

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022

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

Stock code: 3064

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Listing: Tokyo Stock Exchange, First Section

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Scheduled date of Annual General Shareholders' Meeting: March 29, 2023

Scheduled date to commence dividend payment: March 30, 2023

Scheduled date to file Securities Report: March 30, 2023

Supplementary materials: Yes Investors meeting: Yes

*(Figures are rounded down to the nearest million yen)*

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022

**(January 1, 2022 – December 31, 2022)**

(1) Consolidated results of operations

*(Percentages show the change from the 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	%
Year ended Dec. 31, 2022	225,970	19.1	26,213	8.6	26,398	8.6	18,658	6.3
Year ended Dec. 31, 2021	189,731	20.6	24,129	23.1	24,302	23.5	17,552	27.5

Note: Comprehensive income: Year ended Dec. 31, 2022: 18,406 million yen (4.6%)

Year ended Dec. 31, 2021: 17,591 million yen (31.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Year ended Dec. 31, 2022	37.55	37.55	28.4	25.4	11.6
Year ended Dec. 31, 2021	35.33	35.32	33.1	27.5	12.7

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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2022	111,737	72,621	64.5	145.11
As of Dec. 31, 2021	95,789	60,283	61.9	119.33

Reference: Shareholders' equity Dec. 31, 2022: 72,105 million yen Dec. 31, 2021: 59,286 million yen

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

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended Dec. 31, 2022	15,483	(12,535)	(5,514)	8,586
Year ended Dec. 31, 2021	12,258	(14,290)	(5,766)	11,068

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended Dec. 31, 2021	-	5.75	-	5.75	11.50	5,713	32.5	10.8
Year ended Dec. 31, 2022	-	6.50	-	7.00	13.50	6,707	35.9	10.2
Year ending Dec. 31, 2023 (forecast)	-	8.00	-	8.00	16.00		34.8	

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(Percentages show the change from the 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)	128,696	17.1	14,899	13.4	14,878	11.7	10,400	11.6	20.93
Full year	265,195	17.4	32,030	22.2	31,986	21.2	22,789	22.1	45.86

#### 4. Others

(1) Changes in the number of material subsidiaries resulting in changes in scope of consolidation during the fiscal year period ended December 31, 2022: None

(2) Application of special accounting methods for the preparation of 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)

Dec. 31, 2022: 501,347,600 shares Dec. 31, 2021: 501,275,000 shares

2) Number of treasury stock at the end of period

Dec. 31, 2022: 4,444,037 shares Dec. 31, 2021: 4,443,812 shares

3) Average number of shares outstanding during the period

Year ended Dec. 31, 2022: 496,886,232 shares Year ended Dec.31, 2021: 496,826,914 shares

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.

#### (Reference) Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022

##### 1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022

(January 1, 2022 – December 31, 2022)

(1) Results of operations

(Percentages show the change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended Dec. 31, 2022	216,638	18.7	27,085	10.4	27,239	10.5	19,044	7.6
Year ended Dec. 31, 2021	182,472	20.2	24,533	21.8	24,647	22.0	17,701	34.7

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec. 31, 2022	38.33	38.32
Year ended Dec. 31, 2021	35.63	35.62

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) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2022	110,781	73,637	66.4	148.13
As of Dec. 31, 2021	95,154	60,661	63.6	121.90

Reference: Shareholders' equity Dec. 31, 2022: 73,603 million yen Dec. 31, 2021: 60,561 million yen

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

## 2. Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

*(Percentages show the change from the previous fiscal year)*

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year (accumulated)	123,309	16.7	15,429	14.0	15,408	12.5	10,696	12.7	21.53
Full year	253,373	17.0	32,960	21.7	32,918	20.8	23,283	22.3	46.86

These financial results are out of scope from audit 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 fiscal year ended 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, as well as shortages in the supply of semiconductors and other components, rising energy and raw material prices, a rapid depreciation of the yen, in addition to concerns about the impact on the economy from the Russian aggression 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. and we also published REDBOOK vol. 18 Autumn Edition in late September, divided into 10 volumes with 255 thousand items and approximately 1.3 million issues available in total. In addition, we broadcasted TV commercials during the fiscal year to enhance our visibility much further.

