

## Consolidated Financial Results for the First Three Months of Fiscal Year Ending December 31, 2019 (Three Months Ended March 31, 2019)

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

Stock code: 3064

Representative: Masaya Suzuki, President &amp; CEO

Contact: Tetsuya Koda, Senior Executive Officer, General Manager of Admin. Dept. Tel: +81-6-4869-7190

Scheduled date to file Quarterly Securities Report: May 10, 2019

Scheduled date of dividend payments: -

Supplementary materials: Yes Investors meeting: None

Listing: Tokyo Stock Exchange, First Section

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

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

### 1. Consolidated Financial Results for the Three Months Ended March 31, 2019

(January 1, 2019 – March 31, 2019)

(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, 2019	31,065	24.1	3,569	15.0	3,585	16.9	2,492	18.0
Three months ended Mar.31, 2018	25,026	21.8	3,103	15.9	3,068	13.7	2,112	8.3

Note: Comprehensive income: Three months ended Mar.31, 2019: 2,444 million yen (19.8%)

Three months ended Mar.31, 2018: 2,040 million yen (5.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar.31, 2019	10.04	10.03
Three months ended Mar.31, 2018	8.51	8.50

The Company implemented a 2-for-1 share split effective on October 1, 2018 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, 2019	51,222	30,902	59.5
As of Dec.31, 2018	50,706	29,838	58.3

Reference: Shareholders' equity Mar. 31, 2019: 30,469 million yen Dec. 31, 2018: 29,569 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, 2018	-	13.00	-	6.50	-
Year ending Dec.31, 2019 (actual)	-				
Year ending Dec.31, 2019 (forecast)		7.50		7.50	15.00

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

The Company implemented a 2-for-1 share split effective on October 1, 2018 and interim dividend and total dividend for the year ended December 31, 2018 would be equivalent to 6.5 yen and 13 yen, respectively on the assumption that the share split was implemented at the beginning of the previous fiscal year.

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2019 (January 1, 2019 – December 31, 2019)

*(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)	63,780	23.4	7,468	11.3	7,462	11.6	5,191	12.7	20.91
Full year	136,258	24.4	16,536	19.9	16,530	19.9	11,715	23.1	47.17

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, 2019: 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, 2019:	250,541,600 shares	Dec.31, 2018:	250,540,400 shares
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2) Number of treasury stock at the end of period

Mar.31, 2019:	2,192,452 shares	Dec.31, 2018:	2,192,452 shares
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3) Average number of shares outstanding during the period

Three months ended Mar.31, 2019:	248,349,148 shares	Three months ended Mar.31, 2018:	248,342,734 shares
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The Company implemented a 2-for-1 share split effective on October 1, 2018 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, 2019 generally continued to be flat with government economic and fiscal policies providing some support, while concerns about the policy trend in the United States, the continuity of the growth momentum of the Chinese economy, and the increasingly serious labor shortage in Japan made the outlook for the future Japanese economy unpredictable.

Among mid-to-small manufacturers, the major customers of our industrial MRO products, economic conditions also remained at the same level corresponding to similar circumstances.

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 and TV and radio commercials. In terms of catalogs, we newly published REDBOOK vol. 15 Spring Edition in late February, divided into 11 volumes with 195 thousand items and approximately 2.4 million issues available in total. In addition, we broadcasted TV commercials throughout Japan, except for a few specific geographic areas, during this quarter to enhance our visibility much further.

Furthermore, the total number of our product lineup reached approximately 18 million items in total and 422 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, 2019.

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 170,754 newly registered accounts for the first three months of the fiscal year ending December 31, 2019 and the number of registered accounts totaled 3,534,465 as of the end of the first quarter.

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 31,065 million yen (24.1% increase from the same period of the previous fiscal year), operating income of 3,569 million yen (15.0% increase from the same period of the previous fiscal year), ordinary income of 3,585 million yen (16.9% increase from the same period of the previous fiscal year), and net income attributable to owners of the parent of 2,492 million yen, a corresponding 18.0% increase.

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

Total assets as of March 31, 2019 (the end of the first three months of the fiscal year ending December 31, 2019) amounted to 51,222 million yen, an increase of 516 million yen from the end of the previous fiscal year. This was attributable to increases of 1,569 million yen, 346 million yen and 2,263 million yen in notes and accounts receivable-trade, merchandise and leased assets, respectively, despite a decrease of 4,083 million yen in cash and deposits.

On the other hand, total liabilities as of March 31, 2019 amounted to 20,320 million yen, a decrease of 547 million yen from the end of the previous fiscal year. This was due mainly to decreases of 1,666 million yen, 759 million yen and 1,000 million yen in income tax payable, consumption taxes payable and long-term loans payable, respectively, despite increases of 838 million yen and 1,180 million yen in accounts payable-trade and lease obligations, respectively.

