

monotaro

Quarter 3, FY2022
(Jan. to Sep. 2022)

MonotaRO Co., Ltd
www.monotaro.com

Business Overview, Features, and Differentiation Strategies

■ Main business

- Electronic Commerce of indirect materials for factories, construction work, and automobile maintenance businesses. (number of product lineup: over 19 mil. SKU including 610 thou. SKU available for same-day shipment and 511 thou. SKU in stock).

■ Features of Products for Sale

- Variety of products, convenience is more important than price for customers.

■ Number of employees (consolidated, as of Sep. 30, 2022)

	Regular employee		Part-time and temporary employee		Total	
Head Office, etc. (MonotaRO JPN)	1,037	(533)	445	(393)	1,482	(926)
Distribution Center (MonotaRO JPN)	207	(150)	1,663	(1,569)	1,870	(1,719)
Total (MonotaRO JPN)	1,244	(683)	2,108	(1,962)	3,352	(2,645)

■ Main competitors

- Door-to-door tool dealers, hardware stores, auto parts dealers, Internet shopping sites, etc.

■ Main customer base

- Manufacturing, construction/engineering, automobile maintenance, etc. (mainly small and medium-sized companies are customers).

■ Market size

- 5 to 10 trillion JPY

■ Business Strategy

- Differentiating by wide range of products and high searchability by utilizing Internet to achieve economies of scale.
- Acquiring and retaining customers through marketing analysis of accumulated orders and customer databases.
- Achieving high productivity by doing much of the work in-house from software development to content creation.

**2022 Jan. to Sep.
(Non-consol.) Financial Result Overview**

(Non-consol.) 2022Q3 Financial Result P/L Outline 1/3

	Jan.-Sep. 2021 Result		Jan.-Sep. 2022 Plan		Jan.-Sep. 2022 Result			
	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	YoY	vs Plan
Sales	133,306		158,275		159,405		+19.6%	+0.7%
Large Corp.	25,843	19.4%	35,159	22.2%	36,116	22.7%	+39.7%	+2.7%
Gross Profit	38,420	28.8%	45,106	28.5%	46,582	29.2%	+21.2%	+3.3%
SG&A Exp.	20,584	15.4%	27,191	17.2%	26,610	16.7%	+29.3%	△2.1%
Operating Income	17,835	13.4%	17,915	11.3%	19,971	12.5%	+12.0%	+11.5%
Current Income	17,919	13.4%	17,900	11.3%	20,192	12.7%	+12.7%	+12.8%
Net Income (Tax Rate)	12,407 (30.7%)	9.3%	12,425 (30.6%)	7.9%	13,421 (30.6%)	8.4%	+8.2%	+8.0%

(Non-consol.) 2022Q3 Financial Result P/L Outline 2/3 vs. Last Year

	21 Jan.-Sep. Result (A)		22 Jan.-Sep. Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	133,306	—	159,405	—	Amount (mil.JPY)	+26,098	<ul style="list-style-type: none"> Both sales of monotaro.com and Large Corp. Business grew due to increases in order amount and customer number. Large Corp. Business kept high growth from last year (+39.7%). Royalty income increased (amount received in foreign currency increased, and JPY depreciation contributed as well).
					YonY	+19.6%	
					Sales Ratio	-	
Gross Profit	38,420	28.8%	46,582	29.2%	Amount (mil.JPY)	+8,161	<ul style="list-style-type: none"> Product GP ratio decreased ($\Delta 0.3$pt.: sales share of Large Corp. Business increased, product GP% and sales share of PB/imported product decreased). Product GP% in 2022Q3 (Jul.- Sep.) increased from 2021Q3 (Jul.- Sep.) by adjusting sales prices in response to higher purchase prices, changing sales prices, reviewing campaign days & timing. Royalty income increased. Delivery Cost ratio improved (+0.5pt.: due to increase in order per box).
					YonY	+21.2%	
					Sales Ratio	+0.4%	
SG&A Exp.	20,584	15.4%	26,610	16.7%	Amount (mil.JPY)	+6,026	<ul style="list-style-type: none"> Facility Rent Exp. ratio increased (+0.5pt.: due to launch of Inagawa DC and parallel operation with Amagasaki DC.). Other Exp. ratio increased (+0.5pt.: equipment expenses for Inagawa DC launch and increase in system usage cost to launch Order Management System, etc.). Depreciation Exp. ratio increased (+0.4pt.: due to launches of Inagawa DC and OMS, PIM). Outsourcing Exp. ratio increased (+0.1pt.: increase in temp. staffing for the functional relocation from Amagasaki DC to Inagawa DC). Mailing Exp. ratio decreased ($\Delta 0.2$pt.: decrease in catalog shipping cost for new and existing customers). Labor Exp. decreased ($\Delta 0.1$pt.: increase in order per box)
					YonY	+29.3%	
					Sales Ratio	+1.3%	
Operating Income	17,835	13.4%	19,971	12.5%	Amount (mil.JPY)	+2,135	<ul style="list-style-type: none"> Operating Income increase (+12.0%) due to increase sales amount. Declined in Operating Income ratio ($\Delta 0.9$ pt.) due to increase in SG&A Expense ratio (+1.3pt.) mainly because of launching Inagawa DC despite GP ratio improvement (+0.4pt).
					YonY	+12.0%	
					Sales Ratio	$\Delta 0.9$ %	
Net Income (Tax Rate)	12,407 (30.7%)	9.3%	13,421 (30.6%)	8.4%	Amount (mil.JPY)	+1,013	<ul style="list-style-type: none"> Net income ratio decreased ($\Delta 0.9$pt) due to decline in Operating Income ratio ($\Delta 0.9$ pt.) and Extraordinary Loss (841 million yen) related to the closure of Amagasaki DC.
					YonY	+8.2%	
					Sales Ratio	$\Delta 0.9$ %	

(Non-consol.) 2022Q3 Financial Result P/L Outline 3/3 vs. Plan

	22 Jan.-Sep. Plan (A)		22 Jan.-Sep. Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	158,275	—	159,405	—	Amount (mil.JPY)	+1,129	<ul style="list-style-type: none"> monotaro.com: Grew as planned. Existing customers in manufacturing segment led total growth. Large Corp. Business: Grew beyond plan (+2.7%). Royalty income: Amount received in foreign currency increased, and JPY depreciation contributed as well.
					vs Plan	+0.7%	
					Sales Ratio	-	
Gross Profit	45,106	28.5%	46,582	29.2%	Amount (mil.JPY)	+1,475	<ul style="list-style-type: none"> Product GP ratio increased (+0.2pt.: GP% of domestic products increased). Royalty income increased. Delivery Cost ratio improved (+0.3pt.: due to increase in sales per box).
					vs Plan	+3.3%	
					Sales Ratio	+0.7%	
SG&A Exp.	27,191	17.2%	26,610	16.7%	Amount (mil.JPY)	△581	<ul style="list-style-type: none"> Labor Exp. decreased (△0.1pt.: due to increase in sales per box) Outsourcing Exp. ratio decreased (△0.1pt.: decrease in consultant fees, etc.). Facility Rent Exp. ratio decreased (△0.1pt.: terms of external warehouse contracts changed, etc.). Ad. & Promotion Exp. ratio decreased (△0.1pt.: increase in sending flyer cost to get new customers, but decrease in listing ad. cost). Mailing Exp. ratio decreased (△0.1pt.: decrease in mailing postage cost due to decrease in catalogue shipping and implementing electronic invoices for customers). Depreciation Exp. ratio decreased (△0.1pt.: delay in launch of PIM from 2022Q1 to 2022Q3, DC assets planned were reclassified to other expenses etc.). Other Exp. ratio increase (+0.1pt.: expenses for restoration of Amagasaki DC planned on Q4 was recorded on Q3)
					vs Plan	△2.1%	
					Sales Ratio	△0.5%	
Expense recognition brought forwarded (net): app. 110 mil. JPY							
Operating Income	17,915	11.3%	19,971	12.5%	Amount (mil.JPY)	+2,056	<ul style="list-style-type: none"> Operating Income ratio improved(+1.2pt.) due to improve both GP ratio and SG&A ratio.
					vs Plan	+11.5%	
					Sales Ratio	+1.2%	
Net Income (Tax Rate)	12,425 (30.6%)	7.9%	13,421 (30.6%)	8.4%	Amount (mil.JPY)	+996	<ul style="list-style-type: none"> Net Income growth rate limited to 0.6pt. Net Income growth is less than Operating Income growth due to move forward Extraordinary Loss (549 million yen) related to the closure of Amagasaki DC on Q3 and due to additional Extraordinary Loss (Loss on lease cancellation: 292 million yen) related this colosure.
					vs Plan	+8.0%	
					Sales Ratio	+0.6%	