Furthermore, the total number of our product lineup reached approximately 19 million items in total and 518 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 fiscal year ended December 31, 2022. In addition, to strengthen the base of shipping and storage capacity in logistics, "Inagawa Distribution Center" (Kawabe-gun, Hyogo Prefecture, total floor area of about 194,000 m<sup>2</sup>) started its operation in April.

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

Consequently, we have successfully obtained 1,227,175 newly registered accounts for the fiscal year ended December 31, 2022 and the number of registered accounts totaled 8,006,494 as of 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 225,970 million yen (19.1% increase from the previous fiscal year), operating income of 26,213 million yen (8.6% increase from the previous fiscal year), ordinary income of 26,398 million yen (8.6% increase from the previous fiscal year), and net income attributable to owners of the parent of 18,658 million yen, a corresponding 6.3% increase.

### **(2) Qualitative Information Regarding Consolidated Financial Position**

Total assets as of December 31, 2022 (the end of the fiscal year) amounted to 111,737 million yen, an increase of 15,948 million yen from the end of the previous fiscal year. This was attributable to increases of 6,403 million yen, 4,293 million yen, 3,579 million yen, 2,949 million yen, and 2,681 million yen in machinery and equipment, merchandise, notes and accounts receivable-trade, software, and buildings, respectively, despite decreases of 3,492 million yen, 2,411 million yen, and 2,112 million yen in cash and deposits, construction in progress, and software in progress, respectively.

On the other hand, total liabilities as of December 31, 2022 amounted to 39,115 million yen, an increase of 3,610 million yen from the end of the previous fiscal year. This was due mainly to increases of 1,105 million yen and 911 million yen in accounts payable-trade and accounts payable-other.

Total net assets amounted to 72,621 million yen, an increase of 12,338 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 18,658 million yen offset by dividend payments of 6,086 million yen for the fiscal year ended December 31, 2022.

As a result, the equity ratio as of December 31, 2022 was 64.5%, up 2.6 percentage points from the end of the previous fiscal year.

### **(3) Forecast for the Fiscal Year Ending December 31, 2023**

During the fiscal year ending December 31, 2023, we will continue aggressive promotional activities to gain new customers mainly using internet advertisements (paid listings) and internet search engine optimization (SEO).

In addition, we plan to engage actively in sales promotion activities with existing customers with a focus on expanding our available product lineup corresponding to the growth of our customer base, conducting promotion activities based on highly precise data science tools, improving website design in order for customers to use it and place orders more easily, expanding the product lineup for the same day shipment including both goods in stock and drop shipment goods from suppliers and enhancing speedy and efficient delivery networks. Furthermore, we will work to further expand our shipping capacity and upgrade our supply chain, such as with the second phase of operation of the Inagawa Distribution Center.

Also, NAVIMRO Co., Ltd., PT MONOTARO INDONESIA and IB MONOTARO PRIVATE LIMITED will continuously engage in acquiring new customers mainly through paid listings and focus on increasing each of their respective product lineups and the number of products in stock in order to expand their customer base.

In view of the implementation of the plan above, our current forecast estimates of net sales, operating income, ordinary income and net income attributable to owners of the parent for the fiscal year ending December 31, 2023 are 265,195 million yen, 32,030 million yen, 31,986 million yen and 22,789 million yen, respectively.

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

Accounts	As of Dec. 31, 2021	(In millions of yen) As of Dec. 31, 2022
Assets		
Current assets		
Cash and deposits	12,379	8,887
Notes and accounts receivable-trade	21,665	25,244
Electronically recorded monetary claims	900	1,267
Merchandise	14,647	18,941
Goods in transit	696	614
Supplies	86	29
Accounts receivable-other	5,961	6,794
Other	844	1,379
Allowance for doubtful accounts	-95	-113
Total current assets	<u>57,086</u>	<u>63,045</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	9,822	12,504
Structures, net	781	703
Machinery and equipment, net	1,760	8,164
Vehicles, net	123	248
Tools, furniture and fixtures, net	930	1,796
Land	2,238	2,238
Leased assets, net	3,282	2,636
Construction in progress	9,164	6,753
Total property, plant and equipment	<u>28,105</u>	<u>35,046</u>
Intangible assets		
Goodwill	770	710
Software	2,163	5,113
Software in progress	3,190	1,077
Other	208	192
Total intangible assets	<u>6,332</u>	<u>7,093</u>
Investments and other assets		
Investment securities	—	1,500
Guarantee deposits	2,634	2,972
Deferred tax assets	582	959
Other	1,101	1,198
Allowance for doubtful accounts	-54	-79
Total investments and other assets	<u>4,264</u>	<u>6,551</u>
Total noncurrent assets	<u>38,702</u>	<u>48,691</u>
Total assets	<u>95,789</u>	<u>111,737</u>

