August 1, 2024

Consolidated Financial Results for the First Six Months of Fiscal Year Ending December 31, 2024 (Six Months Ended June 30, 2024)

Company name: **MonotaRO Co., Ltd.** Listing: Tokyo Stock Exchange, Prime Market
Stock code: 3064 URL: https://www.monotaro.com
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Scheduled date to file Semi-annual Securities Report: August 8, 2024
Scheduled date of dividend payments: September 10, 2024
Supplementary materials: Yes Investors meeting: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 – June 30, 2024)

(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	%
Six months ended Jun. 30, 2024	139,397	12.1	17,729	15.3	17,872	15.1	12,495	14.9
Six months ended Jun. 30, 2023	124,400	13.2	15,377	17.1	15,529	16.6	10,878	16.7

Note: Comprehensive income: Six months ended Jun. 30, 2024: 12,283 million yen (13.8%)
Six months ended Jun. 30, 2023: 10,789 million yen (13.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2024	25.15	25.15
Six months ended Jun. 30, 2023	21.89	21.89

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2024	134,904	95,295	70.5
As of Dec. 31, 2023	128,352	86,982	67.3

Reference: Shareholders' equity Jun. 30, 2024: 95,064 million yen Dec. 31, 2023: 86,433 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, 2023	-	8.00	-	8.00	16.00
Year ending Dec. 31, 2024 (actual)	-	9.00			
Year ending Dec. 31, 2024 (forecast)			-	10.00	19.00

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

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(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	286,570	12.7	35,820	14.4	35,835	13.6	25,096	15.1	50.51

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 six-month period ended June 30, 2024: 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)

Jun. 30, 2024:	501,351,000 shares	Dec. 31, 2023:	501,351,000 shares

2) Number of treasury stock at the end of period

Jun. 30, 2024:	4,444,599 shares	Dec. 31, 2023:	4,444,396 shares

3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2024:	496,886,827 shares	Six months ended Jun. 30, 2023:	496,906,919 shares

Semi-annual report of financial results is out of scope from semi-annual 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 six months of the fiscal year ending December 31, 2024, generally continued to be unpredictable with concerns about the impact of the yen's continued depreciation and the economy due to the prolonged situation involving Russia and Ukraine and tension in the Middle East in addition to rising energy and raw material prices, although there have been indications of a gradual recovery driven by the normalization of social and economic activities and improvements in employment and income conditions.

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 using e-mail and mailing flyers with optimized product listings for each customer, daily special prices, we broadcasted TV commercials to enhance our visibility much further.

In addition, in order to achieve a more convenient customer fulfillment service, we expanded our drop-off delivery service and started offering delivery date and time designation services for certain orders.

Furthermore, the total number of our product lineup reached approximately 22.9 million items in total with 568 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 six months of the fiscal year ending December 31, 2024.

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 515,087 newly registered accounts for the first six months of the fiscal year ending December 31, 2024 and the number of registered accounts totaled 9,621,608 as of the end of the first six months of the fiscal year ending December 31, 2024.

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 139,397 million yen (12.1% increase from the same period of the previous fiscal year), operating income of 17,729 million yen (15.3% increase from the same period of the previous fiscal year), ordinary income of 17,872 million yen (15.1% increase from the same period of the previous fiscal year), and net income attributable to owners of the parent of 12,495 million yen, a corresponding 14.9% increase.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of June 30, 2024 (the end of the first six months of the fiscal year ending December 31, 2024) amounted to 134,904 million yen, an increase of 6,552 million yen from the end of the previous fiscal year. This was attributable to increases of 3,238 million yen and 2,123 million yen in cash and deposits and notes and accounts receivable-trade, respectively, despite a decrease of 572 million yen in machinery and equipment.

On the other hand, total liabilities as of June 30, 2024 amounted to 39,608 million yen, a decrease of 1,761 million yen from the end of the previous fiscal year. This was due mainly to decreases of 2,226 million yen in long-term loans payable, despite an increase of 1,675 million yen in accounts payable-trade.

Total net assets amounted to 95,295 million yen, an increase of 8,313 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 12,495 million yen offset by dividend payments of 3,975 million yen for the first six months of the fiscal year ending December 31, 2024.

As a result, the equity ratio as of June 30, 2024 was 70.5%, up 3.2 percentage points from the end of the previous fiscal year.

(3) Forecast for the Fiscal Year Ending December 31, 2024

Our consolidated financial results for the first six months of this fiscal year were slightly higher in terms of sales and operating income, ordinary income, and net income attributable to owners of the parent, however, at this point, we do not expect any deviation from our consolidated earnings forecast (full year) for the fiscal year ending December 31, 2024 that meets our disclosure criteria (*).

Therefore, the consolidated forecast for the fiscal year ending December 31, 2024, disclosed on February 2, 2024, has not been changed.

* If the consolidated financial forecast is expected to exceed any one of following ranges from the disclosed consolidated financial forecast, a revised forecast is disclosed.