(Non-consol.) 2022Q3 Financial Result B/S Outline

	Sep. 2021	Dec. 2021	Sep. 2022	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Assets				
Cash	6,831	10,263	4,556	4.3%
Accounts Receivable	21,067	22,346	24,365	23.1%
Inventory	14,325	14,526	17,823	16.9%
Other	5,691	6,447	7,335	7.0%
Total Current Asset	47,917	53,583	54,082	51.4%
Tangible Fixed Asset <small>(*Note 1)</small>	26,855	28,044	35,080	33.3%
Intangible Fixed Assets	5,348	5,507	6,213	5.9%
Other	7,047	8,019	9,877	9.4%
Total Fixed Asset	39,250	41,571	51,171	48.6%
Total Assets	87,167	95,154	105,253	

* Note 1: Increased in Tangible Fixed Asset (after depreciation) from Sep. 2021 to Sep. 2022 by 8.2 billion JPY includes 9.7 billion JPY of Inagawa DC.

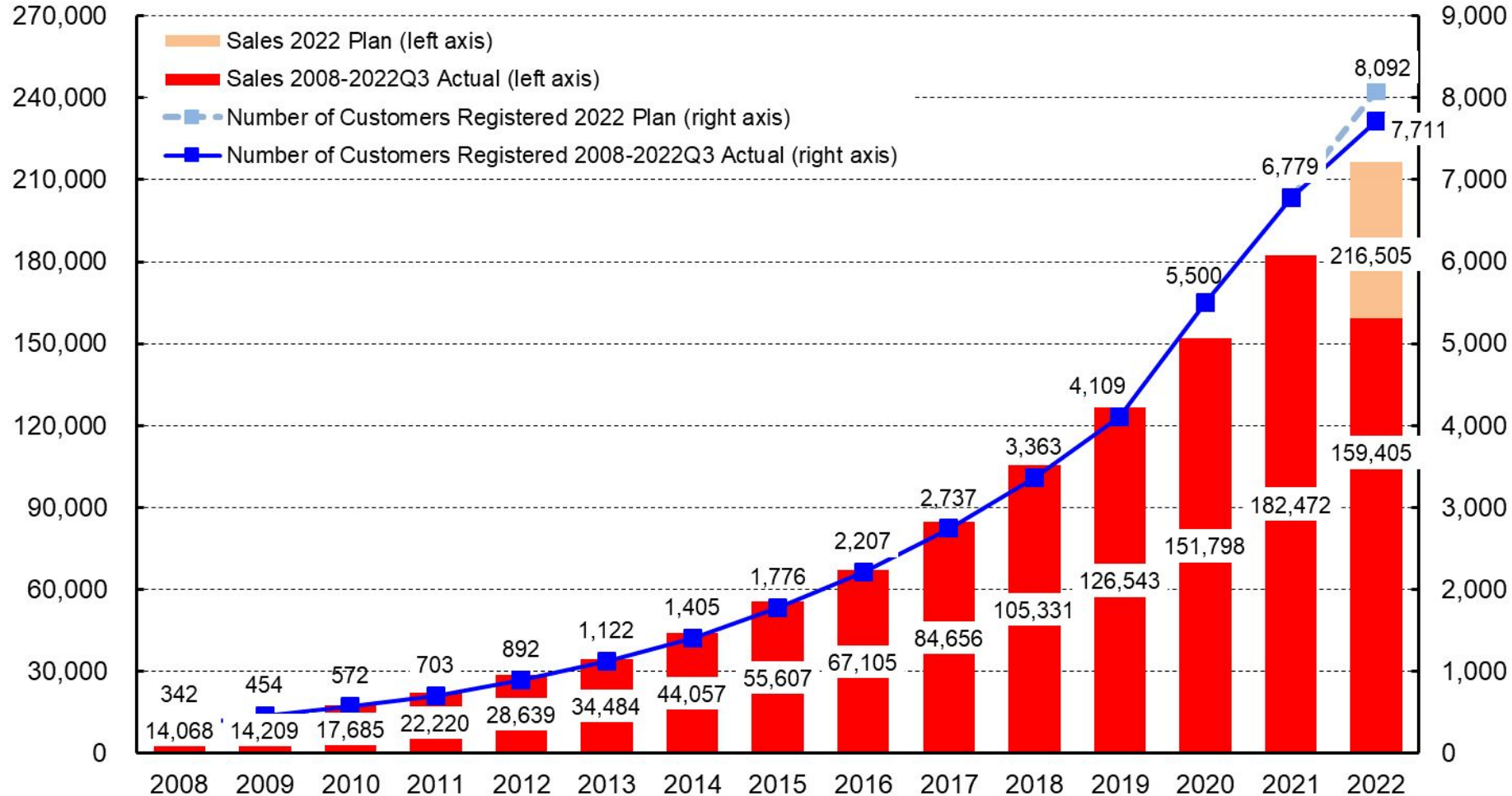
	Sep. 2021	Dec. 2021	Sep. 2022	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Liabilities				
Accounts Payable	12,732	13,969	14,680	13.9%
Short-term Debt & etc. <small>(*Note 2)</small>	—	—	6,500	6.2%
Others	7,586	8,882	8,957	8.5%
Total Current Liabilities	20,319	22,852	30,137	28.6%
Total Long term Liabilities	11,491	11,641	7,102	6.7%
Total Liabilities	31,810	34,493	37,240	35.4%
Net Assets				
Shareholder's Equity	55,267	60,561	67,979	64.6%
Others	90	99	34	0.0%
Total Net Assets	55,357	60,661	68,013	64.6%
Total Liabilities & Net Assets	87,167	95,154	105,253	

* Note 2: Short-term Debt & etc. includes short-term debt & long-term borrowings repayable within one year.