Accounts	(In millions of yen)	
	As of Dec. 31, 2021	As of Dec. 31, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	14,562	15,667
Short-term borrowings	—	61
Current portion of long-term loans payable	—	4,711
Lease obligations	34	7
Accounts payable-other	4,409	5,320
Income taxes payable	4,090	4,535
Provision for employees' bonuses	121	179
Provision for accident related loss	16	14
Other	589	1,076
Total current liabilities	<u>23,824</u>	<u>31,575</u>
Noncurrent liabilities		
Long-term loans payable	9,000	4,922
Lease obligations	586	594
Net defined benefit liability	388	464
Asset retirement obligations	1,222	1,418
Other	484	140
Total noncurrent liabilities	<u>11,681</u>	<u>7,539</u>
Total liabilities	<u>35,505</u>	<u>39,115</u>
Net assets		
Shareholders' equity		
Capital stock	2,000	2,039
Capital surplus	899	1,034
Retained earnings	56,646	69,218
Treasury stock	-413	-502
Total shareholders' equity	<u>59,133</u>	<u>71,789</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	151	318
Remeasurements of defined benefit plans	1	-1
Total accumulated other comprehensive income	<u>152</u>	<u>316</u>
Subscription rights to shares	99	33
Non-controlling interests	897	482
Total net assets	<u>60,283</u>	<u>72,621</u>
Total liabilities and net assets	<u>95,789</u>	<u>111,737</u>

**(2) Consolidated statements of (comprehensive) income**

Accounts	(In millions of yen)	
	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
Net sales	189,731	225,970
Cost of sales	<u>135,685</u>	<u>160,532</u>
Gross profit	<u>54,045</u>	<u>65,437</u>
Selling, general and administrative expenses	<u>29,916</u>	<u>39,224</u>
Operating income	<u>24,129</u>	<u>26,213</u>
Non-operating income		
Interest income	58	27
Foreign exchange gains	126	173
Commission fee	9	9
Compensation income	6	11
Gain on sale of materials	16	25
Other	<u>58</u>	<u>61</u>
Total non-operating income	<u>275</u>	<u>309</u>
Non-operating expenses		
Interest expenses	23	23
Loss on disposal of inventories	47	76
Accident related loss	17	—
Other	<u>15</u>	<u>24</u>
Total non-operating expenses	<u>103</u>	<u>123</u>
Ordinary income	<u>24,302</u>	<u>26,398</u>
Extraordinary income		
Gain on sales of fixed assets	<u>0</u>	<u>0</u>
Total extraordinary income	<u>0</u>	<u>0</u>
Extraordinary loss		
Loss on closure of distribution center	—	837
Loss on disposal of fixed assets	40	7
Loss on sales of fixed assets	<u>1</u>	<u>0</u>
Total extraordinary losses	<u>41</u>	<u>845</u>
Income before income taxes and minority interests	<u>24,260</u>	<u>25,554</u>
Income taxes-current	6,954	7,738
-deferred	<u>-34</u>	<u>-378</u>
Total income taxes	<u>6,919</u>	<u>7,359</u>
Net income	<u>17,340</u>	<u>18,194</u>
Net income attributable to:		
owners of the parent	17,552	18,658
non-controlling interests	-211	-463
Other comprehensive income		
Foreign currency translation adjustment	235	224
Remeasurements of defined benefit plans	<u>15</u>	<u>-11</u>
Total other comprehensive income	<u>250</u>	<u>212</u>
Comprehensive income	<u>17,591</u>	<u>18,406</u>
Comprehensive income attributable to:		
owners of the parent	17,712	18,814
non-controlling interests	-121	-407



