



**Quarter 1, FY2020**  
**(Jan. to Mar. 2020)**

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**MonotaRO Co., Ltd.**  
**[www.monotaro.com](http://www.monotaro.com)**

# Effects of New Coronavirus (COVID-19) April Status


## ■ Current Status (4<sup>th</sup> week, April 2020)

Item	Status
Operation	<ul style="list-style-type: none"><li>■ Operation capabilities of customer service and logistics are maintained. About 80% of staffs in departments not affecting service level are teleworking.<ul style="list-style-type: none"><li>• One staff at Amagasaki DC was tested on April 5 positive for virus, and actions were taken immediately (disinfected related areas, and 29 contact persons staying home).</li></ul></li></ul>
Customer Registration	<ul style="list-style-type: none"><li>■ Making progress above plan.<ul style="list-style-type: none"><li>• Increased individual customers seeking virus-related products.</li></ul></li></ul>
Demand (Sales)	<ul style="list-style-type: none"><li>■ There are positive and negative factors, and sales is progressing as planned. Currently (4th week in April), initial plan for 2020 is not to be revised, and situation is to be monitored carefully.<ul style="list-style-type: none"><li>• Masks, disinfectants, protective clothing, etc. are in short of supply or out of stock. Supply is not keeping up with demands, and order limits are placed on COVID-19 related products. However, sales to customers (including individuals) other than those in main industry categories (manufacturing, construction, automobile maintenance) is increasing. As more people are coming to start teleworking, for example, related products are sold well.</li><li>• In BtoB online business (monotaro.com), orders from manufacturing industry in particular are weaker than other industries (construction, automobile maintenance, etc.). Average order size fell by 7% due to order limits, to increase in individual customer ratio, and to decrease in demand.</li><li>• While situation varies for each customer, sales of system connection business (large corporation business) is about 13% behind plan (particularly in 3<sup>rd</sup> and 4<sup>th</sup> weeks, about 18% behind plan, Q1 sales ratio of this business to total sales: 18.1%).</li></ul></li></ul>

## ■ Additional Expense from Plan

- Special support (all employees) and meal allowance (employees who need to come to work) will be provided.
  - Expense estimated to be about 110 mil. JPY in 2020Q2.

# 1. Company Profile

MonotaRO means	<ul style="list-style-type: none"><li>• Maintenance, Repair, and Operation</li><li>• “The sufficient number of products” in Japanese</li><li>• Like “Momotaro,” fight against unfair-old distribution system</li></ul>	 <p>Image of “Momotaro” in Japanese folk tale</p>
MonotaRO Business	<ul style="list-style-type: none"><li>• Providing MRO products through internet and catalogs, targeting small to mid-sized domestic manufacturers which are not treated well by conventional retailers.</li></ul>	
MRO products	<ul style="list-style-type: none"><li>• Cutting tools/Safety products/Bearings/Fasteners/Industrial equipment (number of product SKU 18 million as of Mar. 2020)</li></ul>	
Number of Customers	<ul style="list-style-type: none"><li>• More than 4.3 million</li></ul>	
Capital Stock	<ul style="list-style-type: none"><li>• 1.98 billion JPY or 18.2 million USD (USD1=JPY108.83)</li></ul>	
Number of Employees	<ul style="list-style-type: none"><li>• 2,312 including 608 regular employees (as of Mar. 31, 2020 consolidated)</li></ul>	
Head Office	<ul style="list-style-type: none"><li>• Amagasaki-city, Hyogo Prefecture</li></ul>	
Major Distribution Centers	<ul style="list-style-type: none"><li>• Amagasaki-city, Hyogo Prefecture</li><li>• Kasama-city, Ibaraki Prefecture</li><li>• Sapporo-city, Hokkaido Prefecture</li></ul>	

# 2. Product Category

- Office Supplies, OA / PC, Battery
- Cutting Tools, Abrasives
- Piping, Pumps, Pneumatic / Hydraulic Equipment, Hose
- Automobile / Truck Supplies
- Construction Hardware / Material, Interior Painting
- Laboratory / Clean Room Supplies
- Safety Protection, Working Clothes, Safety Shoes
- Hand Tools, Power Tools, Pneumatics Tools
- Screws, Bolts, Nails, Materials
- Logistics, Storage / Packing Supplies / Tapes
- Motorcycle / Bicycle Supplies
- Control Equipment / Solder / Anti-static Goods
- Spray, Oil, Grease / Paint / Adhesion, Repair / Welding
- Air Conditioning, Electric Facilities, Piping, Plumbing
- Kitchen Equipment, Store Supplies
- Agricultural Materials, Gardening Supplies
- Bearings, Mechanical Parts, Casters
- Medical and Nursing Products
- Measuring and Surveying Products
- Office Furniture, Lighting, Cleaning Supplies
- Safety Supplies, Safety Signs



# 3. Strength

## After (MonotaRO)



### One-Price Policy

- Same price to all customers on web site.
- Customers trust in open, fair, and proper prices and are free from bothers in asking quotes every time.

### Efficient Sales through Internet

- Sales through internet, realizing economies of scale.
- Efficient promotions leveraging IT.

### Database Marketing

- Replace sales representatives by utilizing huge amount of data and with advanced database marketing.

### Product Availability

- Selling more than 18 million items; 590 thousand items are available for same day shipment.
- 464 thousand items out of “same day shipment products” are in inventory.

### Private Brand and Direct Import Products

- Importing competitive products directly from overseas.
- Providing optimal selection of products including private brand, so that customers can choose the best one out of huge variety to meet their needs.

## Before (Conventional Suppliers)

- Different and unclear price to each customer

- Labor oriented, small and localized markets

- Sales based on experience of sales representatives

- Limited product availabilities

- Sell mainly expensive national brand products

# 4. Marketing

## 1. Customer Acquisition

- Search engine marketing (SEO and paid search)
- Sending direct e-mail, flyers, and faxes to prospects
- Broadcasting CM

## 2. Website

- Recommendations and personalized contents

## 3. Direct e-mail, Flyers, and Faxes

- Semi-personalized contents

## 4. Direct Mail Flyers

- Small batches of on-demand printed flyers with DTP

## 5. Catalog

- 21 separate volumes for better targeting

## 6. Data Mining and Campaign Management

- Promotions optimized by industry categories for more effectiveness and efficiency

