts payable-trade, respectively, despite a decrease of 1,934 million yen income taxes payable.

Total net assets amounted to 62,206 million yen, an increase of 1,923 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 4,709 million yen offset by dividend payments of 2,856 million yen for the first three months of the fiscal year ending December 31, 2022.

As a result, the equity ratio as of March 31, 2022 was 60.0%, down 1.9 percentage points from the end of the previous fiscal year.

(3) Forecast for the Fiscal Year Ending December 31, 2022

Our consolidated financial results for the first three months of this fiscal year were almost in line with our plan. Therefore, the consolidated forecast for the fiscal year ending December 31, 2022, disclosed on February 3, 2022, has not been changed at this time.

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	As of Dec. 31, 2021	(In millions of yen) As of Mar. 31, 2022
Assets		
Current assets		
Cash and deposits	12,379	10,036
Notes and accounts receivable-trade	21,665	24,100
Electronically recorded monetary claims	900	1,279
Merchandise	14,647	15,208
Goods in transit	696	434
Supplies	86	189
Accounts receivable-other	5,961	5,985
Other	844	1,108
Allowance for doubtful accounts	(95)	(89)
Total current assets	57,086	58,253
Noncurrent assets		
Property, plant and equipment		
Buildings, net	9,822	9,720
Leased assets, net	3,282	3,149
Construction in progress	9,164	14,051
Other, net	5,835	5,910
Total property, plant and equipment	28,105	32,832
Intangible assets		
Goodwill	770	787
Other	5,562	5,635
Total intangible assets	6,332	6,422
Investments and other assets		
Guarantee deposits	2,634	2,994
Other	1,683	1,642
Allowance for doubtful accounts	(54)	(63)
Total investments and other assets	4,264	4,573
Total noncurrent assets	38,702	43,827
Total assets	95,789	102,081
Liabilities		
Current liabilities		
Accounts payable-trade	14,562	16,607
Current portion of long-term loans payable	—	2,250
Lease obligations	34	24
Accounts payable-other	4,409	7,647
Income taxes payable	4,090	2,156
Provision for employees' bonuses	121	300
Provision for accident related loss	16	16
Other	589	1,363
Total current liabilities	23,824	30,367
Noncurrent liabilities		
Long-term loans payable	9,000	6,750
Lease obligations	586	597
Net defined benefit liability	388	423
Asset retirement obligations	1,222	1,415
Other	484	320
Total noncurrent liabilities	11,681	9,507
Total liabilities	35,505	39,874
Net assets		
Shareholders' equity		
Capital stock	2,000	2,008
Capital surplus	899	907
Retained earnings	56,646	58,499
Treasury stock	(413)	(413)
Total shareholders' equity	59,133	61,001
Accumulated other comprehensive income		
Foreign currency translation adjustment	151	270
Remeasurements of defined benefit plans	1	(3)
Total accumulated other comprehensive income	152	266
Subscription rights to shares	99	93
Non-controlling interests	897	845
Total net assets	60,283	62,206
Total liabilities and net assets	95,789	102,081

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In millions of yen)	
	Three months period ended Mar. 31, 2021	Three months period ended Mar. 31, 2022
Net sales	46,017	54,610
Cost of sales	32,706	39,192
Gross profit	13,311	15,418
Selling, general and administrative expenses	7,301	8,754
Operating income	6,009	6,664
Non-operating income		
Interest income	11	11
Foreign exchange gains	37	70
Gain on sale of materials	3	4
Other	48	16
Total non-operating income	101	103
Non-operating expenses		
Interest expenses	8	4
Loss on disposal of inventories	10	13
Accident related loss	3	—
Other	4	2
Total non-operating expenses	27	21
Ordinary income	6,083	6,746
Extraordinary income		
Gain on sales of fixed assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on sales of fixed assets	—	0
Loss on disposal of fixed assets	6	0
Total extraordinary losses	6	0
Income before income taxes	6,077	6,745
Income taxes-current	1,776	2,077
-deferred	105	49
Total income taxes	1,881	2,127
Net income	4,195	4,618
Net income attributable to:		
owners of the parent	4,240	4,709
non-controlling interests	(45)	(90)
Other comprehensive income		
Foreign currency translation adjustment	140	163
Remeasurements of defined benefit plans	1	(11)
Total other comprehensive income	141	151
Comprehensive income	4,336	4,770
Comprehensive income attributable to:		
owners of the parent	4,321	4,815
non-controlling interests	15	(45)