

Consolidated Financial Results for the First Nine Months of Fiscal Year Ending December 31, 2023 (Nine Months Ended September 30, 2023)

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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: November 10, 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 Nine Months Ended September 30, 2023

(January 1, 2023 – September 30, 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	%
Nine Months Ended Sep. 30, 2023	187,223	12.8	22,919	18.6	23,145	18.3	16,171	23.3
Nine Months Ended Sep. 30, 2022	165,993	19.9	19,323	10.2	19,566	10.7	13,119	6.7

Note: Comprehensive income: Nine Months Ended September. 30, 2023: 15,989 million yen (21.4%)

Nine Months Ended September. 30, 2022: 13,169 million yen (7.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine Months Ended Sep. 30, 2023	32.54	32.54
Nine Months Ended Sep. 30, 2022	26.40	26.40

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2023	117,465	81,611	68.9
As of Dec. 31, 2022	111,737	72,621	64.5

Reference: Shareholders' equity Sep. 30, 2023: 80,879 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)	-	8.00	-		
Year ending Dec. 31, 2023 (forecast)				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
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 nine-month period ended September 30, 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)
Sep. 30, 2023: 501,351,000 shares Dec. 31, 2022: 501,347,600 shares
 - 2) Number of treasury stock at the end of period
Sep. 30, 2023: 4,444,375 shares Dec. 31, 2022: 4,444,037 shares
 - 3) Average number of shares outstanding during the period
Nine Months Ended Sep. 30, 2023: 496,904,987 shares Nine Months Ended Sep. 30, 2022: 496,880,632 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 nine months of the fiscal year ending December 31, 2023, generally continued to be unpredictable due to rising raw material prices, continued depreciation of the Japanese yen, and economic trends caused by the situation in Russia and Ukraine, although there were signs of normalization of social and economic activities such as lowering the classification of novel coronavirus infection under the Infectious Diseases Control Law to a category 5 infectious disease, as coexistence with the novel coronavirus made progress.

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 20 million items in total with 537 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 nine months of the fiscal year ending December 31, 2023.

In addition, in relation to the sales of MRO products to large corporate customers through integrated purchase systems, both the number of customers and the amount of sales steadily increased. In addition, in order to strengthen our shipping and storage capacity in logistics, the "Inagawa Distribution Center" (Kawabe-gun, Hyogo Prefecture), which commenced operations in April last year, underwent the phase 2 of facility expansion in April.

Consequently, we have successfully obtained 838,918 newly registered accounts for the first nine months of the fiscal year ending December 31, 2023 and the number of registered accounts totaled 8,845,412 as of the end of the first nine 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 187,223 million yen (12.8% increase from the same period of the previous fiscal year), operating income of 22,919 million yen (18.6% increase from the same period of the previous fiscal year), ordinary income of 23,145 million yen (18.3% increase from the same period of the previous fiscal year), and net income attributable to owners of the parent of 16,171 million yen, a corresponding 23.3% increase.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of September 30, 2023 (the end of the first nine months of the fiscal year ending December 31, 2023) amounted to 117,465 million yen, an increase of 5,728 million yen from the end of the previous fiscal year. This was attributable to increases of 7,088 million yen, 2,285 million yen, 935 million yen and 700 million yen in machinery and equipment, notes and accounts receivable-trade, buildings, and software, respectively, despite decreases of 5,430 million yen, 611 million yen and 559 million yen in construction in progress, software in progress, and cash and deposits, respectively.

On the other hand, total liabilities as of September 30, 2023 amounted to 35,854 million yen, a decrease of 3,261 million yen from the end of the previous fiscal year. This was attributable to decreases of 4,466 million yen, 1,047 million yen and 557 million yen in long-term loans payable, income taxes payable, and accounts payable-other respectively, despite increases of 929 million yen, 698 million yen and 663 million yen in accrued consumption taxes, accounts payable-trade, and asset retirement obligations, respectively.

Total net assets amounted to 81,611 million yen, an increase of 8,989 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 16,171 million yen offset by dividend payments of 7,453 million yen for the first nine months of the fiscal year ending December 31, 2023.

As a result, the equity ratio as of September 30, 2023 was 68.9%, up 4.4 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 nine months of this fiscal year were down slightly in terms of sales and slightly higher in terms of operating income, however, at this point, we do not expect any deviation from our consolidated earnings forecast (full year) for the fiscal year ending December 31, 2023 that falls under our disclosure criteria (*).