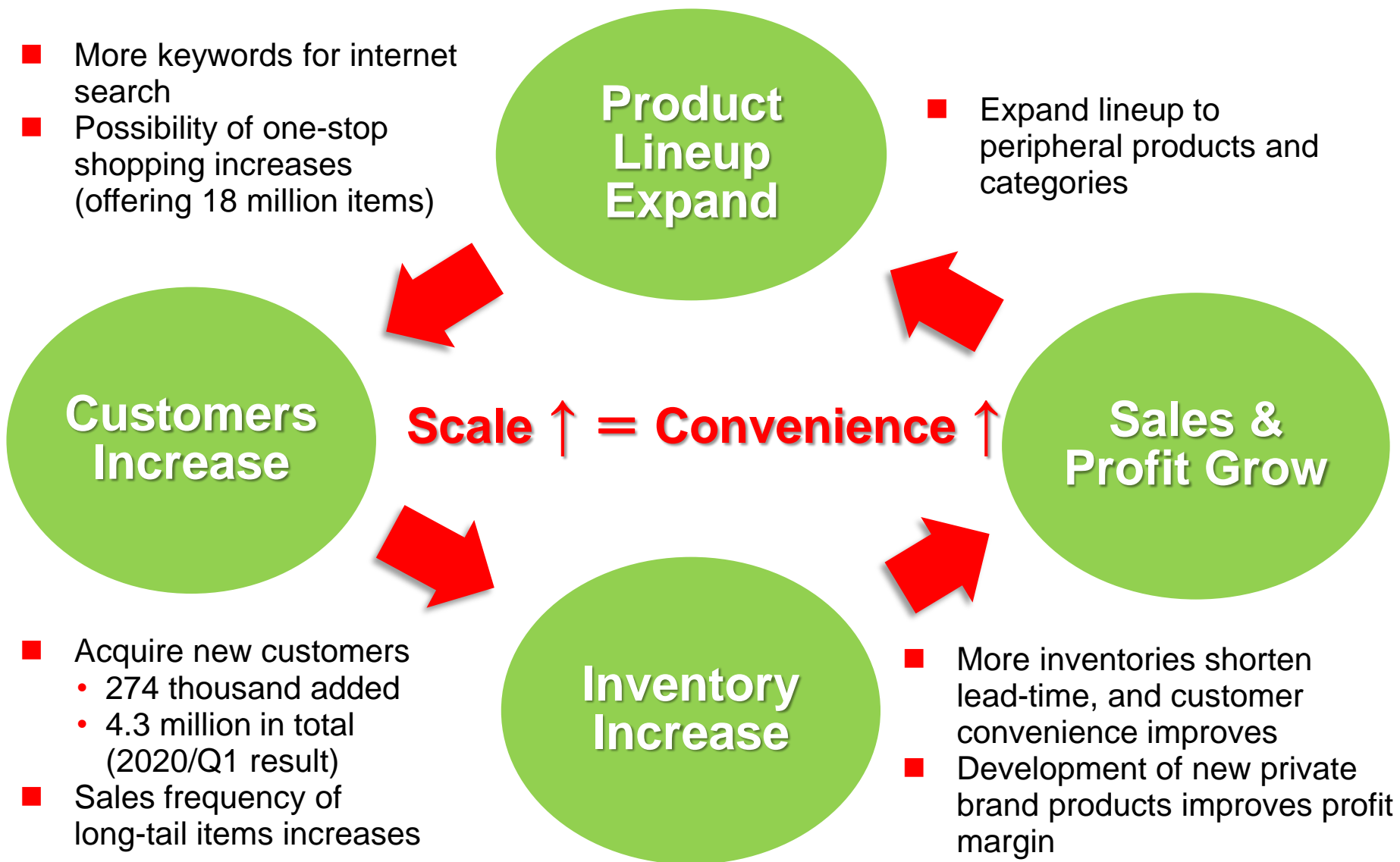


# 5. Procurement

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- Enhancement of Product Sources
  - Developing new suppliers and new products through various channels
- Direct Import and Private Brand Product Development
  - Higher margin with national brand quality maintained
  - Unique-competitive advantage

# 6-1. Growth - Development Cycle





## 6-2. Growth - Industrial Beachhead Expansion

2002	<ul style="list-style-type: none"><li>Started with small to mid-sized manufacturing companies, iron works, metal works, and machine assembly companies</li></ul>
2008	<ul style="list-style-type: none"><li>Entered automotive aftermarket</li></ul>
2009	<ul style="list-style-type: none"><li>Entered independent contractor market</li></ul>
2010	<ul style="list-style-type: none"><li>Introduced laboratory products</li><li>Started US business with providing consulting service to Zoro Tools</li><li>Business with large corporations started to grow</li></ul>
2011	<ul style="list-style-type: none"><li>Established Tagajyo Distribution Center in Miyagi Prefecture</li></ul>
2013	<ul style="list-style-type: none"><li>Started South Korean business by establishing subsidiary NAVIMRO</li></ul>
2014	<ul style="list-style-type: none"><li>Established Amagasaki Distribution Center in Hyogo Prefecture</li><li>Expanded product lineup: agricultural equipment and kitchen equipment</li><li>Introduced “MonotaRO One Source” procurement system for large corporations</li></ul>
2015	<ul style="list-style-type: none"><li>Introduced medical &amp; nursing care equipment category</li></ul>
2016	<ul style="list-style-type: none"><li>Started Indonesian business by acquiring majority (51%) of PT MONOTARO INDONESIA and consolidated to MonotaRO’s in Q4</li></ul>
2017	<ul style="list-style-type: none"><li>Established Kasama Distribution Center in Ibaraki Prefecture</li><li>Introduced simplified and easy-installation system “MonotaRO One Source Lite” for large corporations</li><li>Closed Tagajyo Distribution Center</li><li>Established Hokkaido Distribution Center</li></ul>
2018	<ul style="list-style-type: none"><li>Established real shop in Saga Prefecture for demonstration experiment</li><li>Launched business in Shanghai, China (ZORO SHANGHAI)</li><li>Number of Accounts exceeded 3.3 million</li><li>Product lineup SKU exceeded 17 million</li></ul>
2019	<ul style="list-style-type: none"><li>Product lineup SKU exceeded 18 million</li><li>Completed 2nd phase expansion of facilities at Kasama Distribution Center</li></ul>

# 7-1. (Non-consolidated) 2020Q1 Financial Result P/L Outline 1/2

## ■ Sales: 35,585 million JPY (YonY +19.1%, A/F +1.4%)

- Continued to improve both search keywords ad. and product listing ad., worked on search engine optimization (SEO), increase in individual users searching for COVID-19 related products, etc. contributing to new customer acquisition (274 thou., above plan). Sales through monotaro.com exceeded last year and plan due to increases in new customer and in demand for COVID-19 related products.
- Number and usage of large corporation customers increased, and sales exceeded last year and is equal to plan.

Jan. – Mar. 2019 Result				Jan. – Mar. 2020 Plan			Jan. – Mar. 2020 Result				
No.Corp.	Million JPY	YonY	/Total Sales	Million JPY	YonY	/Total Sales	No.Corp.	Million JPY	YonY	vs Plan	/Total Sales
639	4,500	+58%	15.4%	6,400	+40%	18.4%	875	6,400	+40%	0%	18.1%

## ■ Gross Profit: 10,171 million JPY (YonY +18.3%, A/F +0.7%)

- Gross Profit Ratio (GP%) decreased from last year by 0.2 pt. due to increase in product GP% (+0.3 pt.) caused by change in product mix and strong exchange rate of yen in sourcing, to higher delivery cost ratio caused by delivery charge hike ( $\Delta 0.4$  pt.), and to decrease in consulting/royalty earnings from overseas, etc.
- GP% decreased from plan by 0.2 pt. Although consulting/royalty earnings increased, product GP ratio decreased ( $\Delta 0.2$  pt.) due to change in product mix, higher delivery cost ratio ( $\Delta 0.1$  pt.) due to increased individual users causing decrease in order sizes, etc.

## ■ SG&A Expense: 5,531 million JPY (YonY +13.9%, A/F $\Delta 1.5\%$ )

- SG&A ratio (SG&A%) decreased from last year by 0.7 pt. due to decrease in Advertising Expense ratio ( $\Delta 0.8$  pt. due to suspension of broadcasting of TV ad.) and to Sales growth.
- SG&A% decreased from plan by 0.5 pt. due to decreases in System Usage Expense ratio ( $\Delta 0.2$  pt.) and in Depreciation Expense ratio ( $\Delta 0.1$  pt.) resulted from delays in launches both of Product Information Management System and of Order Management System, to delays in logistics equipment inspections and durable equipment purchase ( $\Delta 0.1$  pt.), to decrease in business travel expenses ratio ( $\Delta 0.1$  pt.), etc.

## ■ Operating Income: 4,640 million JPY (YonY +23.9%, A/F +3.5%)

## ■ Net Income: 3,231 million JPY (YonY +24.0%, A/F +4.1%)

- Operating Income ratio increased from last year by 0.4 pt, from plan by 0.3 pt. Improvement of Operating Income ratio contributed mainly (+0.5 pt. from last year, +0.2 pt. from plan).

## 7-2. (Non-consolidated) 2020Q1 Financial Result P/L Outline 2/2

	Jan.-Mar. 2019 Result		Jan.-Mar. 2020 Plan		Jan.-Mar. 2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	29,879		35,091		35,585		+19.1%	+1.4%
Gross Profit	8,600	28.8%	10,097	28.8%	10,171	28.6%	+18.3%	+0.7%
SG&A Exp.	4,855	16.2%	5,616	16.0%	5,531	15.5%	+13.9%	△1.5%
Operating Income	3,745	12.5%	4,481	12.8%	4,640	13.0%	+23.9%	+3.5%
Current Income	3,752	12.6%	4,471	12.7%	4,633	13.0%	+23.5%	+3.6%
Net Income (Tax Rate)	2,605 (30.6%)	8.7%	3,103 (30.6%)	8.8%	3,231 (30.3%)	9.1%	+24.0%	+4.1%