**(3) Consolidated statements of changes in net assets**

Accounts	(In millions of yen)	
	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,993	2,000
Changes of items during the period		
Issuance of new shares	6	39
Total changes of items during the period	6	39
Balance at the end of current period	2,000	2,039
Capital surplus		
Balance at the beginning of current period	816	899
Changes of items during the period		
Issuance of new shares	6	39
Disposal of treasury stock	94	95
Change in scope of consolidation	-17	—
Total changes of items during the period	83	134
Balance at the end of current period	899	1,034
Retained earnings		
Balance at the beginning of current period	44,311	56,646
Changes of items during the period		
Dividends from surplus	-5,216	-6,086
Net income attributable to owners of the parent	17,552	18,658
Total changes of items during the period	12,335	12,571
Balance at the end of current period	56,646	69,218
Treasury stock		
Balance at the beginning of current period	-315	-413
Changes of items during the period		
Purchase of treasury stock	-100	-93
Disposal of treasury stock	3	3
Total changes of items during the period	-97	-89
Balance at the end of current period	-413	-502
Total shareholders' equity		
Balance at the beginning of current period	46,805	59,133
Changes of items during the period		
Issuance of new shares	13	78
Dividends from surplus	-5,216	-6,086
Net income attributable to owners of the parent	17,552	18,658
Purchase of treasury stock	-100	-93
Disposal of treasury stock	97	99
Change in scope of consolidation	-17	—
Total changes of items during the period	12,328	12,655
Balance at the end of current period	59,133	71,789

Accounts	Year ended Dec. 31, 2021	(In millions of yen) Year ended Dec. 31, 2022
Accumulated other comprehensive income		
Foreign currency translation adjustment		
Balance at the beginning of current period	-35	151
Changes of items during the period		
Net changes of items other than shareholders' equity	186	167
Total changes of items during the period	186	167
Balance at the end of current period	151	318
Remeasurements of defined benefit plans		
Balance at the beginning of current period	-7	1
Changes of items during the period		
Net changes of items other than shareholders' equity	9	-3
Total changes of items during the period	9	-3
Balance at the end of current period	1	-1
Total accumulated other comprehensive income		
Balance at the beginning of current period	-43	152
Changes of items during the period		
Net changes of items other than shareholders' equity	196	163
Total changes of items during the period	196	163
Balance at the end of current period	152	316
Subscription rights to shares		
Balance at the beginning of current period	72	99
Changes of items during the period		
Net changes of items other than shareholders' equity	27	-66
Total changes of items during the period	27	-66
Balance at the end of current period	99	33
Non-controlling interests		
Balance at the beginning of current period	823	897
Changes of items during the period		
Net changes of items other than shareholders' equity	73	-414
Total changes of items during the period	73	-414
Balance at the end of current period	897	482
Total net assets		
Balance at the beginning of current period	47,658	60,283
Changes of items during the period		
Issuance of new shares	13	78
Dividends from surplus	-5,216	-6,086
Net income attributable to owners of the parent	17,552	18,658
Purchase of treasury stock	-100	-93
Disposal of treasury stock	97	99
Change in scope of consolidation	-17	—
Net changes of items other than shareholders' equity	297	-317
Total changes of items during the period	12,625	12,338
Balance at the end of current period	60,283	72,621

**(4) Consolidated statements of cash flows**

Accounts	(In millions of yen)	
	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	24,260	25,554
Depreciation and amortization	2,145	3,565
Increase (decrease) in allowance for doubtful accounts	18	42
Increase (decrease) in provision for employees' bonuses	15	58
Increase (decrease) in provision for directors' bonuses	-45	—
Increase (decrease) in net defined benefit liability	38	81
Interest income	-58	-27
Interest expenses	23	23
Loss on closure of distribution center	—	837
Decrease (increase) in notes and accounts receivable-trade	-4,287	-3,929
Decrease (increase) in inventories	-3,528	-4,091
Decrease (increase) in accounts receivable-other	-1,015	-865
Increase (decrease) in notes and accounts payable-trade	2,901	1,055
Increase (decrease) in accounts payable-other	351	594
Increase (decrease) in accrued consumption taxes	-1,510	252
Other, net	75	-373
Subtotal	<u>19,384</u>	<u>22,777</u>
Interest income received	14	61
Interest expenses paid	-33	-27
Income taxes paid	-7,091	-7,321
Payments for accident related loss	-15	-7
Net cash provided by (used in) operating activities	<u>12,258</u>	<u>15,483</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	-1,896	—
Proceeds from withdrawal of time deposits	711	1,102
Purchase of property, plant and equipment	-9,647	-9,461
Purchase of intangible assets	-2,354	-2,047
Purchase of investment securities	—	-1,500
Payments for guarantee deposits	-1,179	-735
Other, net	77	107
Net cash provided by (used in) investment activities	<u>-14,290</u>	<u>-12,535</u>
Net cash provided by (used in) financing activities		
Proceeds from Long-term loans payable	—	64
Repayments of long-term loans payable	—	633
Proceeds from exercise of stock option	0	0
Purchase of treasury stock	-97	-89
Cash dividends paid	-5,214	-6,087
Proceeds from share issuance to non-controlling shareholders	212	—
Repayments of lease obligations	-667	-34
Net cash provided by (used in) financing activities	<u>-5,766</u>	<u>-5,514</u>
Effect of exchange rate change on cash and cash equivalents	<u>99</u>	<u>83</u>
Net increase (decrease) in cash and cash equivalents	<u>-7,699</u>	<u>-2,482</u>
Cash and cash equivalents at beginning of period	<u>18,767</u>	<u>11,068</u>
Cash and cash equivalents at end of period	<u>11,068</u>	<u>8,586</u>

