

Consolidated Financial Results for the First Three Months of Fiscal Year Ending December 31, 2023 (Three Months Ended March 31, 2023)

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

Stock code: 3064

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Listing: Tokyo Stock Exchange, Prime Market

 URL: <https://www.monotaro.com>

Scheduled date to file Quarterly Securities Report: May 11, 2023

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, 2023

(January 1, 2023 – March 31, 2023)

(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, 2023	62,014	13.6	8,030	20.5	8,084	19.8	5,687	20.8
Three months ended Mar. 31, 2022	54,610	18.7	6,664	10.9	6,746	10.9	4,709	11.0

Note: Comprehensive income: Three months ended Mar. 31, 2023: 5,553 million yen (16.4%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2023	11.45	11.45
Three months ended Mar. 31, 2022	9.48	9.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2023	114,061	74,695	65.2
As of Dec. 31, 2022	111,737	72,621	64.5

Reference: Shareholders' equity Mar. 31, 2023: 74,311 million yen Dec. 31, 2022: 72,105 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, 2022	-	6.50	-	7.00	13.50
Year ending Dec. 31, 2023 (actual)	-				
Year ending Dec. 31, 2023 (forecast)		8.00	-	8.00	16.00

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

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

(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)	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

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, 2023: 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: None
 - 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, 2023: 501,351,000 shares Dec. 31, 2022: 501,347,600 shares
 - 2) Number of treasury stock at the end of period
Mar. 31, 2023: 4,444,037 shares Dec. 31, 2022: 4,444,037 shares
 - 3) Average number of shares outstanding during the period
Three months ended Mar. 31, 2023: 496,906,963 shares Three months ended Mar. 31, 2022: 496,869,988 shares

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, 2023, generally continued to be unpredictable with concerns about the impact of the continued yen's depreciation and the economy due to the situation in Russia and Ukraine in addition to the rising energy and raw material prices, although adaptation to the reality of the novel coronavirus has continued to progress and there were movements towards the normalization of social and economic activities, such as the easing of restrictions on activities.

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 mailing flyers with optimized product listings for each customer, daily special prices. In addition, we broadcasted TV commercials to enhance our visibility much further.

Furthermore, the total number of our product lineup reached approximately 19 million items in total with 51.4 thousand items in stock 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, 2023.

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 279,151 newly registered accounts for the first three months of the fiscal year ending December 31, 2023 and the number of registered accounts totaled 8,285,645 as of the end of the first three months of the fiscal year ending December 31, 2023.

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 62,014 million yen (13.6% increase from the same period of the previous fiscal year), operating income of 8,030 million yen (20.5% increase from the same period of the previous fiscal year), ordinary income of 8,084 million yen (19.8% increase from the same period of the previous fiscal year), and net income attributable to owners of the parent of 5,687 million yen, a corresponding 20.8% increase.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of March 31, 2023 (the end of the first three months of the fiscal year ending December 31, 2023) amounted to 114,061 million yen, an increase of 2,324 million yen from the end of the previous fiscal year. This was attributable to increases of 2,120 million yen and 1,251 million yen in notes and accounts receivable-trade and construction in progress, respectively, despite decreases of 480 million yen and 289 million yen in cash and deposits and electronically recorded monetary claims, respectively.

On the other hand, total liabilities as of March 31, 2023 amounted to 39,366 million yen, an increase of 250 million yen from the end of the previous fiscal year. This was due mainly to increases of 2,714 million yen, 805 million yen and 418 million yen in accounts payable-other, consumption tax payable and accounts payable-trade, respectively, despite a decrease of 2,264 million yen and 2,114 million yen in loans payable and income taxes payable, respectively.

Total net assets amounted to 74,695 million yen, an increase of 2,073 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 5,687 million yen offset by dividend payments of 3,478 million yen for the first three months of the fiscal year ending December 31, 2023.

As a result, the equity ratio as of March 31, 2023 was 65.2%, up 0.7 percentage points from the end of the previous fiscal year.

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

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, 2023, disclosed on February 2, 2023, has not been changed at this time.