Therefore, the consolidated forecast for the fiscal year ending December 31, 2023, disclosed on February 2, 2023, has not been changed.

* If any indicators included in the consolidated financial forecast are estimated to exceed the following ranges from the previously disclosed consolidated financial forecast, a revised forecast is disclosed:

Net sales (consolidated): $\pm 5\%$, Operating income (consolidated): $\pm 10\%$, Ordinary income (consolidated): $\pm 10\%$, and Net income attributable to owners of the parent: $\pm 10\%$.

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	(In millions of yen)	
	As of Dec. 31, 2022	As of Sep. 30, 2023
Assets		
Current assets		
Cash and deposits	8,887	8,328
Notes and accounts receivable-trade	25,244	27,530
Electronically recorded monetary claims	1,267	1,102
Merchandise	18,941	19,183
Goods in transit	614	772
Supplies	29	4
Accounts receivable-other	6,794	6,938
Other	1,379	1,212
Allowance for doubtful accounts	-113	-142
Total current assets	63,045	64,930
Noncurrent assets		
Property, plant and equipment		
Buildings, net	12,504	13,439
Machinery and equipment, net	8,164	15,252
Leased assets, net	2,636	2,470
Construction in progress	6,753	1,322
Other, net	4,988	5,894
Total property, plant and equipment	35,046	38,380
Intangible assets		
Goodwill	710	725
Software	5,113	5,813
Software in progress	1,077	465
Other	192	179
Total intangible assets	7,093	7,184
Investments and other assets		
Guarantee deposits	2,972	3,567
Other	3,657	3,506
Allowance for doubtful accounts	-79	-103
Total investments and other assets	6,551	6,970
Total noncurrent assets	48,691	52,535
Total assets	111,737	117,465
Liabilities		
Current liabilities		
Accounts payable-trade	15,667	16,365
Short-term borrowings	61	—
Current portion of long-term loans payable	4,711	4,722
Lease obligations	7	43
Accounts payable-other	5,320	4,763
Income taxes payable	4,535	3,488
Provision for employees' bonuses	179	601
Other	1,091	2,115
Total current liabilities	31,575	32,101
Noncurrent liabilities		
Long-term loans payable	4,922	444
Lease obligations	594	617
Net defined benefit liability	464	531
Asset retirement obligations	1,418	2,081
Other	140	78
Total noncurrent liabilities	7,539	3,753
Total liabilities	39,115	35,854
Net assets		
Shareholders' equity		
Capital stock	2,039	2,042
Capital surplus	1,034	1,027
Retained earnings	69,218	77,936
Treasury stock	-502	-619
Total shareholders' equity	71,789	80,386
Accumulated other comprehensive income		
Foreign currency translation adjustment	318	490
Remeasurements of defined benefit plans	-1	1
Total accumulated other comprehensive income	316	492
Subscription rights to shares	33	28
Non-controlling interests	482	703
Total net assets	72,621	81,611
Total liabilities and net assets	111,737	117,465

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In millions of yen)	
	Nine months period ended Sep. 30, 2022	Nine months period ended Sep. 30, 2023
Net sales	165,993	187,223
Cost of sales	118,147	131,258
Gross profit	47,846	55,965
Selling, general and administrative expenses	28,522	33,045
Operating income	19,323	22,919
Non-operating income		
Interest income	17	19
Foreign exchange gains	222	154
Gain on sale of materials	18	24
Other	60	131
Total non-operating income	318	329
Non-operating expenses		
Interest expenses	14	69
Loss on disposal of inventories	45	4
Loss on sale of electronically recorded monetary claims	14	26
Other	1	4
Total non-operating expenses	76	104
Ordinary income	19,566	23,145
Extraordinary income		
Gain on sales of fixed assets	0	—
Total extraordinary income	0	—
Extraordinary loss		
Loss on closure of distribution center	837	—
Loss on disposal of fixed assets	6	97
Loss on sales of fixed assets	0	—
Total extraordinary losses	844	97
Income before income taxes	18,722	23,047
Income taxes-current	6,231	7,109
-deferred	-295	165
Total income taxes	5,935	7,274
Net income	12,787	15,773
Net income attributable to:		
owners of the parent	13,119	16,171
non-controlling interests	-332	-397
Other comprehensive income		
Foreign currency translation adjustment	391	209
Remeasurements of defined benefit plans	-9	6
Total other comprehensive income	382	215
Comprehensive income	13,169	15,989
Comprehensive income attributable to:		
owners of the parent	13,380	16,342
non-controlling interests	-210	-352