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

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(In millions of yen)

Accounts	As of Dec. 31, 2023	As of Jun. 30, 2024
Assets		
Current assets		
Cash and deposits	18,644	21,883
Notes and accounts receivable-trade	28,443	30,566
Electronically recorded monetary claims	906	1,255
Merchandise	18,182	19,051
Goods in transit	690	1,027
Supplies	1	0
Accounts receivable-other	7,417	7,556
Other	1,134	1,644
Allowance for doubtful accounts	-134	-152
Total current assets	75,286	82,833
Noncurrent assets		
Property, plant and equipment		
Buildings, net	14,943	14,726
Machinery and equipment, net	14,888	14,315
Leased assets, net	2,389	2,168
Construction in progress	1,076	1,134
Other, net	6,262	6,294
Total property, plant and equipment	39,561	38,640
Intangible assets		
Software	5,883	5,990
Software in progress	301	207
Other	175	167
Total intangible assets	6,359	6,365
Investments and other assets		
Guarantee deposits	3,550	3,430
Other	3,715	3,750
Allowance for doubtful accounts	-120	-116
Total investments and other assets	7,144	7,064
Total noncurrent assets	53,065	52,070
Total assets	128,352	134,904
Liabilities		
Current liabilities		
Accounts payable-trade	17,052	18,727
Short-term borrowings	221	208
Current portion of long-term loans payable	4,721	2,482
Lease obligations	31	234
Accounts payable-other	5,463	4,886
Income taxes payable	6,063	6,004
Provision for employees' bonuses	345	375
Other	3,093	2,192
Total current liabilities	36,989	35,110
Noncurrent liabilities		
Long-term loans payable	221	232
Lease obligations	616	631
Net defined benefit liability	562	640
Asset retirement obligations	2,903	2,914
Other	77	78
Total noncurrent liabilities	4,380	4,497
Total liabilities	41,369	39,608
Net assets		
Shareholders' equity		
Capital stock	2,042	2,042
Capital surplus	1,027	1,148
Retained earnings	83,578	92,098
Treasury stock	-619	-716
Total shareholders' equity	86,028	94,571
Accumulated other comprehensive income		
Foreign currency translation adjustment	417	503
Remeasurements of defined benefit plans	-12	-10
Total accumulated other comprehensive income	404	493
Subscription rights to shares	28	34
Non-controlling interests	520	195
Total net assets	86,982	95,295
Total liabilities and net assets	128,352	134,904

(2) Consolidated quarterly statements of (comprehensive) income

(In millions of yen)

Accounts	Six months period ended Jun. 30, 2023	Six months period ended Jun. 30, 2024
Net sales	124,400	139,397
Cost of sales	87,202	98,608
Gross profit	37,198	40,788
Selling, general and administrative expenses	21,820	23,059
Operating income	15,377	17,729
Non-operating income		
Interest income	9	3
Foreign exchange gains	119	108
Gain on sale of materials	15	20
Other	81	71
Total non-operating income	226	203
Non-operating expenses		
Interest expenses	51	38
Loss on sale of electronically recorded monetary claims	17	20
Other	5	2
Total non-operating expenses	74	61
Ordinary income	15,529	17,872
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	1	56
Total extraordinary losses	1	56
Income before income taxes	15,527	17,815
Income taxes-current	4,681	5,698
-deferred	224	-44
Total income taxes	4,906	5,654
Net income	10,621	12,161
Net income attributable to:		
owners of the parent	10,878	12,495
non-controlling interests	-257	-334
Other comprehensive income		
Foreign currency translation adjustment	174	119
Remeasurements of defined benefit plans	-6	2
Total other comprehensive income	168	121
Comprehensive income	10,789	12,283
Comprehensive income attributable to:		
owners of the parent	11,013	12,580
non-controlling interests	-224	-297

(3) Consolidated statements of cash flows

(In millions of yen)

Accounts	Six months period ended Jun. 30, 2023	Six months period ended Jun. 30, 2024
Net cash provided by (used in) operating activities		
Income before income taxes	15,527	17,815
Depreciation and amortization	2,165	2,823
Increase (decrease) in allowance for doubtful accounts	24	13
Increase (decrease) in provision for bonuses	113	35
Increase (decrease) in net defined benefit liability	35	68
Interest income	-9	-3
Interest expenses	51	38
Decrease (increase) in notes and accounts receivable-trade	-1,984	-2,430
Decrease (increase) in inventories	-1,167	-1,098
Decrease (increase) in accounts receivable-other	87	-151
Increase (decrease) in notes and accounts payable-trade	2,218	1,623
Increase (decrease) in accounts payable-other	-460	-613
Increase (decrease) in accrued consumption taxes	477	-873
Other, net	828	-160
Subtotal	17,906	17,087
Interest income received	10	15
Interest expenses paid	-53	-48
Income taxes paid	-4,245	-5,720
Payments for accident related loss	-2	—
Net cash provided by (used in) operating activities	13,616	11,333
Net cash provided by (used in) investment activities		
Payments into time deposits	-132	—
Proceeds from withdrawal of time deposits	240	203
Purchase of property, plant and equipment	-2,956	-863
Purchase of intangible assets	-1,233	-1,026
Payments of guarantee deposits	-821	-12
Other, net	188	131
Net cash provided by (used in) investment activities	-4,714	-1,566
Net cash provided by (used in) financing activities		
Net Increase (decrease) in short-term loans	-2	-23
Repayments of long-term loans payable	-2,250	-2,250
Proceeds from exercise of stock option	0	—
Purchase of treasury stock	-97	-106
Cash dividends paid	-3,477	-3,974
Proceeds from share issuance to non-controlling shareholders	455	—
Repayments of lease obligations	-3	-19
Net cash provided by (used in) financing activities	-5,375	-6,374
Effect of exchange rate change on cash and cash equivalents	53	36
Net increase (decrease) in cash and cash equivalents	3,579	3,428
Cash and cash equivalents at beginning of period	8,586	18,454
Cash and cash equivalents at end of period	12,165	21,883