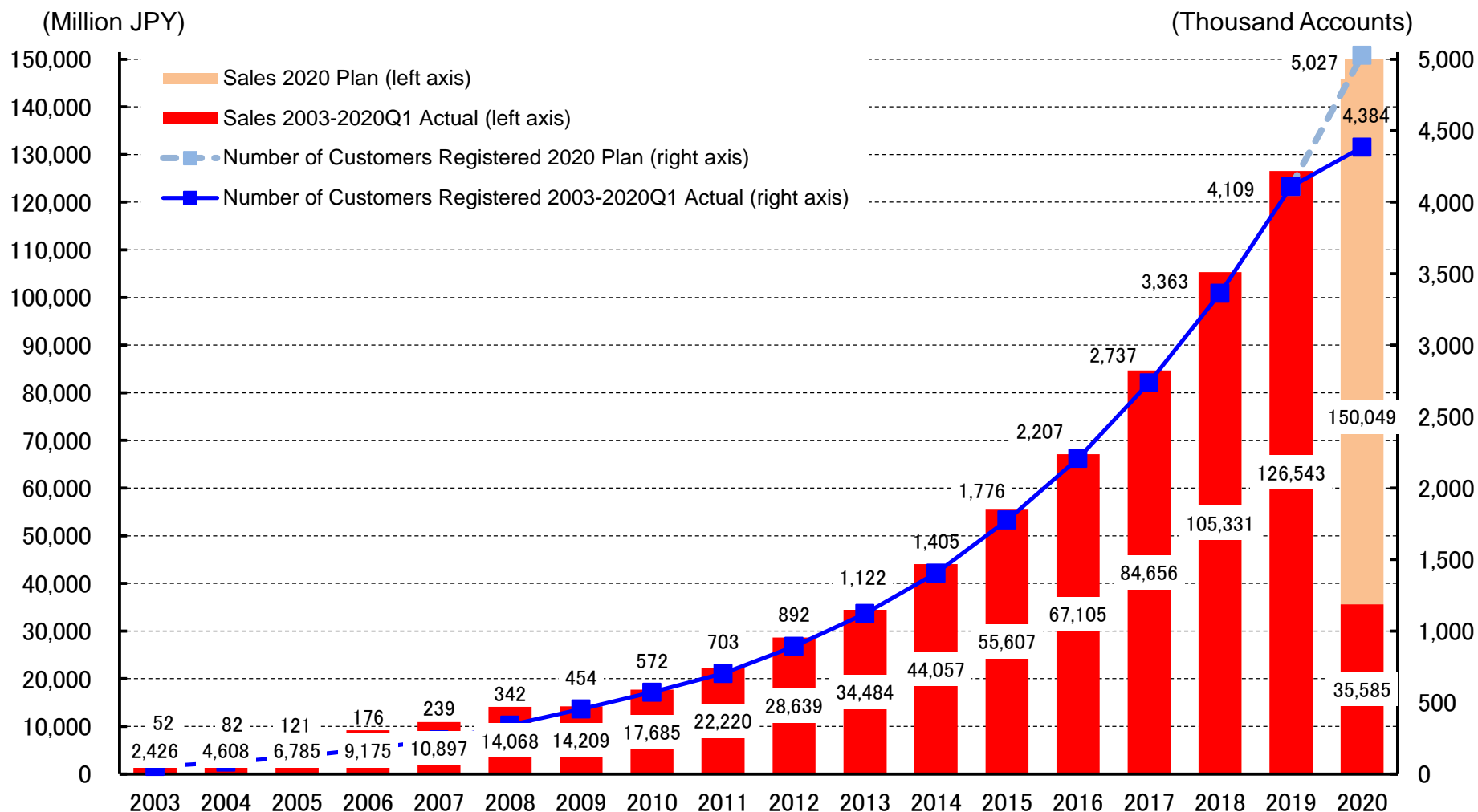
## 7-3. (Non-consolidated) 2020Q1 Financial Result B/S Outline

	Mar. 2019	Dec. 2019	Mar. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	7,105	9,958	8,378	13.7%
Accounts Receivable	13,004	14,376	16,323	26.6%
Inventory	10,001	11,094	10,589	17.3%
Other	4,083	4,485	4,625	7.5%
<b>Total Current Asset</b>	<b>34,194</b>	<b>39,914</b>	<b>39,917</b>	<b>65.1%</b>
Tangible Fixed Asset	12,131	12,023	12,349	20.2%
Intangible Fixed Assets	1,519	2,919	3,297	5.4%
Other	4,158	5,748	5,708	9.3%
<b>Total Fixed Asset</b>	<b>17,810</b>	<b>20,691</b>	<b>21,355</b>	<b>34.9%</b>
<b>Total Assets</b>	<b>52,005</b>	<b>60,605</b>	<b>61,273</b>	

	Mar. 2019	Dec. 2019	Mar. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	8,824	9,446	10,795	17.6%
Short-term Debt & etc.	2,000	2,498	1,498	2.4%
Others	6,515	7,479	6,898	11.3%
<b>Total Current Liabilities</b>	<b>17,340</b>	<b>19,424</b>	<b>19,192</b>	<b>31.3%</b>
<b>Total Long term Liabilities</b>	<b>2,502</b>	<b>2,180</b>	<b>1,705</b>	<b>2.8%</b>
<b>Total Liabilities</b>	<b>19,843</b>	<b>21,604</b>	<b>20,897</b>	<b>34.1%</b>
<b>Net Assets</b>				
Shareholder's Equity	32,122	38,955	40,324	65.8%
Others	39	44	50	0.1%
<b>Total Net Assets</b>	<b>32,162</b>	<b>39,000</b>	<b>40,375</b>	<b>65.9%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>52,005</b>	<b>60,605</b>	<b>61,273</b>	

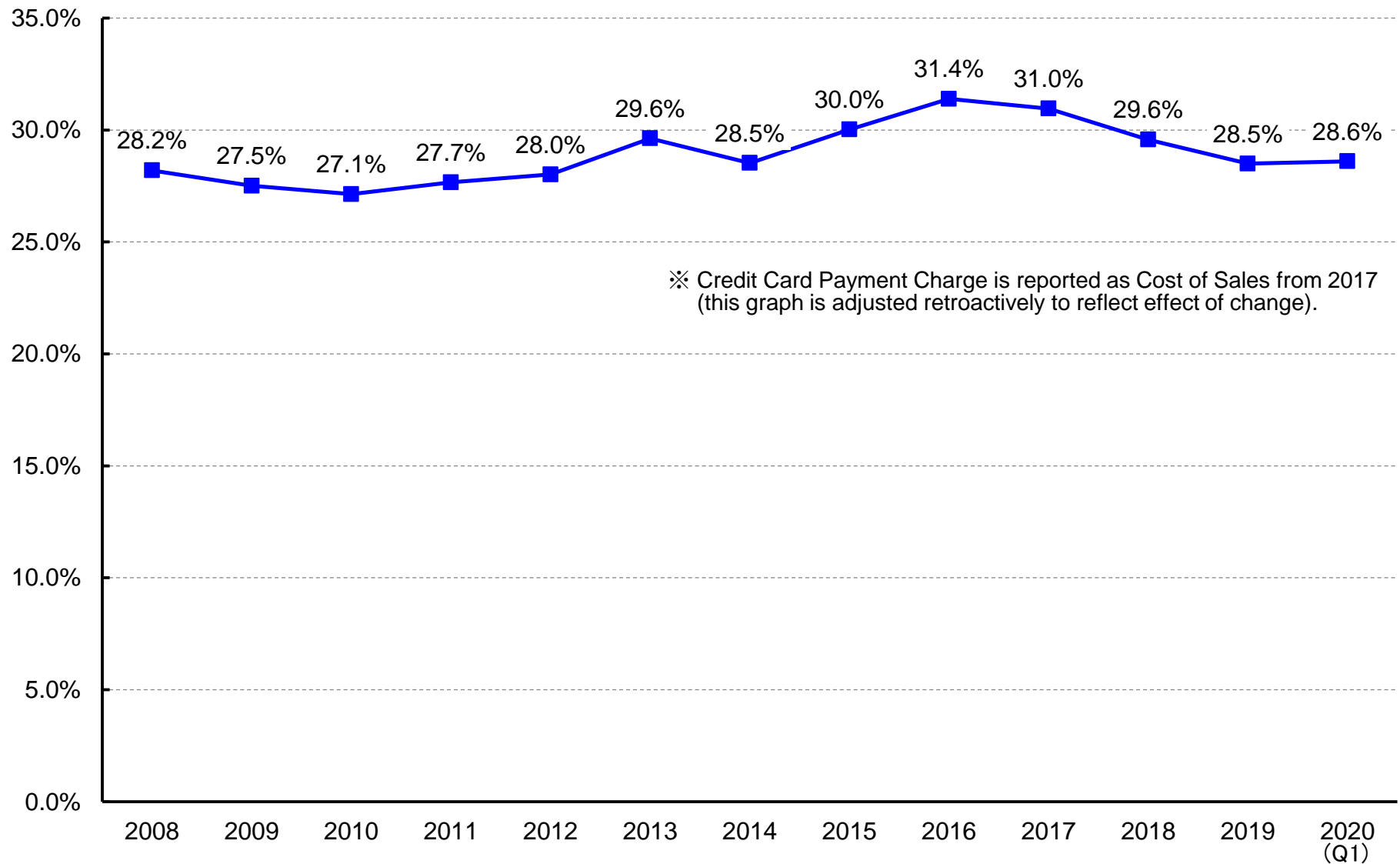
Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