(Non-consol.) Progress - Sales & Customer

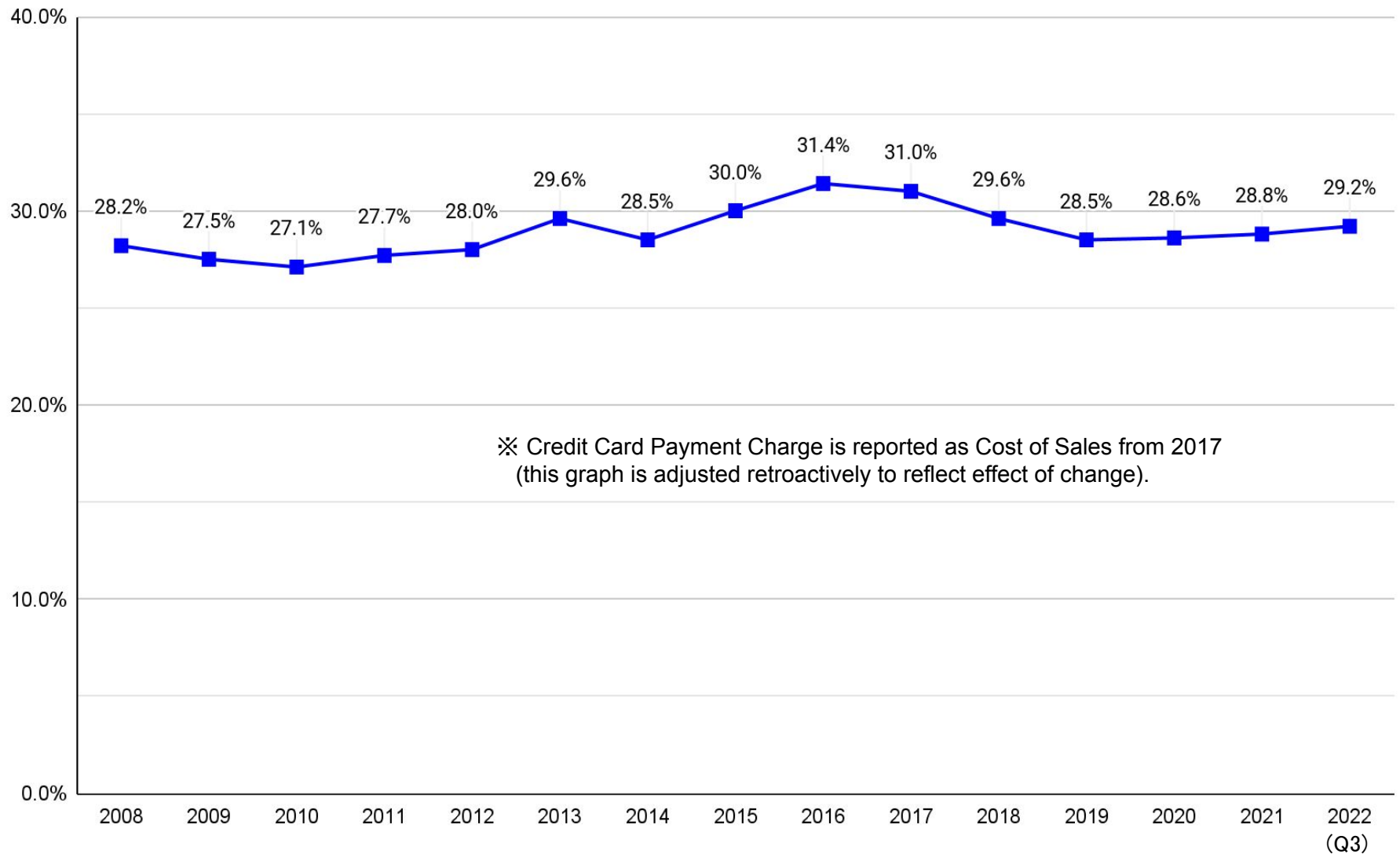
(Million JPY)

(Thousand Accounts)

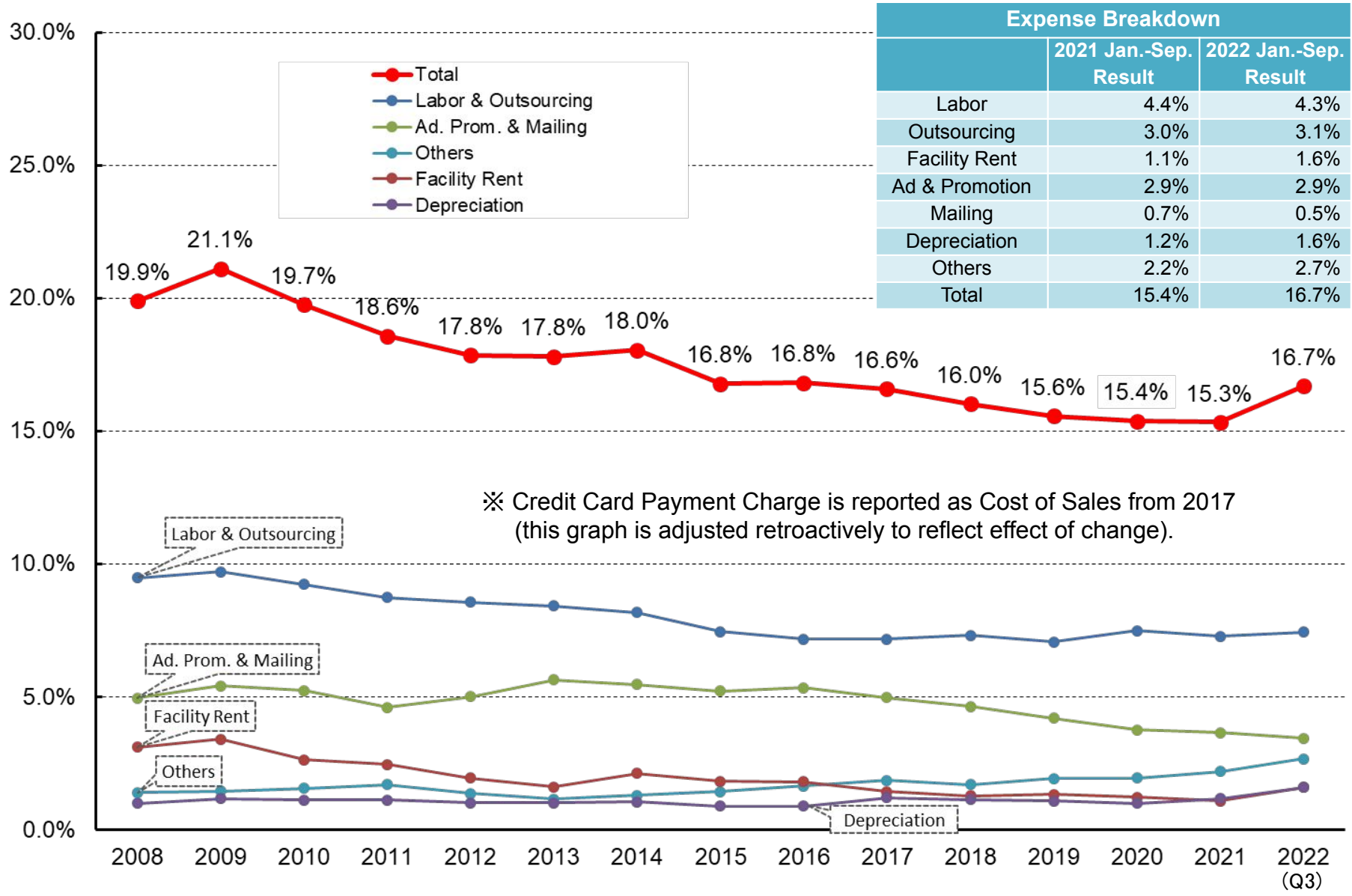


	Dec. 2021	Sep. 2022	Dec. 2022(Plan)
Number of Customers (Registered Accounts)	6,779,319	7,711,950	8,092,319
		+932,631 (vs. Dec. 2021)	+1,313,000 (vs. Dec. 2021)

(Non-consol.) Progress - Gross Profit Ratio



(Non-consol.) Progress - SG&A Expense Ratio



**2022 Jan. to Sep.
(Consol.) Financial Result Overview**

(Consolidated) 2022Q3 Financial Result P/L Outline 1/2

	Jan.-Sep. 2021 Result		Jan.-Sep. 2022 Plan		Jan.-Sep. 2022 Result			
	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	YoY	vs Plan
Sales	138,450		165,121		165,993		+19.9%	+0.5%
Gross Profit	39,511	28.5%	46,582	28.2%	47,846	28.8%	+21.1%	+2.7%
SG&A Exp.	21,970	15.9%	29,153	17.7%	28,522	17.2%	+29.8%	△2.2%
Operating Income	17,541	12.7%	17,429	10.6%	19,323	11.6%	+10.2%	+10.9%
Current Income	17,668	12.8%	17,442	10.6%	19,566	11.8%	+10.7%	+12.2%
Net Income (Tax Rate)	12,142 (31.2%)	8.8%	11,954 (31.5%)	7.2%	12,787 (31.7%)	7.7%	+5.3%	+7.0%
Net Income attributable to owners of the parent	12,291	8.9%	12,224	7.4%	13,119	7.9%	+6.7%	+7.3%

(Consolidated) 2022Q3 Financial Result P/L Outline 2/2

■ NAVIMRO (South Korea)

- Sales grew YoY by expanding number of products and stock, but did not reach plan. Large corp. sales also increased.
- Op. Income grew YoY, but plan was not achieved due to lower GP margin caused by higher purchase prices.