Total net assets amounted to 30,902 million yen, an increase of 1,064 million yen from the end of the previous fiscal year. This was largely due to net income attributable to owners of the parent of 2,492 million yen offset by dividend payments of 1,614 million yen for the first three months of the fiscal year ending December 31, 2019.

As a result, the equity ratio as of March 31, 2019 was 59.5%, up 1.2 percentage points from the end of the previous fiscal year.

**(3) Forecast for the Fiscal Year Ending December 31, 2019**

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, 2019, disclosed on January 30, 2019, has not been changed at this time.

## 4. Consolidated Quarterly Financial Statements

### (1) Consolidated quarterly balance sheets

Accounts	(In millions of yen)	
	As of Dec. 31, 2018	As of Mar. 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	12,381	8,298
Notes and accounts receivable - trade	11,211	12,781
Electronically recorded monetary claims	334	323
Merchandise	9,428	9,774
Goods in transit	442	482
Supplies	115	179
Accounts receivable-other	4,027	3,830
Other	298	348
Allowance for doubtful accounts	(57)	(59)
Total current assets	<u>38,184</u>	<u>35,960</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	4,270	4,250
Leased assets	2,466	4,729
Other	2,884	3,171
Total property, plant and equipment	<u>9,620</u>	<u>12,151</u>
Intangible assets		
Goodwill	84	82
Other	1,399	1,605
Total intangible assets	<u>1,483</u>	<u>1,687</u>
Investments and other assets		
Guarantee deposits	732	732
Other	726	737
Allowance for doubtful accounts	(42)	(46)
Total investments and other assets	<u>1,416</u>	<u>1,423</u>
Total noncurrent assets	<u>12,521</u>	<u>15,262</u>
Total assets	<u>50,706</u>	<u>51,222</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	8,318	9,157
Long-term loans payable-current portion	2,000	2,000
Lease obligations	794	1,360
Accounts payable-other	2,545	3,208
Income taxes payable	2,835	1,169
Provision for employees' bonuses	107	241
Provision for directors' bonuses	25	16
Other	1,333	624
Total current liabilities	<u>17,961</u>	<u>17,780</u>
Noncurrent liabilities		
Long-term loans payable	2,498	1,498
Lease obligations	20	634
Net defined benefit liability	263	283
Other	123	123
Total noncurrent liabilities	<u>2,906</u>	<u>2,540</u>
Total liabilities	<u>20,867</u>	<u>20,320</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,979	1,980
Capital surplus	785	802
Retained earnings	27,005	27,884
Treasury stock	(226)	(226)
Total shareholders' equity	<u>29,544</u>	<u>30,440</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	17	20
Remeasurements of defined benefit plans	7	7
Total accumulated other comprehensive income	<u>24</u>	<u>28</u>
Subscription rights to shares	35	39
Non-controlling interests	232	393
Total net assets	<u>29,838</u>	<u>30,902</u>
Total liabilities and net assets	<u>50,706</u>	<u>51,222</u>

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

Accounts	Three months period ended Mar. 31, 2018	(In millions of yen) Three months period ended Mar. 31, 2019
Net sales	25,026	31,065
Cost of sales	17,547	22,233
Gross profit	7,479	8,832
Selling, general and administrative expenses	4,376	5,263
Operating income	3,103	3,569
Non-operating income		
Interest income	4	6
Foreign exchange gains	—	14
Gain on sale of materials	3	4
Other	7	20
Total non-operating income	15	45
Non-operating expenses		
Interest expenses	24	12
Foreign exchange losses	19	—
Loss on disposal of inventories	5	10
Other	0	6
Total non-operating expenses	49	29
Ordinary income	3,068	3,585
Extraordinary income		
Gain on sales of fixed assets	—	1
Total extraordinary income	—	1
Extraordinary loss		
Loss on disposal of fixed assets	0	0
Total extraordinary losses	0	0
Income before income taxes	3,068	3,586
Income taxes-current	972	1,113
-deferred	6	31
Total income taxes	978	1,145
Net income	2,089	2,440
Net income attributable to:		
owners of the parent	2,112	2,492
non-controlling interests	(22)	(51)
Other comprehensive income		
Foreign currency translation adjustment	(50)	3
Remeasurements of defined benefit plans	2	0
Total other comprehensive income	(48)	3
Comprehensive income	2,040	2,444
Comprehensive income attributable to:		
owners of the parent	2,068	2,484
non-controlling interests	(27)	(40)