**Non-Consolidated Financial Statements**  
**(1) Non-consolidated balance sheets**

Accounts	As of Dec. 31, 2021	(In millions of yen) As of Dec. 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,263	7,318
Notes receivable-trade	21	—
Accounts receivable-trade	21,425	24,840
Electronically recorded monetary claims	900	1,267
Merchandise	13,743	17,681
Goods in transit	696	608
Supplies	86	29
Advance payments-trade	38	6
Prepaid expenses	414	968
Accounts receivable-other	5,945	6,788
Other	140	65
Allowance for doubtful accounts	-91	-101
<b>Total current assets</b>	<b>53,583</b>	<b>59,472</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	9,822	12,504
Structures	781	703
Machinery and equipment	1,760	8,160
Vehicles	121	247
Tools, furniture and fixtures	897	1,736
Land	2,238	2,238
Leased assets	3,256	2,626
Construction in progress	9,164	6,601
<b>Total property, plant and equipment</b>	<b>28,044</b>	<b>34,818</b>
Intangible assets		
Software	2,125	5,050
Software in progress	3,173	1,049
Other	208	191
<b>Total intangible assets</b>	<b>5,507</b>	<b>6,291</b>
Investments and other assets		
Stocks of subsidiaries and affiliates	3,640	5,140
Claims provable in bankruptcy, rehabilitation and other	54	79
Long-term prepaid expenses	613	546
Guarantee deposits	2,568	2,856
Insurance funds	433	513
Deferred tax assets	763	1,141
Allowance for doubtful accounts	-54	-79
<b>Total investments and other assets</b>	<b>8,019</b>	<b>10,198</b>
<b>Total noncurrent assets</b>	<b>41,571</b>	<b>51,309</b>
<b>Total assets</b>	<b>95,154</b>	<b>110,781</b>

Accounts	(In millions of yen)	
	As of Dec. 31, 2021	As of Dec. 31, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	13,969	14,961
Current portion of long-term borrowings	—	4,500
Lease obligations	5	4
Accounts payable-other	4,154	4,949
Accrued expenses	304	428
Income taxes payable	4,085	4,528
Accrued consumption taxes	—	302
Advances received	90	46
Deposits received	89	152
Provision for employees' bonuses	121	179
Provision for accident related loss	16	14
Other	13	16
Total current liabilities	<u>22,852</u>	<u>30,084</u>
Noncurrent liabilities		
Long-term loans payable	9,000	4,500
Lease obligations	586	594
Provision for retirement benefits	347	406
Asset retirement obligations	1,222	1,418
Other	484	140
Total noncurrent liabilities	<u>11,641</u>	<u>7,059</u>
Total liabilities	<u>34,493</u>	<u>37,144</u>
Net assets		
Shareholders' equity		
Capital stock	2,000	2,039
Capital surplus		
Legal capital surplus	805	844
Other capital surplus	94	190
Total capital surpluses	<u>899</u>	<u>1,034</u>
Retained earnings		
Other retained earnings		
Reserve for specific stocks	—	375
Retained earnings brought forward	58,074	70,657
Total retained earnings	<u>58,074</u>	<u>71,032</u>
Treasury stock	<u>-413</u>	<u>-502</u>
Total shareholders' equity	<u>60,561</u>	<u>73,603</u>
Subscription rights to shares	99	33
Total net assets	<u>60,661</u>	<u>73,637</u>
Total liabilities and net assets	<u>95,154</u>	<u>110,781</u>