	Jan.-Sep. 2021 Result			Jan.-Sep. 2022 Plan			Jan.-Sep. 2022 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
Sales	4,730	+28.6%	+20.0%	5,750	+21.4%	+21.4%	5,650	+19.4%	△1.6%	+13.6%	△6.4%
Op.Income	110	+61.5%	+50.7%	150	+34.9%	+34.9%	120	+7.1%	△20.6%	+1.9%	△24.4%
Net Income x Share(*1)	100	+59.0%	+48.4%	140	+33.4%	+33.4%	110	+11.4%	△16.5%	+6.0%	△20.6%

■ MONOTARO INDONESIA (Indonesia)

- Sales exceeded plan due to steady acquisition of corp. customers. Shortened lead time by sharing inventory information with suppliers.
- Progress was made in improving profit margins through price revisions and decrease of SG&A ratio due to sales growth.

	Jan.-Sep. 2021 Result			Jan.-Sep. 2022 Plan			Jan.-Sep. 2022 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
Sales	270	△0.8%	△3.4%	370	+38.1%	+31.2%	490	+80.7%	+30.8%	+56.0%	+18.9%
Op.Income	△200	—	—	△170	—	—	△190	—	—	—	—
Net Income x Share(*1)	△100	—	—	△80	—	—	△100	—	—	—	—

● IB MonotaRO (India)

- Although sales plan not achieved, grew significantly YoY. Improvement of GP margin and delivery cost ratio remains an issue.
- Started operation of new DC in Bangalore. Started cooperation with IndiaMart (started sharing sales and product data).

	Jan.-Sep. 2021 Result			Jan.-Sep. 2022 Plan			Jan.-Sep. 2022 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
(*3)Gross Merchandise Value	300	(*2) —	(*2) —	980	+219.4%	+211.0%	770	+153.0%	△20.8%	+124.2%	△27.9%
Sales	190	—	—	710	+262.0%	+252.5%	510	+162.3%	△27.5%	+132.5%	△34.0%
Op.Income	△140	—	—	△400	—	—	△510	—	—	—	—
Net Income x Share(*1)	△50	—	—	△190	—	—	△250	—	—	—	—

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

*2: YoY comparison is not presented since Indian business was launched in Jan. 2021.

*3: Only commission portion of sales by sellers in marketplace is recognized as sales.

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

(Consolidated) 2022Q3 Financial Result B/S Outline

		Sep. 2021	Dec. 2021	Sep. 2022	
		mil. JPY	mil. JPY	mil. JPY	Ratio
Assets					
	Cash	8,900	12,379	5,868	5.5%
	Accounts Receivable	21,264	22,565	24,718	23.4%
	Inventory	15,136	15,431	19,037	18.0%
	Other	5,894	6,710	7,733	7.3%
Total Current Asset		51,195	57,086	57,357	54.2%
	Tangible Fixed Asset	26,919	28,105	35,158	33.2%
	Intangible Fixed Assets	6,167	6,332	7,118	6.7%
	Other	3,289	4,264	6,170	5.8%
Total Fixed Asset		36,376	38,702	48,447	45.8%
Total Assets		87,572	95,789	105,805	

		Sep. 2021	Dec. 2021	Sep. 2022	
		mil. JPY	mil. JPY	mil. JPY	Ratio
Liabilities					
	Accounts Payable	13,152	14,562	15,195	14.4%
	Short-term Debt & etc. (**Note)	—	—	6,589	6.2%
	Others	7,875	9,261	9,441	8.9%
Total Current Liabilities		21,027	23,824	31,226	29.5%
Total Long term Liabilities		11,572	11,681	7,194	6.8%
Total Liabilities		32,600	35,505	38,420	36.3%
Net Assets					
Shareholder's Equity		53,873	59,133	66,249	62.6%
Others		1,099	1,150	1,135	1.1%
Total Net Assets		54,972	60,283	67,385	63.7%
Total Liabilities & Net Assets		87,572	95,789	105,805	

* Note: Short-term Debt & etc. includes short-term debt & long-term borrowings repayable within one year.

(Consolidated) 2022Q3 Financial Result C/F Outline

	Jan. – Sep. 2021 Result	Jan. – Sep. 2022 Result
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	17,641	18,722
Depreciation	1,599	2,583
Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 2,994	Δ 2,124
Increase or Decrease in Inventory (Δ = increase)	Δ 3,255	Δ 3,527
Increase or Decrease in Accounts Payable (Δ = decrease)	1,506	600
Tax payment	Δ 7,086	Δ 7,317
Increase or Decrease in Accrued Consumption Taxes (Δ = decrease)	Δ 1,524	Δ 114
Others	98	(*2) 1,367
Total	5,985	10,190
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	Δ 8,200	Δ 9,093
Acquisition of Intangible Assets	Δ 1,845	Δ 1,749
Others	(*1) Δ 1,662	(*3) Δ 1,005
Total	Δ 11,708	Δ 11,849
Cash Flow from Financing Activity		
Repayments of Lease Obligations	Δ 664	Δ 25
Cash Dividends Paid	Δ 5,209	Δ 6,080
Others	115	(*4) 1,993
Total	Δ 5,758	Δ 4,112
Currency Exchange Adjustment	54	415
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	Δ 11,427	Δ 5,355
Cash and Cash Equivalent at Beginning of Period	18,767	11,068
Cash and Cash Equivalent at End of Period	7,339	5,713

*1: Including cash invested in overseas subsidiaries deposited to time deposit.

*2: Increase in payables for installation of facilities and rent of Inagawa DC, and impairment loss on property, plant and equipment of Amagasaki DC.

*3: Including cash invested in Aldagram Inc.

*4: Increase in short-term loan.

2022 Q3 Business Plan & Strategy

2022 Plan & Strategy: (Non-consol.) P/L Plan Outline

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YoY
Sales	182,472		216,505		+18.7%
Large Corp.	35,981	19.7%	48,920	22.6%	+36.0%
Gross Profit	52,527	28.8%	61,866	28.6%	+17.8%
SG&A Exp.	27,993	15.3%	36,848	17.0%	+31.6%
Operating Income	24,533	13.4%	25,018	11.6%	+2.0%
Current Income	24,647	13.5%	24,998	11.5%	+1.4%
Net Income (Tax Rate)	17,701 (28.1%)	9.7%	17,321 (29.1%)	8.0%	Δ2.1%

2022 Plan & Strategy: (Consolidated) P/L Plan Outline 1/2

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YoY
Sales	189,731		226,073		+19.2%
Gross Profit	54,045	28.5%	63,934	28.3%	+18.3%
SG&A Exp.	29,916	15.8%	39,554	17.5%	+32.2%
Operating Income	24,129	12.7%	24,380	10.8%	+1.0%
Current Income	24,302	12.8%	24,392	10.8%	+0.4%
Net Income (Tax Rate)	17,340 (28.5%)	9.1%	16,697 (29.9%)	7.4%	Δ3.7%
Net Income attributable to owners of the parent	17,552	9.3%	17,067	7.5%	Δ2.8%

If consolidated financial forecast is expected to exceed by one of 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%

2022 Plan & Strategy: (Consolidated) P/L Plan Outline 2/2

■ NAVIMRO (South Korea)

	2021 Result			2022 Plan		
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)
Sales	6,640	+29.1%	+21.8%	7,880	+18.6%	+18.6%
Op.Income	160	+54.7%	+46.0%	230	+39.3%	+39.3%
Net Income x Share (*1)	160	+47.1%	+38.8%	210	+34.6%	+34.6%

■ MONOTARO INDONESIA (Indonesia)

	2021 Result			2022 Plan		
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)
Sales	390	+6.2%	+2.1%	540	+37.4%	+32.2%
Op.Income	△260	—	—	△220	—	—
Net Income x Share (*1)	△130	—	—	△110	—	—

■ IB MonotaRO (India)

	2021 Result			2022 Plan		
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)
(*3)Gross Merchandise Value	480	(*2) —	(*2) —	1,530	+218.6%	+214.4%
Sales	310	(*2) —	(*2) —	1,140	+263.8%	+259.0%
Op.Income	△220	—	—	△560	—	—
Net Income x Share (*1)	△90	—	—	△270	—	—

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

*2: YonY comparison is not presented since Indian business was launched in Jan. 2021.

*3: Only commission portion of sales by sellers in marketplace is recognized as sales.