# 7-4. (Non-consolidated) Progress - Sales & Customer

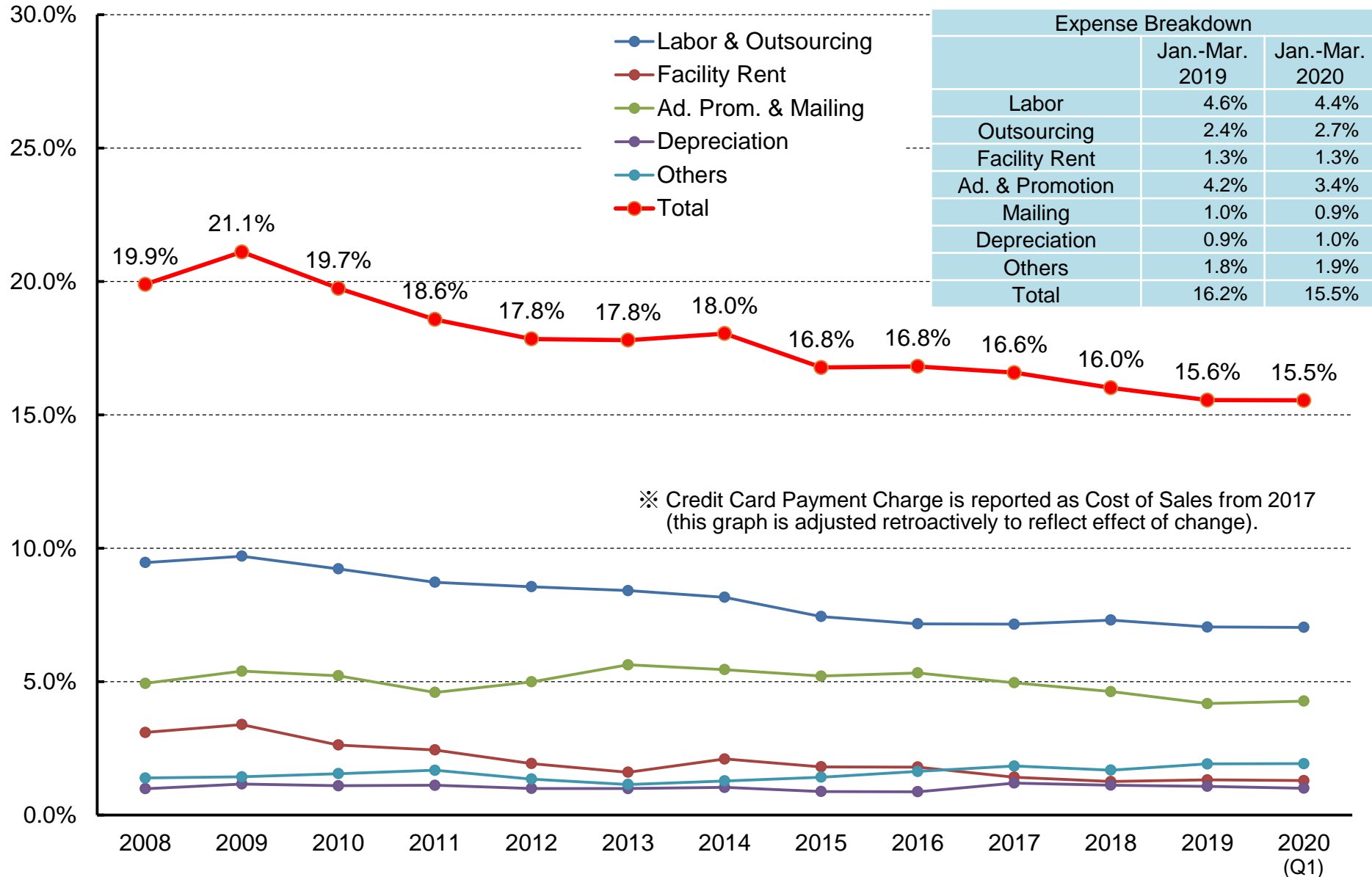


	Dec. 2019	Mar. 2020	Dec. 2020 (Plan)
Number of Customers (Registered Accounts)	4,109,701	4,384,492	5,027,701
		<b>+274,791 (vs. Dec. 2019)</b>	<b>+918,000 (vs. Dec. 2019)</b>

## 7-5. (Non-consolidated) Progress - Gross Profit



# 7-6. (Non-consolidated) Progress - SG&A Expense



## 8-1. (Consolidated) 2020Q1 Financial Result P/L Outline 1/2

	Jan.-Mar. 2019 Result		Jan.-Mar. 2020 Plan		Jan.-Mar. 2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	31,065		36,509		36,933		+18.9%	+1.2%
Gross Profit	8,832	28.4%	10,424	28.6%	10,470	28.4%	+18.5%	+0.4%
SG&A Exp.	5,263	16.9%	6,133	16.8%	5,965	16.2%	+13.3%	△2.7%
Operating Income	3,569	11.5%	4,291	11.8%	4,504	12.2%	+26.2%	+5.0%
Current Income	3,585	11.5%	4,294	11.8%	4,506	12.2%	+25.7%	+4.9%
Net Income (Tax Rate)	2,440 (31.9%)	7.9%	2,926 (31.8%)	8.0%	3,103 (31.1%)	8.4%	+27.2%	+6.0%
Net Income attributable to owners of the parent	2,492	8.0%	2,995	8.2%	3,166	8.6%	+27.0%	+5.7%



## 8-2. (Consolidated) 2020Q1 Financial Result P/L Outline 2/2

### ■ NAVIMRO (South Korea)

- Attained plans of customer acquisition and sales (in local currency).
- Achieved profit in Q1 by improving profit ratio with expansions of PB and product pricings.

	Jan.-Mar. 2019 Result			Jan.-Mar. 2020 Plan			Jan.-Mar. 2020 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	1,100	+20.1%	+23.8%	1,230	+11.1%	+17.0%	1,220	+10.3%	△0.7%	+18.5%	+1.2%
Op.Income	△30	—	—	△10	—	—	20	—	—	—	—
Net Income x Share(*1)	△30	—	—	△0	—	—	20	—	—	—	—

### ■ MONOTARO INDONESIA (Indonesia)

- Sales grew from last year by 50%, but did not attain plan. Op. loss is within plan.
- Continuing to expand product lineup and to strengthen supply chain.

	Jan.-Mar. 2019 Result			Jan.-Mar. 2020 Plan			Jan.-Mar. 2020 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	80	+27.4%	+30.6%	150	+89.7%	+89.7%	120	+51.7%	△20.0%	+53.7%	△19.0%
Op.Income	△70	—	—	△80	—	—	△80	—	—	—	—
Net Income x Share(*1)	△30	—	—	△30	—	—	△40	—	—	—	—

### ■ ZORO SHANGHAI (China)

- Sales plan not attained due to suspension of orders from late Jan. to early Mar. as affected by COVID-19; however, there are signs of improvements in new customer acquisition and in first order rate. Operating loss is within plan.

	Jan.-Mar. 2019 Result			Jan.-Mar. 2020 Plan			Jan.-Mar. 2020 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	0	(*2) —	(*2) —	30	+732.3%	+766.0%	10	+396.6%	△40.3%	+416.3%	△40.4%
Op.Income	△60	—	—	△100	—	—	△70	—	—	—	—
Net Income x Share(*1)	△40	—	—	△60	—	—	△40	—	—	—	—

\*1: Calculated by multiplying Net Income by Share Ratio at the end of each fiscal year for reference.

\*2: Business launched in June 2018.

\*3: Sales and profit/loss less than 10 million JPY are rounded down as shown in explanation material in Japanese language.

## 8-3. (Consolidated) 2020Q1 Financial Result B/S Outline

	Mar. 2019	Dec. 2019	Mar. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	8,298	11,155	9,273	15.4%
Accounts Receivable	13,105	14,472	16,480	27.4%
Inventory	10,436	11,563	11,041	18.4%
Other	4,119	4,581	4,754	7.9%
<b>Total Current Asset</b>	<b>35,960</b>	<b>41,771</b>	<b>41,550</b>	<b>69.1%</b>
Tangible Fixed Asset	12,151	12,048	12,379	20.6%
Intangible Fixed Assets	1,687	3,084	3,445	5.7%
Other	1,423	2,787	2,751	4.6%
<b>Total Fixed Asset</b>	<b>15,262</b>	<b>17,920</b>	<b>18,575</b>	<b>30.9%</b>
<b>Total Assets</b>	<b>51,222</b>	<b>59,691</b>	<b>60,126</b>	

	Mar. 2019	Dec. 2019	Mar. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	9,157	9,829	11,182	18.6%
Short-term Debt & etc.	2,000	2,498	1,498	2.5%
Others	6,622	7,644	7,072	11.8%
<b>Total Current Liabilities</b>	<b>17,780</b>	<b>19,973</b>	<b>19,754</b>	<b>32.9%</b>
<b>Total Long term Liabilities</b>	<b>2,540</b>	<b>2,205</b>	<b>1,741</b>	<b>2.9%</b>
<b>Total Liabilities</b>	<b>20,320</b>	<b>22,179</b>	<b>21,495</b>	<b>35.8%</b>
<b>Net Assets</b>				
Shareholder's Equity	30,440	37,062	38,365	63.8%
Others	461	450	265	0.4%
<b>Total Net Assets</b>	<b>30,902</b>	<b>37,512</b>	<b>38,630</b>	<b>64.2%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>51,222</b>	<b>59,691</b>	<b>60,126</b>	

Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

## 8-4. (Consolidated) 2020Q1 Financial Result C/F Outline

	Jan.-Mar. 2019	Jan.-Mar. 2020
	Result	Result
	Million JPY	Million JPY
<b>Cash Flow from Operating Activity</b>		
Net Income before Tax	3,586	4,506
Increase or Decrease in Accounts Receivable ( $\Delta$ = increase)	$\Delta$ 1,559	$\Delta$ 2,021
Increase or Decrease in Inventory ( $\Delta$ = increase)	$\Delta$ 454	486
Increase or Decrease in Accounts Payable ( $\Delta$ = decrease)	842	1,381
Tax payment	$\Delta$ 2,721	$\Delta$ 2,633
Other	207	855
Total	$\Delta$ 98	2,576
<b>Cash Flow from Investing Activity</b>		
Acquisition of Tangible Assets	$\Delta$ 147	$\Delta$ 572
Acquisition of Intangible Assets	$\Delta$ 133	$\Delta$ 281
Other	73	59
Total	$\Delta$ 208	$\Delta$ 795
<b>Cash Flow from Financing Activity</b>		
Repayments of Long-term Loans	$\Delta$ 1,000	$\Delta$ 1,000
Repayments of Lease Obligations	$\Delta$ 1,306	$\Delta$ 657
Cash Dividends Paid	$\Delta$ 1,596	$\Delta$ 1,842
Other	222	0
Total	$\Delta$ 3,680	$\Delta$ 3,500
Currency Exchange Adjustment	10	$\Delta$ 92
Net Increase or Decrease in Cash and Cash Equivalent ( $\Delta$ = decrease)	$\Delta$ 3,977	$\Delta$ 1,812
Cash and Cash Equivalent at Beginning of Period	12,040	10,746
Cash and Cash Equivalent at End of Period	8,062	8,933

## 9-1. (Non-consolidated) 2020 Business Plan – P/L

	2019 Result		2020 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	126,543		150,049		+18.6%
Gross Profit	36,111	28.5%	43,168	28.8%	+19.5%
SG&A Exp.	19,681	15.6%	23,917	15.9%	+21.5%
Operating Income	16,430	13.0%	19,250	12.8%	+17.2%
Current Income	16,444	13.0%	19,220	12.8%	+16.9%
Net Income (Tax Rate)	11,309 (29.9%)	8.9%	13,339 (30.6%)	8.9%	+18.0%

	2020 Q1-2 Plan (Jan. - Jun.)			2020 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	71,819		+18.6%	78,230		+18.6%
Gross Profit	20,632	28.7%	+18.6%	22,535	28.8%	+20.4%
SG&A Exp.	11,349	15.8%	+19.7%	12,567	16.1%	+23.2%
Operating Income	9,282	12.9%	+17.3%	9,967	12.7%	+17.0%
Current Income	9,265	12.9%	+17.2%	9,954	12.7%	+16.6%
Net Income (Tax Rate)	6,430 (30.6%)	9.0%	+17.1%	6,908 (30.6%)	8.8%	+18.7%

## 9-2. (Consolidated) 2020 Business Plan – P/L

	2019 Result		2020 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	131,463		156,468		+19.0%
Gross Profit	37,095	28.2%	44,653	28.5%	+20.4%
SG&A Exp.	21,256	16.2%	26,084	16.7%	+22.7%
Operating Income	15,839	12.0%	18,569	11.9%	+17.2%
Current Income	15,887	12.1%	18,584	11.9%	+17.0%
Net Income (Tax Rate)	10,751 (30.9%)	8.2%	12,703 (31.6%)	8.1%	+18.2%
Net Income attributable to owners of the parent	10,984	8.4%	12,997	8.3%	+18.3%

	2020 Q1-2 Plan (Jan. - Jun.)			2020 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	74,744		+18.7%	81,723		+19.3%
Gross Profit	21,310	28.5%	+19.3%	23,342	28.6%	+21.4%
SG&A Exp.	12,384	16.6%	+20.6%	13,699	16.8%	+24.7%
Operating Income	8,925	11.9%	+17.5%	9,643	11.8%	+17.0%
Current Income	8,934	12.0%	+17.4%	9,650	11.8%	+16.6%
Net Income (Tax Rate)	6,099 (31.7%)	8.2%	+17.5%	6,604 (31.5%)	8.1%	+18.8%
Net Income attributable to owners of the parent	6,239	8.3%	+17.7%	6,758	8.3%	+18.9%

If consolidated financial forecast is expected to exceed by one of the following ranges from disclosed consolidated financial forecast, revised forecast is disclosed.  
 • Sales (consolidated): ±5% • Operating Income (consolidated): ±10% • Current Income (consolidated): ±10% • Net Income Attributable to Owners of Parent: ±10%

## 9-3. 2020 Strategy & Plan 1/4 Domestic Business (1)

### ■ B2B Online E-commerce (monotaro.com)

- Expanding Customer Base
  - Increasing traffic to monotaro.com webpages with reflection of measures for improving customers' life time value (below mentioned) by further utilization of data concerning customers' searching and procurement activities, by expanding product lineup, by improving keyword-text and product listing ads., SEO, etc. thereby attaining new customer acquisition plan (918 thou.).
- Improving Customer Life Time Value
  - Improving new customers' life time value by optimizing allocation of acquisition resources based upon product search trends including searched categories, timing, etc.
- Expanding Sales to Existing Customers
  - Continuing to optimize and personalize product search results and promotions based upon customer attributes.
  - Increasing sales per existing customer by improving convenience realized through shortening delivery lead-time by installing and developing systems (including Order Management System).

### ■ System Connection with Large Corporations

#### • Contract Result

	Dec. 2019 End Result	Mar. 2020 End Result		
	No. Corp.	No. Corp.	vs Dec. 2019 End	Remarks
Total number of corporations	817	875	+58	
One Source	14	14	+0	2 considering
One Source Lite	363	402	+39	209 considering

- Sales base and progress of sales target
  - Established sales base in Tokyo, Nagoya (started in Sep. 2019), and Hyogo.
  - Sales in 2020Q1 equal to plan. Working on expanding numbers of customers, sites in use, number of accounts, and sales per account to attain 2020 sales target (27.2 bil. JPY/ +35% vs. last year).

## 9-4. 2020 Strategy & Plan 2/4 Domestic Business (2)

### ■ Consulting/Royalty Business

- Grainger's Zoro business (US, UK, and Germany), for sustainable growth, continuing to expand product lineup and to increase corporate customers (hence incurring expenses with investment prospects).
- Amount of royalty in 2020Q1 decreased from 2019Q1.
- Effect of royalty on sales and gross profit is limited as MonotaRO's sales grows.

### ■ Strengthening Marketing and System Development Skills based on Data Science

- Since establishment of Tokyo office, recruiting of data-scientists and IT engineers at both Amagasaki and Tokyo offices is making progress almost as planned.
- Newly joined data-scientists and IT engineers are working on more advanced digital marketing and system development (Web site and backbone system).

### ■ New IT Platform for Advanced Supply Chain (installation project in progress)

- Introduction of Product Information Management System (PIM)
  - Launch of Phase 1 delayed from Q1 to mid Q2 followed later by Phase 2.
  - Developing master data infrastructure (products, suppliers, etc.) to improve and handle more product information in response to expansion of products number.
  - In future, establishing suppliers' portal sites and preparing work flows for improving operation and cost efficiencies of product information acquisitions and for shortening time of releasing products.
  - In mid-term, organizing information in multi-languages for overseas subsidiaries.
- Introduction of Order Management System (OMS)
  - Launch of Phase 1 delayed from Q1 to mid Q2 followed later by Phase 2.
  - Selecting optimal shipment methods based upon various rules, thereby leveling shipment operations, reducing splits of shipments, optimizing shipment network further, and minimizing distribution related costs, and these lead to increasing sales by improved convenience realized through shortening delivery lead time.

## 9-5. 2020 Strategy & Plan 3/4 Logistics (1)



- **Distribution-related Cost Ratio 2020Q1 Result: 5.9%**
  - Depreciation ratio increased due to completion of 2<sup>nd</sup> phase facilities expansion at Kasama DC last year and facility rent ratio increased from last year due to increase in warehouse rent, but labor cost ratio and outsourcing cost ratio decreased due to shift of shipment to Kasama DC, which is more automated; therefore, total Distribution-related Cost ratio decreased by 0.1 pt. from last year.
  - The facility rent ratio went beyond plan due to increase in warehouse rent; however, total Distribution-related Cost ratio maintained equal to plan.
- **Inventory**
  - As of Mar. 31, 2020: 464 thou. items.
  - Plan at Dec. 31, 2020: 500 thou. items.
- **Delivery Status**
  - Shipment ratio of Kasama DC with expanded facilities is increasing as planned.