**(2) Non-consolidated statements of income**

Accounts	(In millions of yen)	
	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
Net sales	182,472	216,638
Cost of sales	129,944	152,995
Gross profit	52,527	63,643
Selling, general and administrative expenses	27,993	36,558
Operating income	24,533	27,085
Non-operating income		
Interest income	0	0
Foreign exchange gains	128	174
Commission fee	9	9
Compensation income	4	6
Gain on sale of materials	16	25
Other	52	52
Total non-operating income	211	268
Non-operating expenses		
Interest expenses	21	18
Loss on disposal of inventories	44	71
Accident related loss	17	—
Other	14	23
Total non-operating expenses	97	113
Ordinary income	24,647	27,239
Extraordinary income		
Gain on sales of fixed assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on valuation of shares of subsidiaries	—	837
Loss on disposal of fixed assets	40	7
Loss on sales of fixed assets	1	0
Total extraordinary losses	41	845
Income before income taxes	24,606	26,395
Income taxes-current	6,944	7,729
Income taxes-deferred	-40	-378
Total income taxes	6,904	7,350
Net income	17,701	19,044

**(3) Non-consolidated statements of changes in net assets**

Accounts	(In millions of yen)	
	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,993	2,000
Changes of items during the period		
Issuance of new shares	6	39
Total changes of items during the period	6	39
Balance at the end of current period	2,000	2,039
Capital surplus		
Balance at the beginning of current period	798	899
Changes of items during the period		
Issuance of new shares	6	39
Disposal of treasury stock	94	95
Total changes of items during the period	101	134
Balance at the end of current period	899	1,034
Retained earnings		
Other retained earnings		
Reserve for specific stocks		
Balance at beginning of period	—	—
Changes of items during the period		
Provision of reserve for specific stocks	—	375
Total changes of items during the period	—	375
Balance at the end of current period	—	375
Retained earnings brought forward		
Balance at the beginning of current period	45,589	58,074
Changes of items during the period		
Dividends from surplus	-5,216	-6,086
Provision of reserve for specific stocks	—	-375
Net income	17,701	19,044
Total changes of items during the period	12,484	12,583
Balance at the end of current period	58,074	70,657
Total retained earnings		
Balance at the beginning of current period	45,589	58,074
Changes of items during the period		
Dividends from surplus	-5,216	-6,086
Provision of reserve for specific stocks	—	—
Net income	17,701	19,044
Total changes of items during the period	12,484	12,958
Balance at the end of current period	58,074	71,032
Treasury stock		
Balance at the beginning of current period	-315	-413
Changes of items during the period		
Purchase of treasury stock	-100	-93
Disposal of treasury stock	3	3
Total changes of items during the period	-97	-89
Balance at the end of current period	-413	-502
Total shareholders' equity		
Balance at the beginning of current period	48,066	60,561
Changes of items during the period		
Issuance of new shares	13	78
Dividends from surplus	-5,216	-6,086
Provision of reserve for specific stocks	—	—
Net income	17,701	19,044
Purchase of treasury stock	-100	-93
Disposal of treasury stock	97	99
Total changes of items during the period	12,495	13,042
Balance at the end of current period	60,561	73,603

Accounts	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022
<u>Subscription rights to shares</u>		
Balance at the beginning of current period	72	99
Changes of items during the period		
Net changes of items other than shareholders' equity	27	-66
Total changes of items during the period	<u>27</u>	<u>-66</u>
Balance at the end of current period	<u>99</u>	<u>33</u>
<u>Total net assets</u>		
Balance at the beginning of current period	48,138	60,661
Changes of items during the period		
Issuance of new shares	13	78
Dividends from surplus	-5,216	-6,086
Provision of reserve for specific stocks	—	—
Net income	17,701	19,044
Purchase of treasury stock	-100	-93
Disposal of treasury stock	97	99
Net changes of items other than shareholders' equity	27	-66
Total changes of items during the period	<u>12,522</u>	<u>12,975</u>
Balance at the end of current period	<u>60,661</u>	<u>73,637</u>