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

Expenses & Loss Related to Closure of Amagasaki DC

- Initially planned 869 mil. JPY in total including 309 mil. JPY of SG&A expense and 559 mil. JPY of extraordinary loss related to closure of Amagasaki DC based on assumption that all facilities will be retired or disposed.
- Decided to transfer Amagasaki DC facilities, and total expenses and losses related to closure of Amagasaki DC increased by 96 mil. JPY. Whereas related SG&A expense to recognize decreased by 185 mil. JPY, recognized additional extraordinary loss 281 mil. JPY of lease deposit, which should have been included in initial plan.
- Due to transfer of facilities and additional losses, full-year impact of Amagasaki DC closure is expected to be +185 mil. JPY in operating income and Δ 96 mil. JPY in income before income taxes.

	2022 Original Plan (A)		2022 Projection (B)		Difference (B-A)	
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio
Sales	216,505	—	216,505	—	0	—
Other cost						
Restoration cost	309	0.1%	124	0.1%	Δ 185	Δ 0.1%
SG&A	309	0.1%	124	0.1%	Δ 185	Δ 0.1%
Loss on retirement of fixed asset	559	0.3%	549	0.3%	Δ 10	Δ 0.0%
Lease deposit	—	—	292	0.1%	292	0.1%
Extra ordinary loss	559	0.3%	841	0.4%	281	0.1%
Total	869	0.4%	965	0.4%	96	0.0%

2022Q4 Projection (Non-consol.)

- If consolidated financial forecast is expected to exceed by one of following ranges from disclosed consolidated financial forecast, revised forecast will be disclosed. Sales: $\pm 5\%$, Operating Income: $\pm 10\%$, Current Income: $\pm 10\%$, and Net Income Attributable to Owners of Parent: $\pm 10\%$.
- Current situation in 2022Q4 is shown in table below. Consolidated forecast will be updated based on this and situation of foreign subsidiaries, but, at this point, unable to confirm whether figures exceed thresholds, so not revising forecasts.
- If forecast exceeds above threshold in 2022Q4, forecast revised and disclosed immediately.

	Jan.-Sep. 2022 Result		Current situation of Q4 plan
	Amount (mil.JPY)	vs Plan	
Sales	159,405	+0.7%	<ul style="list-style-type: none"> • Q4 sales is expected to be in line with plan.
Gross Profit	46,582	+3.3%	<ul style="list-style-type: none"> • Q4 GP ratio is expected to be higher than plan. • Gross profit is expected to be higher than plan due to higher GP rate although sales is expected to be in line with plan.
SG&A	26,610	$\Delta 2.1\%$	<ul style="list-style-type: none"> • Although restoration costs associated with closure of Amagasaki DC were recorded in Q3 ahead of plan, increase in advertising expenses due to increase in TVCM and internet ad. (expenses for growth in FY2023 and beyond, etc) caused SG&A expenses in Q4 to be higher than plan.
Operating Income	19,971	+11.5%	<ul style="list-style-type: none"> • Operating Income is expected to be higher than plan due to GP rate increases whereas SG&A increases.
Current Income	20,192	+12.8%	<ul style="list-style-type: none"> • Current Income is expected to be higher than plan due to higher Op.Income.
Net Income	13,421	+8.0%	<ul style="list-style-type: none"> • Extraordinary losses (loss on valuation of stocks of foreign subsidiary) are under consideration.

2022 Plan & Strategy: Domestic Business 1/2

■ BtoB Online E-commerce (monotaro.com)

New Customer Acquisition	<ul style="list-style-type: none"> Acquired 930 thou. new customers in Q3 cumulative (FY2022 acquisition plan: 1.31mil.). Online acquisition measures (SEM, SEO) and offline acquisition measures (sending flyers to prospective registrants) continue to be implemented. To improve the accuracy of cost-effectiveness measurement of acquisition measures using lifetime value (LTV), promoting brush-up of model building for LTV forecasting through observation of behaviors of newly registered customers.
Expanding Existing Customers' Sales	<ul style="list-style-type: none"> Continued pursuit of more efficient MRO procurement by improving search functions and personalization on website, increasing number of products in stock (more products available for same-day outgoing), and shortening delivery lead time. Expand one-stop shopping by increasing number of products (from 18 mil. to 19 mil.). By providing accurate product recommendations both online and offline for each customer, expand purchase categories and increase usage.

■ System Connection with Large Corporations (Large Corporation Business)

- 2022Q3 cumulative Result:
 - Both new customer acquisition and existing customer orders progressed well, maintaining high growth (+39.7%) in Q3 cumulative FY2022.
 - Continue to strengthen sales team in Large Corp. Business (increase number of members) and improve sales process to expand customer usage of services.

2021 Jan.- Sep Result			2022 Jan.-Sep. Plan			2022 Jan.-Sep. Result			
Mil. JPY	YonY	/Total Sales	Mil. JPY	YonY	/Total Sales	Mil. JPY	YonY	vs. Plan	/Total Sales
25,843	+44.3%	19.4%	35,159	+36.0%	22.2%	36,116	+39.7%	+2.7%	22.7%
			Dec. 2021 End Result		Sep 2022 End Result				
			No. Corp.		No. Corp.		vs Dec. 2021 End		Remarks
Total number of corporations			1,812		(* Note) 2,323		+511		
ONE SOURCE ONE SOURCE Lite			1,163		1,663		+500		822 considering


*Note: 19 corporations' contracts had been aggregated into one corporation in 2022Q1.

2022 Plan & Strategy: Domestic Business 2/2

■ Consulting/Royalty Business

Target Business (Grainger's Zoro business in US & UK)	<ul style="list-style-type: none">Daily sales of Zoro US July. to Sep. 2022 grew YoY by 27.4%.
Royalty Income	<ul style="list-style-type: none">Amount received in 2022Q3 increased YoY and plan (received amount in foreign currency increased and JPY depreciation).

■ Building a New IT Platform

Order Management System (OMS)	<ul style="list-style-type: none">Launched in Jan. 2022.Reduce customer "waiting time for products" by optimizing delivery methods and routes.Reducing delivery and distribution-related costs by reducing splits of shipment and leveling operational load.	 <div style="border: 1px dashed blue; padding: 5px;"><ul style="list-style-type: none">Acceleration of growth in MRO business and infrastructure to expand operations in line with growth are now in place.Promoting collaboration with external parties and expansion of system utilization.</div>
Product Information Management System (PIM)	<ul style="list-style-type: none">Launched in Sep. 2022.System serves as starting point for more detailed and enhanced product information.More detailed information will make product searches smoother and further reduce "time to find product"	

■ Establishment of management and employment systems for growth and expansion

Accounting system replacement (Replace to SAP)	<ul style="list-style-type: none">To ensure functionality and performance of accounting system in response to speed of growth of business and changes in environment. In addition, main reason for system change is to reduce workload increasing due to changes in working patterns.Project is in progress with target of starting operation in middle of 2023.
Relocation of Head Office (Move to center of Osaka City)	<ul style="list-style-type: none">Number of employees has increased along with business growth, and it is becoming difficult to accommodate employees at current headquarter.Efficiently secure space based on post COVID-19 working style.Planning to relocate in 2023Q4.