	Jan.-Mar. 2019 Result		Jan.-Mar. 2020 Plan		Jan.-Mar. 2020 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non Consolidated)	29,879		35,091		35,585		+19.1%	+1.4%
Depreciation	159	0.5%	225	0.6%	223	0.6%	+40.1%	△0.8%
Labor & Outsourcing	965	3.2%	1,096	3.1%	1,107	3.1%	+14.7%	+1.0%
Facility Rent	343	1.1%	401	1.1%	412	1.2%	+20.3%	+2.8%
Others	272	0.9%	339	1.0%	338	1.0%	+24.3%	△0.4%
Total	1,740	5.8%	2,063	5.9%	2,082	5.9%	+19.7%	+0.9%

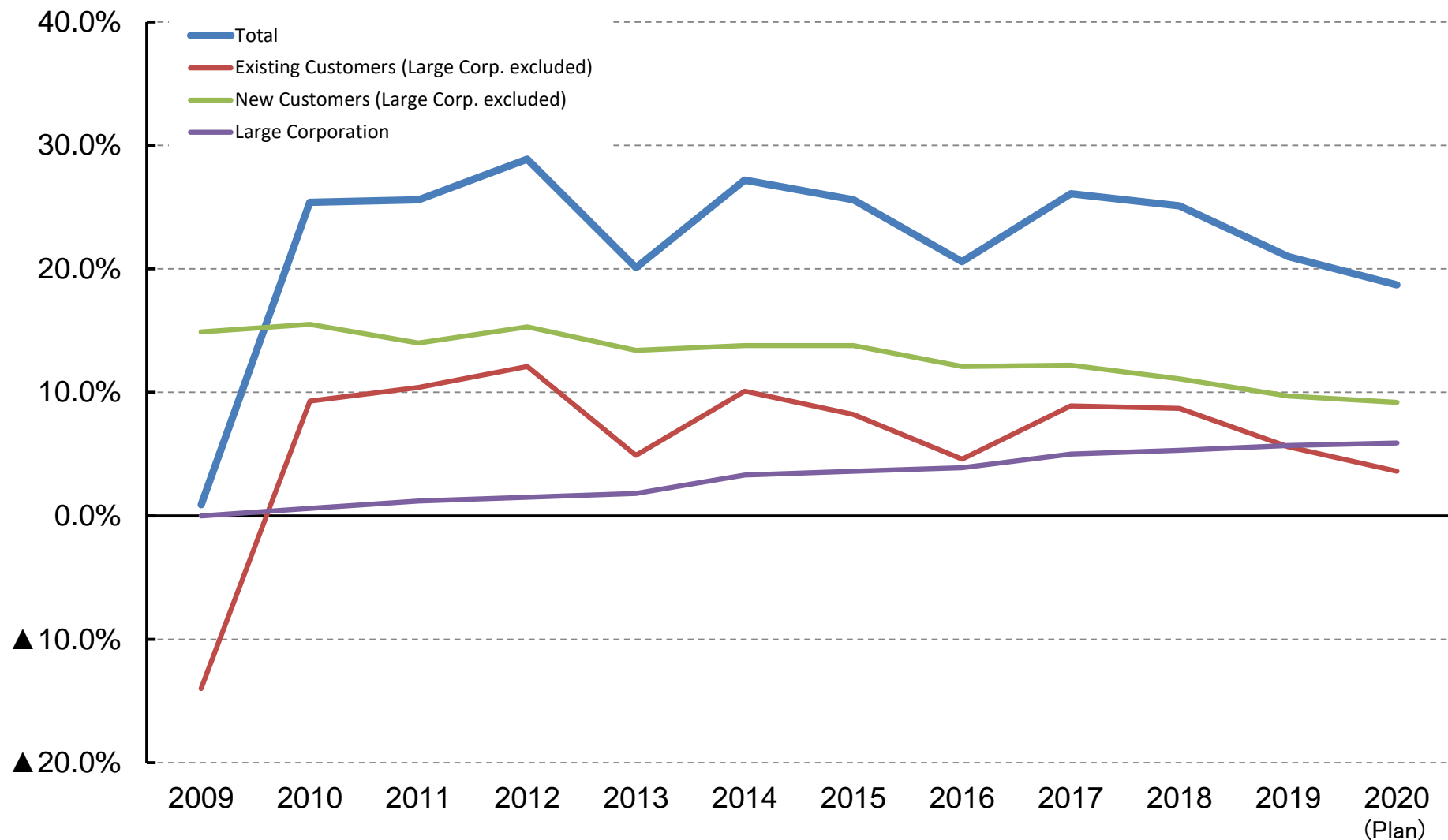


# 9-6. 2020 Strategy & Plan 4/4 Logistics (2)

■ New Distribution Base Expansion/ updates (constructions currently stop due to COVID-19)

Name (tentative)		Ibaraki Chuo SC	Inagawa DC	
Address		Ibaraki-machi, Higashi Ibaraki-gun, Ibaraki Prefecture	Inagawa-cho, Kawabe-gun, Hyogo Prefecture	
Floor Size		About 49,000m <sup>2</sup>	Total about 130,000m <sup>2</sup>	
Inventory Capa.		20K-30K SKU, high demand products	Total 500K SKU	
Start Operation		Plan Apr. 2021	Phase 1 Plan Apr. 2022	Phase 2 Plan 2023Q3
Shipping Capacity		About 30K lines/day	About 90K lines/day	About 90K lines/day added (180K lines in total/day)
Invest/ Rent	Land	About 1.3 bil. JPY	_____	
	Constr.	About 6.1 bil. JPY	Additional construction: about 1.9 bil. JPY (under examining)	
	Rent	_____	Ph.1, 3 Floors: about 14 bil. JPY (2021-2031 including common service exp.)	
		_____	Ph.2: 1 Floor added: about 4.5 bil. JPY (2022-2031 including common service exp.)	
Facility	About 1.8 bil. JPY	About 7.4 bil. JPY (under examining)	_____	
		_____	About 6.6 bil. JPY (under examining)	
Remark		Main function is backyard. Having also function of shipping high-demand products	Renting 3 floors in first year. From the second year, 1 floor added and total of 4 floors rented.	
Construction Status		Building under construction	Building under construction	
Picture				

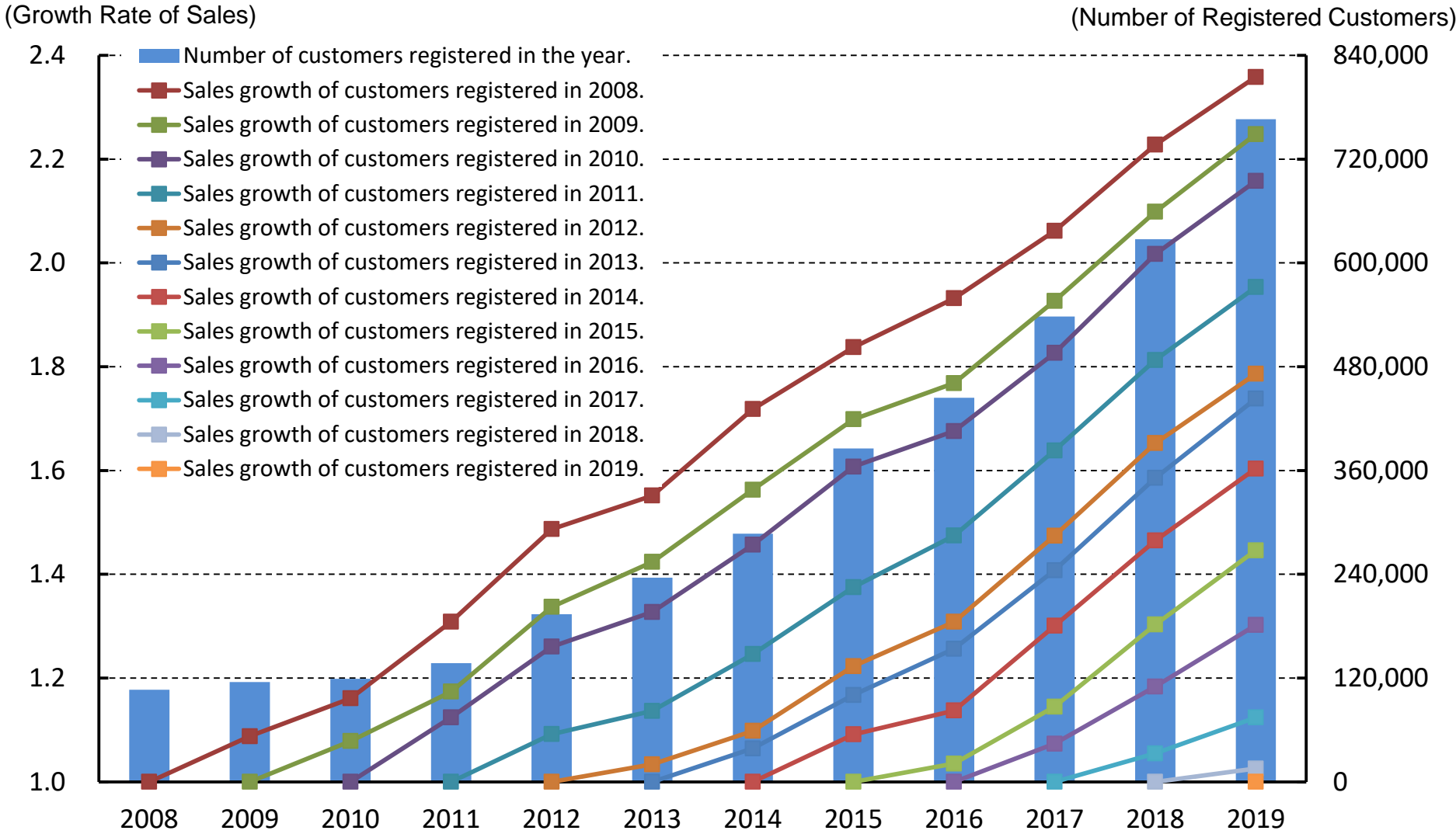
# Ref.1. Sales Growth (Service Channel Contribution)



\* 1: Contribution of each channel to growth of sales total in years above.