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	(In millions of yen)	
	As of Dec. 31, 2022	As of Mar. 31, 2023
Assets		
Current assets		
Cash and deposits	8,887	8,407
Notes and accounts receivable-trade	25,244	27,364
Electronically recorded monetary claims	1,267	978
Merchandise	18,941	19,273
Goods in transit	614	493
Supplies	29	17
Accounts receivable-other	6,794	6,764
Other	1,379	1,149
Allowance for doubtful accounts	-113	-114
Total current assets	<u>63,045</u>	<u>64,332</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	12,504	12,349
Leased assets, net	2,636	2,516
Construction in progress	6,753	8,004
Other, net	13,152	13,363
Total property, plant and equipment	<u>35,046</u>	<u>36,233</u>
Intangible assets		
Goodwill	710	702
Software	5,113	5,141
Software in progress	1,077	1,172
Other	192	188
Total intangible assets	<u>7,093</u>	<u>7,204</u>
Investments and other assets		
Guarantee deposits	2,972	2,991
Other	3,657	3,386
Allowance for doubtful accounts	-79	-87
Total investments and other assets	<u>6,551</u>	<u>6,290</u>
Total noncurrent assets	<u>48,691</u>	<u>49,729</u>
Total assets	<u>111,737</u>	<u>114,061</u>
Liabilities		
Current liabilities		
Accounts payable-trade	15,667	18,381
Short-term borrowings	61	107
Current portion of long-term loans payable	4,711	4,706
Lease obligations	7	3
Accounts payable-other	5,320	5,739
Income taxes payable	4,535	2,421
Provision for employees' bonuses	179	533
Other	1,091	2,213
Total current liabilities	<u>31,575</u>	<u>34,107</u>
Noncurrent liabilities		
Long-term loans payable	4,922	2,662
Lease obligations	594	607
Net defined benefit liability	464	487
Asset retirement obligations	1,418	1,418
Other	140	83
Total noncurrent liabilities	<u>7,539</u>	<u>5,259</u>
Total liabilities	<u>39,115</u>	<u>39,366</u>
Net assets		
Shareholders' equity		
Capital stock	2,039	2,042
Capital surplus	1,034	1,036
Retained earnings	69,218	71,427
Treasury stock	-502	-502
Total shareholders' equity	<u>71,789</u>	<u>74,003</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	318	316
Remeasurements of defined benefit plans	-1	-8
Total accumulated other comprehensive income	<u>316</u>	<u>308</u>
Subscription rights to shares	33	28
Non-controlling interests	482	355
Total net assets	<u>72,621</u>	<u>74,695</u>
Total liabilities and net assets	<u>111,737</u>	<u>114,061</u>

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In millions of yen)	
	Three months period ended Mar. 31, 2022	Three months period ended Mar. 31, 2023
Net sales	54,610	62,014
Cost of sales	39,192	43,428
Gross profit	15,418	18,585
Selling, general and administrative expenses	8,754	10,555
Operating income	6,664	8,030
Non-operating income		
Interest income	11	4
Foreign exchange gains	70	33
Gain on sale of materials	4	7
Other	16	52
Total non-operating income	103	98
Non-operating expenses		
Interest expenses	4	31
Loss on disposal of inventories	13	2
Loss on sale of electronically recorded monetary claims	3	9
Other	0	0
Total non-operating expenses	21	43
Ordinary income	6,746	8,084
Extraordinary income		
Gain on sales of fixed assets	0	—
Total extraordinary income	0	—
Extraordinary loss		
Loss on sales of fixed assets	0	—
Loss on disposal of fixed assets	0	0
Total extraordinary losses	0	0
Income before income taxes	6,745	8,084
Income taxes-current	2,077	2,261
-deferred	49	267
Total income taxes	2,127	2,528
Net income	4,618	5,556
Net income attributable to:		
owners of the parent	4,709	5,687
non-controlling interests	-90	-131
Other comprehensive income		
Foreign currency translation adjustment	163	6
Remeasurements of defined benefit plans	-11	-10
Total other comprehensive income	151	-3
Comprehensive income	4,770	5,553
Comprehensive income attributable to:		
owners of the parent	4,815	5,673
non-controlling interests	-45	-120