2022 Plan & Strategy: Distribution 1/4 Distribution-related Cost

■ FY2022 Distribution-related cost result

• Distribution-related Cost (Total cost)

	Jan.-Sep. 2021 Result		Jan.-Sep. 2022 Plan		Jan.-Sep. 2022 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non-consol.)	133,306		158,275		159,405		+19.6%	+0.7%
Depreciation	1,064	0.8%	1,737	1.1%	1,707	1.1%	+60.3%	△1.7%
Labor & Outsourcing	4,783	3.6%	6,168	3.9%	5,954	3.7%	+24.5%	△3.5%
Facility Rent	1,253	0.9%	2,402	1.5%	2,260	1.4%	+80.3%	△5.9%
Others	1,639	1.2%	2,392	1.5%	2,380	1.5%	+45.2%	△0.5%
Total	8,741	6.6%	12,701	8.0%	12,302	7.7%	+40.7%	△3.1%

• Distribution-related Cost (Normal cost)

	Jan.-Sep. 2021 Result		Jan.-Sep. 2022 Plan		Jan.-Sep. 2022 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non-consol.)	133,306		158,275		159,405		+19.6%	+0.7%
Depreciation	1,064	0.8%	1,671	1.1%	1,641	1.0%	+54.1%	△1.8%
Labor & Outsourcing	4,783	3.6%	5,878	3.7%	5,684	3.6%	+18.8%	△3.3%
Facility Rent	1,253	0.9%	1,506	1.0%	1,425	0.9%	+13.7%	△5.4%
Others	1,639	1.2%	2,115	1.3%	2,047	1.3%	+24.9%	△3.2%
Total	8,741	6.6%	11,172	7.1%	10,798	6.8%	+23.5%	△3.3%

• Distribution-related Cost (One-time cost)

	Jan.-Sep. 2021 Result		Jan.-Sep. 2022 Plan		Jan.-Sep. 2022 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non-consol.)	133,306		158,275		159,405		+19.6%	+0.7%
Depreciation	—	—	65	0.0%	65	0.0%	—	+0.0%
Labor & Outsourcing	—	—	289	0.2%	270	0.2%	—	△6.7%
Facility Rent	—	—	896	0.6%	834	0.5%	—	△6.9%
Others	—	—	277	0.2%	333	0.2%	—	+20.2%
Total	—	—	1,529	1.0%	1,504	0.9%	—	△1.6%

2022 Plan & Strategy: Distribution 2/4 Distribution-related Cost

- Distribution-related Cost (Normal cost) sales ratio 2022 Jan.- Sep. actual: 6.8%
 - 0.2pt. higher than last year result.
 - Depreciation expense ratio increased (due mainly to launch of Inagawa DC)
 - 0.3pt. lower than plan.
 - Depreciation expense ratio decreased (part of assets initially planned in Inagawa DC were treated as other expense, completion delay of Kasama DC's additional construction, etc.)
 - Labor & Outsourcing Expenses ratio decreased (due mainly to improvement of sales per order).
 - Facility rent expense ratio decreased (due to review of measures in response to supply chain issue and review of rent contracts for external warehouses, etc.).
- Distribution-related Cost (One-time cost) sales ratio 2022 Jan.- Sep. actual: 0.9%
 - 0.1pt. lower than plan.
 - Other expense ratio increased (due to revision of start of leasing of external warehouses in Kansai region, etc.).
- 2022Q4
 - Labor and outsourcing cost ratio increases from plan due to start of hourly wage increase in August for DC employees.
 - Other expense ratio decreases from plan because expenses related to closure of Amagasaki DC (restoration expenses) were recorded in Q3, ahead of original plan of Q4.
 - Sales ratio of total Distribution-related Cost in Q4 is within plan.

2022 Plan & Strategy: Distribution 3/4 Distribution-related Cost

■ FY2022 Distribution-related cost plan

• Distribution-related Cost (Total cost)

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Y on Y
Sales (Non-consol.)	182,473		216,505		+18.7%
Depreciation	1,459	0.8%	2,418	1.1%	+65.7%
Labor & Outsourcing	6,486	3.6%	8,168	3.8%	+25.9%
Facility Rent	1,652	0.9%	3,340	1.5%	+102.2%
Others	2,193	1.2%	3,363	1.6%	+53.3%
Total	11,792	6.5%	17,291	8.0%	+46.6%

• Distribution-related Cost (Normal cost)

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Y on Y
Sales (Non-consol.)	182,473		216,505		+18.7%
Depreciation	1,459	0.8%	2,320	1.1%	+59.0%
Labor & Outsourcing	6,486	3.6%	7,841	3.6%	+20.9%
Facility Rent	1,652	0.9%	2,263	1.0%	+37.0%
Others	2,193	1.2%	2,782	1.3%	+26.8%
Total	11,792	6.5%	15,207	7.0%	+29.0%

• Distribution-related Cost (One-time cost)

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Y on Y
Sales (Non-consol.)	182,473		216,505		+18.7%
Depreciation	—	—	98	0.0%	-
Labor & Outsourcing	—	—	326	0.2%	-
Facility Rent	—	—	1,077	0.5%	-
Others	—	—	581	0.3%	-
Total	—	—	2,083	1.0%	-

2022 Plan & Strategy: Distribution 4/4 New Distribution Bases


■ New Distribution Base Expansion Update

Name		Inagawa DC		Tokyo Area New DC
Address		Inagawa-cho, Kawabe-gun, Hyogo Prefecture		Tokyo/Kanto Area
Floor Size		Total about 194,000 m ²		Under planning
Inventory Capa.		Total 600K SKU		Under planning
Start Operation		Phase 1 Launched Apr. 2022	Phase 2 Plan 2023Q2	Planned in 2025
Shipping Capacity		About 90K lines/day	About 90K lines/day added (180K lines in total/day)	Under planning
Invest/ Rent	Land	_____		Under planning • Final consideration is underway to narrow down candidates for construction location and technology.
	Constr.	Add. construction about 1.9 bil. JPY, restoration about 1.4 bil. JPY (examining)		
	Rent	Ph.1, 4.5 Floors and hazardous material warehouse: about 22.5 bil. JPY (2021-2031 including common service exp.)		
		_____	Ph.2: 1 Floor added: about 5.3 bil. JPY (2022-2031 including common service exp.)	
Facility	About 7.9 bil. JPY (under examining)	_____	About 7.6 bil. JPY (under examining)	
Remark		1st year: Starting to lease 4.5 to 5.0 floor and hazardous material warehouse. 2nd year: One floor added for total 5.5 to 6.0 floors to be leased.		—
Picture				—