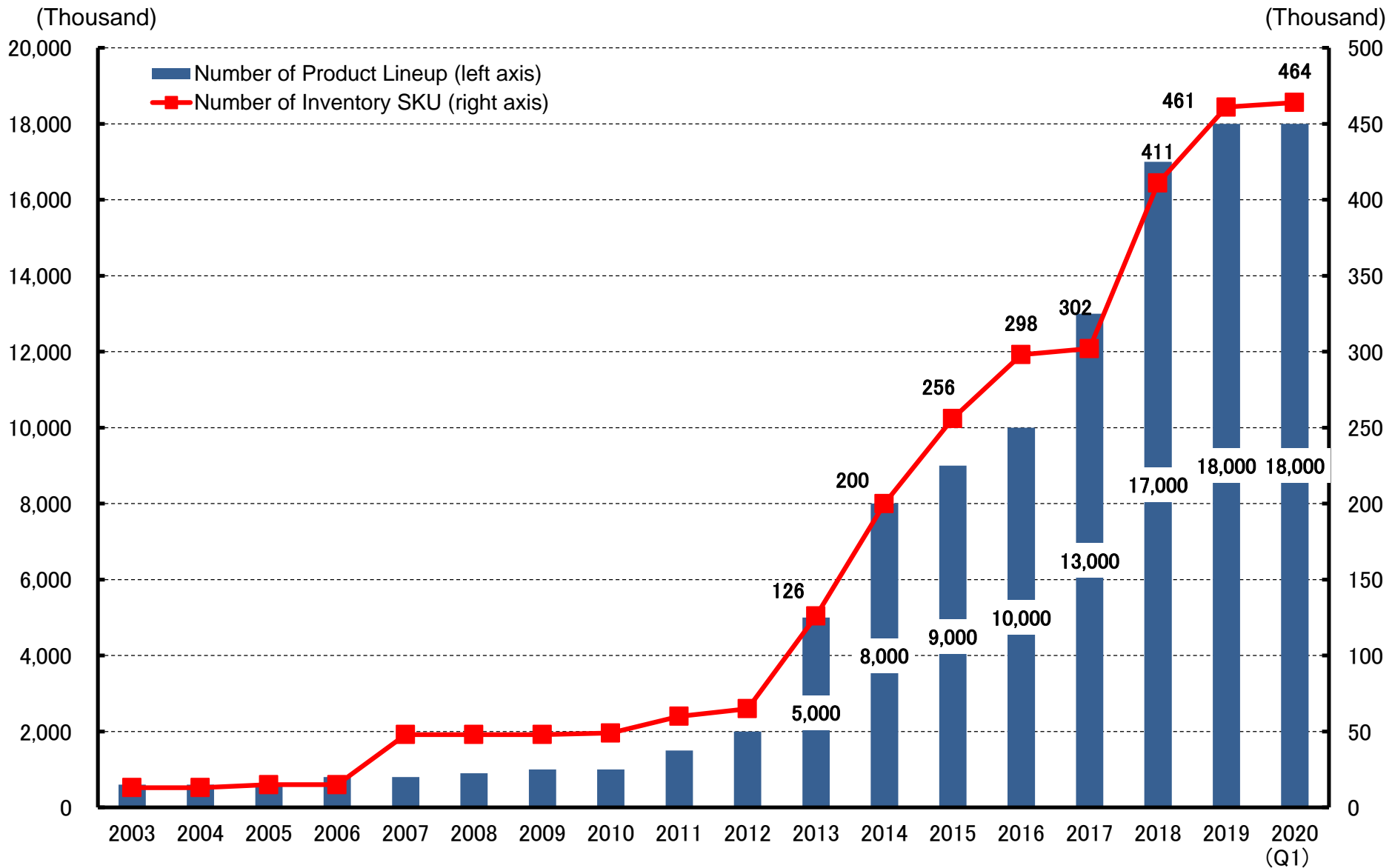
\* 2: Large Corporation includes both new and existing customers.

# Ref.2. Registered Customers & Sales Growth by Registered Year

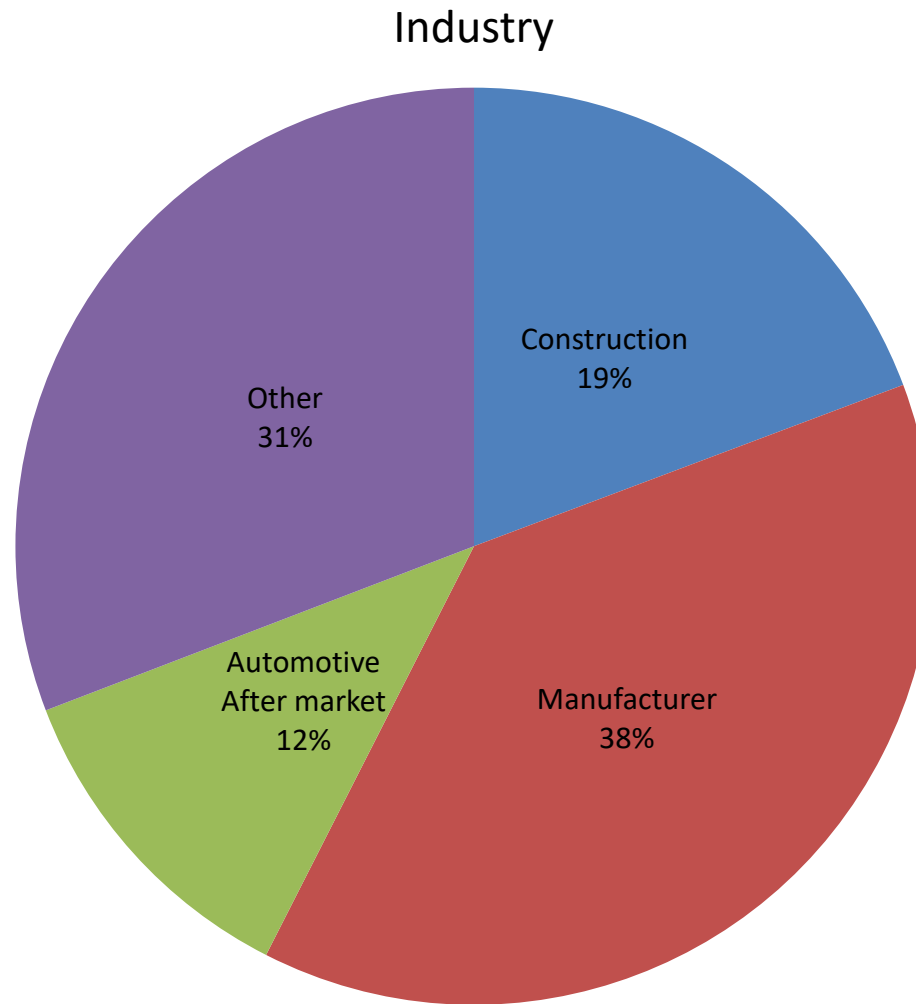


\* 1: Bar chart (right axis) shows number of 'monotaro.com' customers registered in each year based on status at end of 2019.  
 \* 2: Line chart (left axis) shows sales growth ratio of customers registered each year by setting sales in registered year as '1'.  
 \* 3: Above number of 'monotaro.com' registered customers and sales growth are updated retroactively at the end of 2019 (large corporate sales not included).