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Sustainability

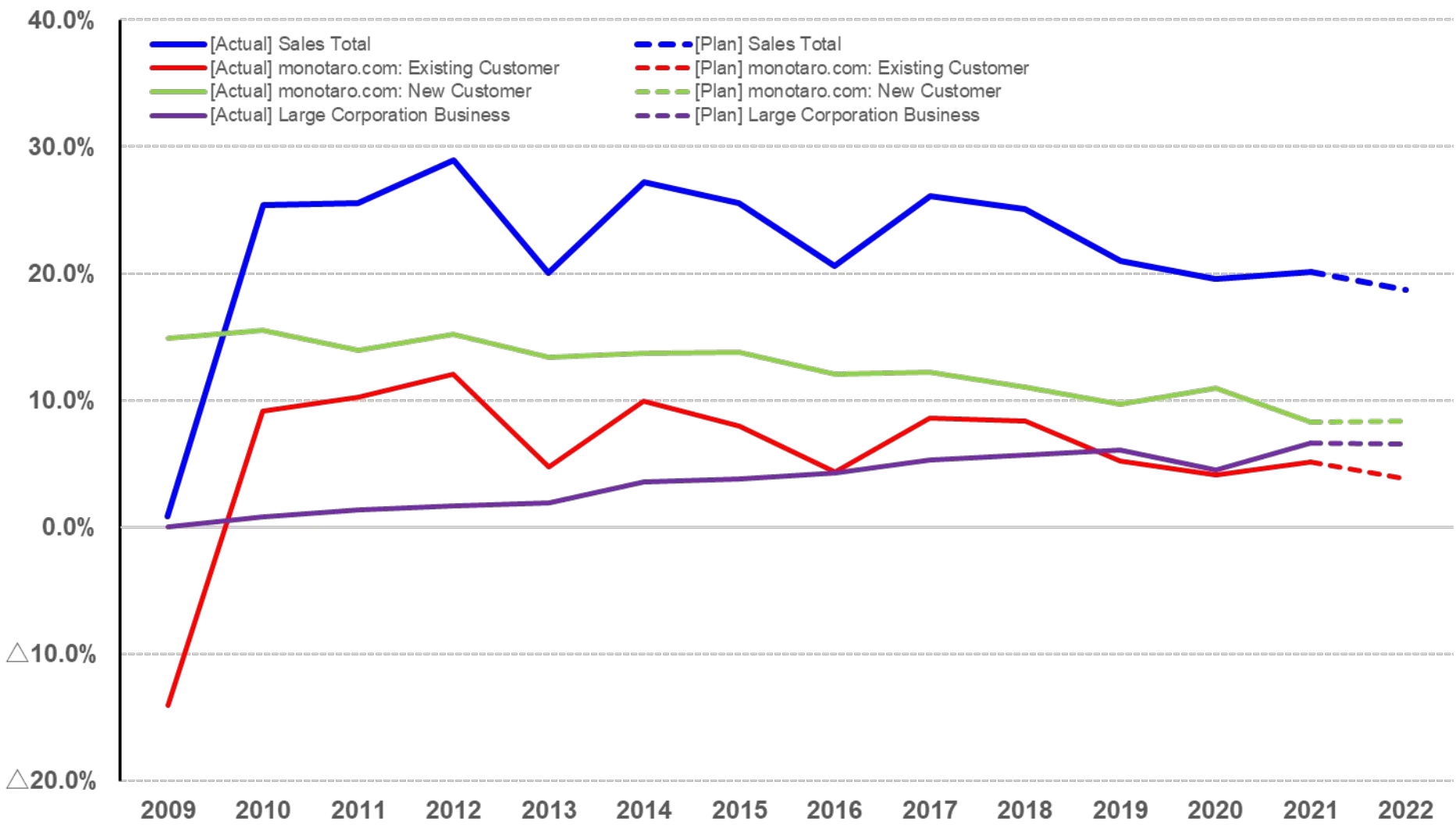
Sustainability: Status of Actions

			Current Situation															
Prioritized Action Areas	Environment	Reduction of CO2 emissions as a measure against climate change	<ul style="list-style-type: none"> CO2 emissions survey (Completed calculation of 2020 & 2021 emissions, and calculation of 2021 certified by third-party). Next Actions: <ul style="list-style-type: none"> Calculation of 2021 CO2 emissions Making business scenario for climate change Making a plan reducing CO2 emissions and taking actions Setting target figures of reduction 	<table border="1"> <thead> <tr> <th>Scope</th> <th>Category</th> <th>2020 CO2 Emissions</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>Fuel Consumption</td> <td>10.0 t-CO2</td> </tr> <tr> <td>Scope 2</td> <td>Using Electricity and Heat</td> <td>2,687.0 t-CO2</td> </tr> <tr> <td>Total</td> <td></td> <td>2,697.0 t-CO2</td> </tr> </tbody> </table>	Scope	Category	2020 CO2 Emissions	Scope 1	Fuel Consumption	10.0 t-CO2	Scope 2	Using Electricity and Heat	2,687.0 t-CO2	Total		2,697.0 t-CO2		
		Scope	Category	2020 CO2 Emissions														
		Scope 1	Fuel Consumption	10.0 t-CO2														
		Scope 2	Using Electricity and Heat	2,687.0 t-CO2														
	Total		2,697.0 t-CO2															
Realization of a resource-recycling model through recycling activities and waste reductions	<ul style="list-style-type: none"> Investigate causes of waste generation and promote recycling (valuable resources) Next Actions: <ul style="list-style-type: none"> Waste reduction of disposed products by setting damage criteria Reuse of disposed product in company 																	
Proposal and development of environment-conscious products	<ul style="list-style-type: none"> Defined products that have received six environmental certifications such as "Green Purchasing" and "Eco Mark" as "environmentally conscious products." Started October 27th this year, monotaro.com will allow customers to filter by the attribute of environmentally conscious products. Support our customers with efficient and ecological indirect material purchasing. 																	
Responsible Sourcing and Human Rights	<ul style="list-style-type: none"> Prepare policy and guideline for supplier's cooperation to sustainable procurement (sustainable, human rights and environmentally conscious procurement) by reference to public guideline. 																	
Social	Diversity and Inclusion	<ul style="list-style-type: none"> Under diversity and inclusion slogan "MoRE!," committing to create company where people want to work more and more. Conducted survey of needs for work satisfaction improvement. Various seminars held to promote understanding of characteristics. Next Actions: <ul style="list-style-type: none"> Enable employees to work in way that suits their life stage and characteristics Study, introduction, and operational support for systems that enable employees to work in ways that suit their life stages and characteristics Obtain related official certifications and aim to revitalize employee recruitment 																
Continuing	Governance	Training on Corporate Ethics	<ul style="list-style-type: none"> Give training to anti-bribery and business conduct guidelines, etc. in the fourth quarter each year. As number of employees expands, strengthen employees' motivation regarding importance of high ethical behavior. 															

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Reference

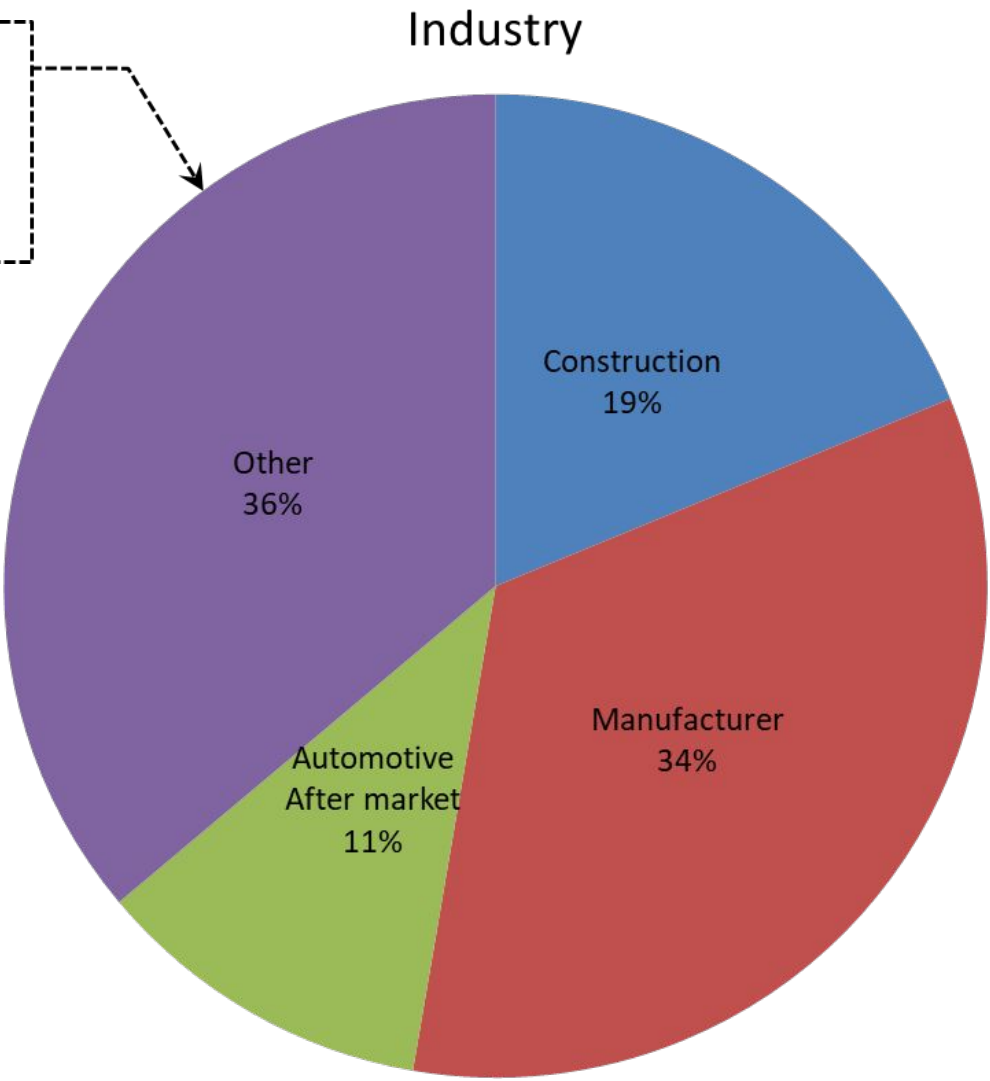
(Non-consol.) Fiscal Yr. Sales Growth (Service Channel Contribution)



* Note 1: Fiscal year contributions of every channel to total sales growth from previous year is organized and shown.
 * Note 2: "monotaro.com: New Customer" indicates contribution of sales from customers acquired each fiscal year, and "monotaro.com: Existing Customer" indicates contribution of sales from customers acquired before corresponding year.