# Ref.3. Product Lineup & Inventory

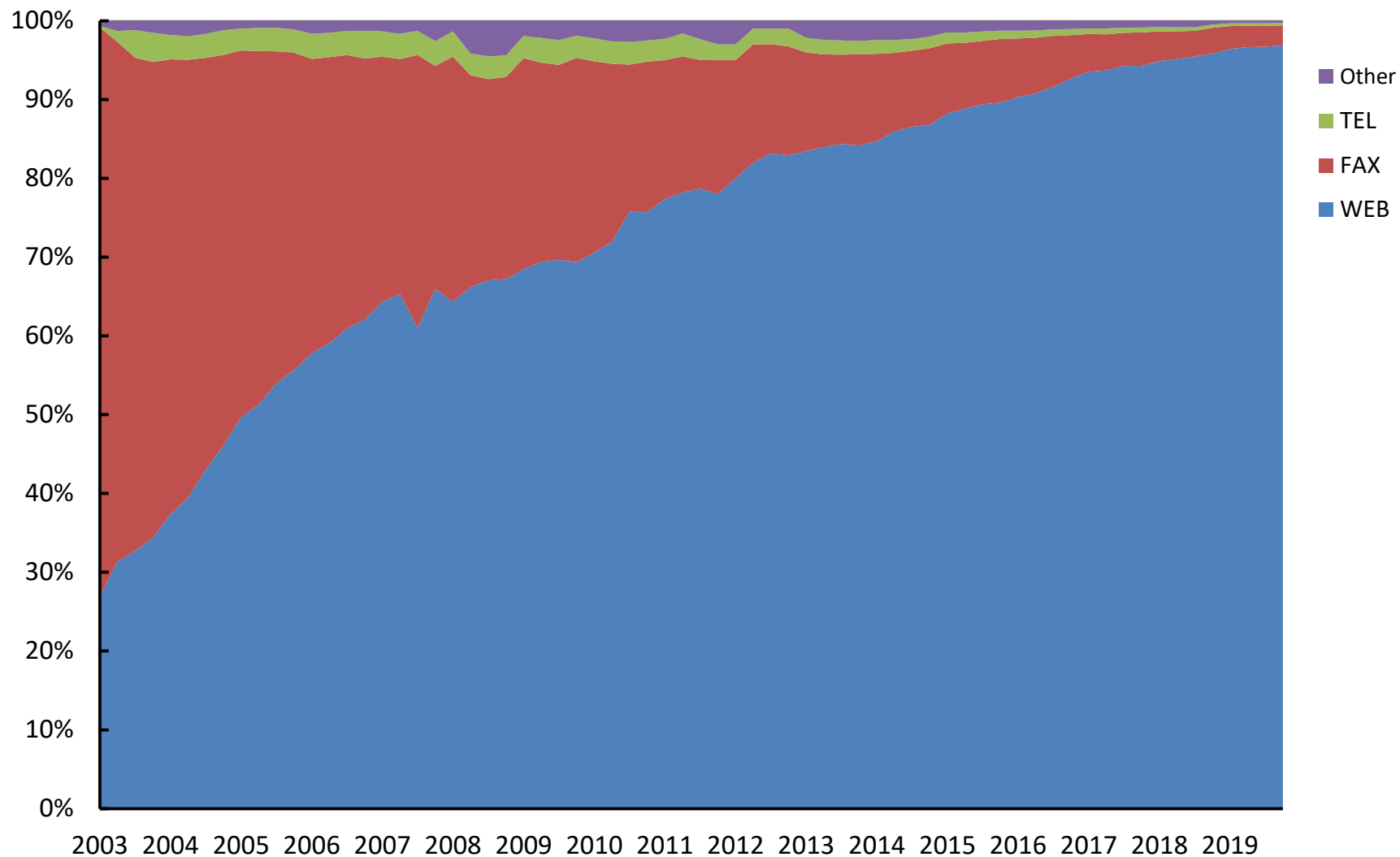


# Ref.4. Customer Demographics



Ratio by sales amount in 2019  
(Sales through Shopping website-excluding sales through API connection)

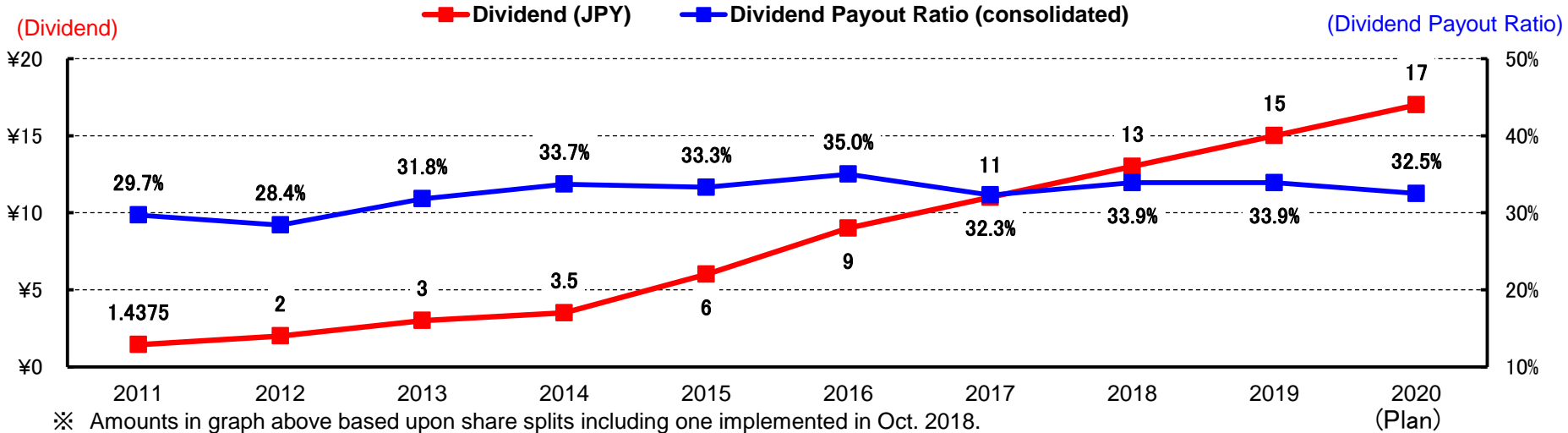
# Ref.5. Internet PO Ratio



# Dividend & Shareholder Benefit

## ■ Dividend

- Dividend Policy: Distributing dividend consistent with stable and ongoing growth.
- 2019 Dividend (Actual): 15 JPY/share (7.5 JPY/share interim, 7.5 JPY/share fiscal year end).
- 2020 Dividend (Plan): 17 JPY/share.



## ■ Shareholders' Benefit

- Shareholders having held one or more unit (100 shares) of MonotaRO share for 6 months or longer on continuous basis as of Dec. 31 are eligible for benefit.
- Eligible shareholders can choose products from MonotaRO's private brand as benefit, and amount of benefit varies in accordance with holding period (as in right chart).

Holding Period	Amount Benefit
6 months or more	3,000 JPY (excl. tax)
3 years or more	5,000 JPY (excl. tax)
5 years or more	7,000 JPY (excl. tax)

# Other MRO Market Players

Upper: Sales Lower: Operating Income		Fiscal Year					Change
		2007	2016	2017	2018	2019	2007 to 2019
Yuasa (8074) - (M)	Wholesaler	468,476	446,335	461,749	493,627	500,000	+6.7%
		8,254	10,923	11,402	12,517	12,600	+52.7%
Yamazaki (8051) - (M)	Wholesaler	376,852	447,698	497,963	526,364	480,000	+27.4%
		11,518	13,113	15,383	17,997	12,000	+4.2%
Trusco (9830) - (D)	Wholesaler	134,430	177,053	195,096	214,297	220,674	+64.2%
		9,120	14,163	14,276	14,364	13,797	+51.3%
Misumi (9962) - (M)	Retailer	126,668	259,015	312,969	331,936	326,500	+157.8%
		16,317	27,127	34,848	31,874	27,700	+69.8%
Nichiden (9902) - (M)	Wholesaler	92,745	103,736	119,712	124,604	117,000	+26.2%
		5,533	5,037	6,051	6,595	5,550	+0.3%
Naito (7624) - (F)	Wholesaler	51,479	43,473	46,587	50,014	46,467	△9.7%
		1,343	496	728	928	836	△37.8%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	41,597	44,315	45,417	43,950	+6.0%
		2,292	1,950	2,461	2,870	2,300	+0.3%
Toba (7472) - (M)	Retailer	25,800	22,185	28,500	29,066	26,000	+0.8%
		2,115	1,050	1,774	1,895	1,400	△33.8%
Uematsu (9914) - (M)	Retailer	7,647	6,217	7,125	7,157	6,505	△14.9%
		190	40	92	80	24	△87.4%
MonotaRO (3064) - (D)	Retailer	10,897	69,647	88,347	109,553	131,463	+1,106.4%
		480	9,493	11,837	13,790	15,839	+3,199.8%

(M):Apr.[Year] to Mar.[Year+1], (F):Mar.[Year] to Feb.[Year+1], (D) Jan.[Year] to Dec.[Year]

As of Apr. 23, 2020





### Cautionary Statement concerning Forward-looking Statements

This presentation may include forward-looking statements relating to our future plans, forecasts, objectives, expectations, and intentions. Actual results may differ materially, for a wide range of possible reasons. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements.

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