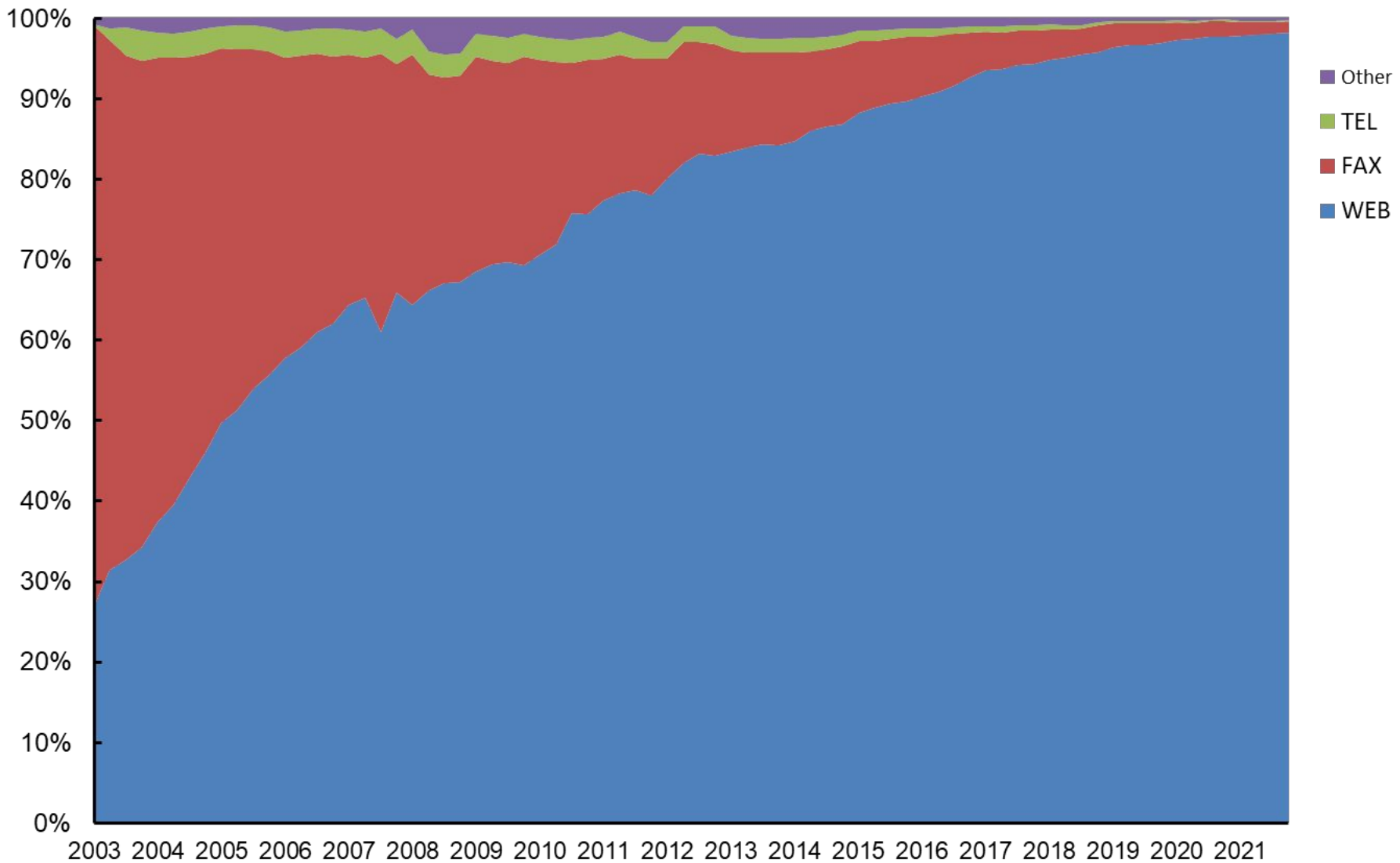
(Non-consol.) Customer Demographics

- Wholesale, Retail, Restaurant: 9%
- Agriculture: 2%
- Education: 2%
- Medical: 1%
- Social security/welfare: 1%

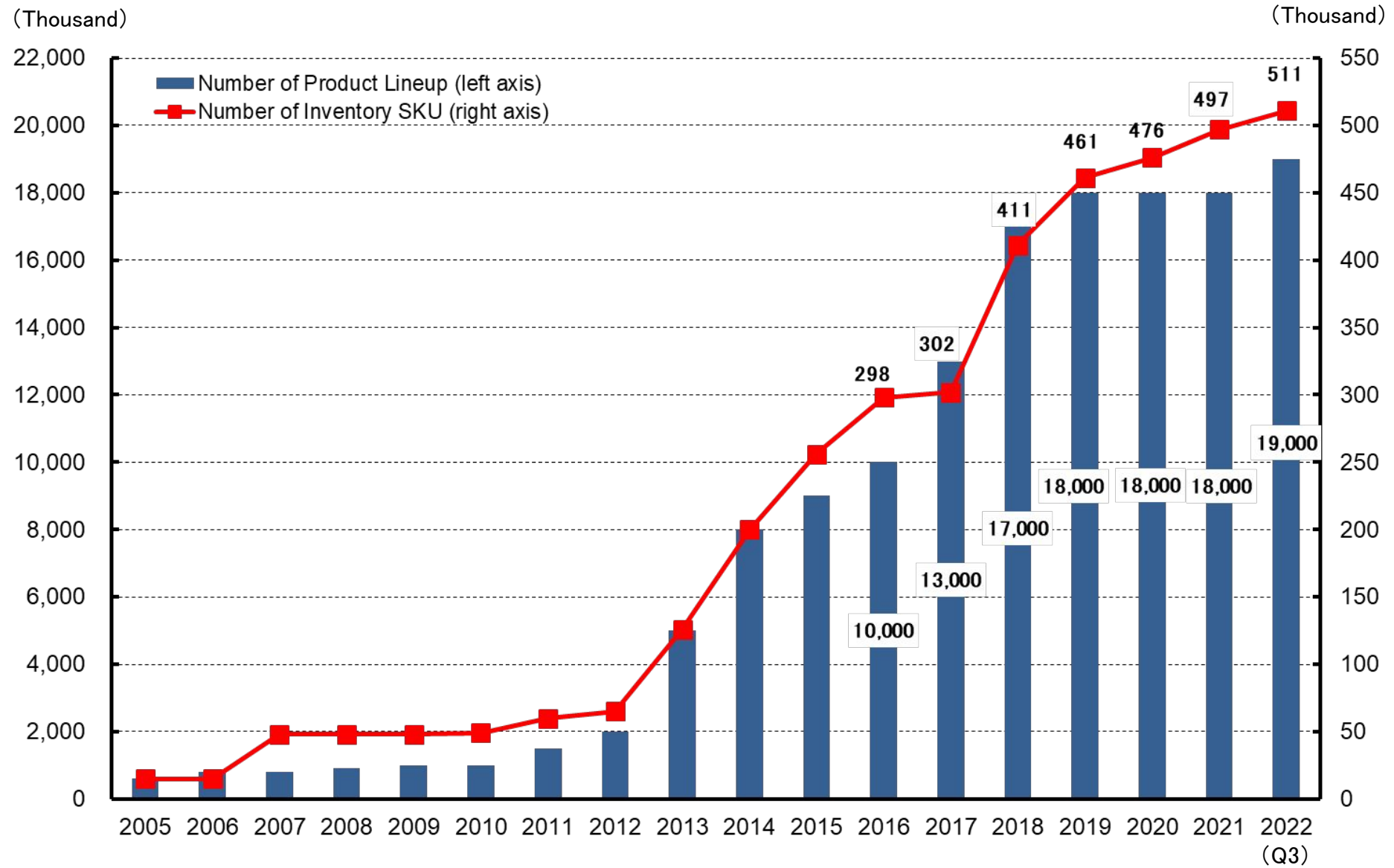


Ratio by sales amount in 2021
(Sales of monotaro.com excluding sales Large Corp. Business)

(Non-consol.) Internet PO Ratio



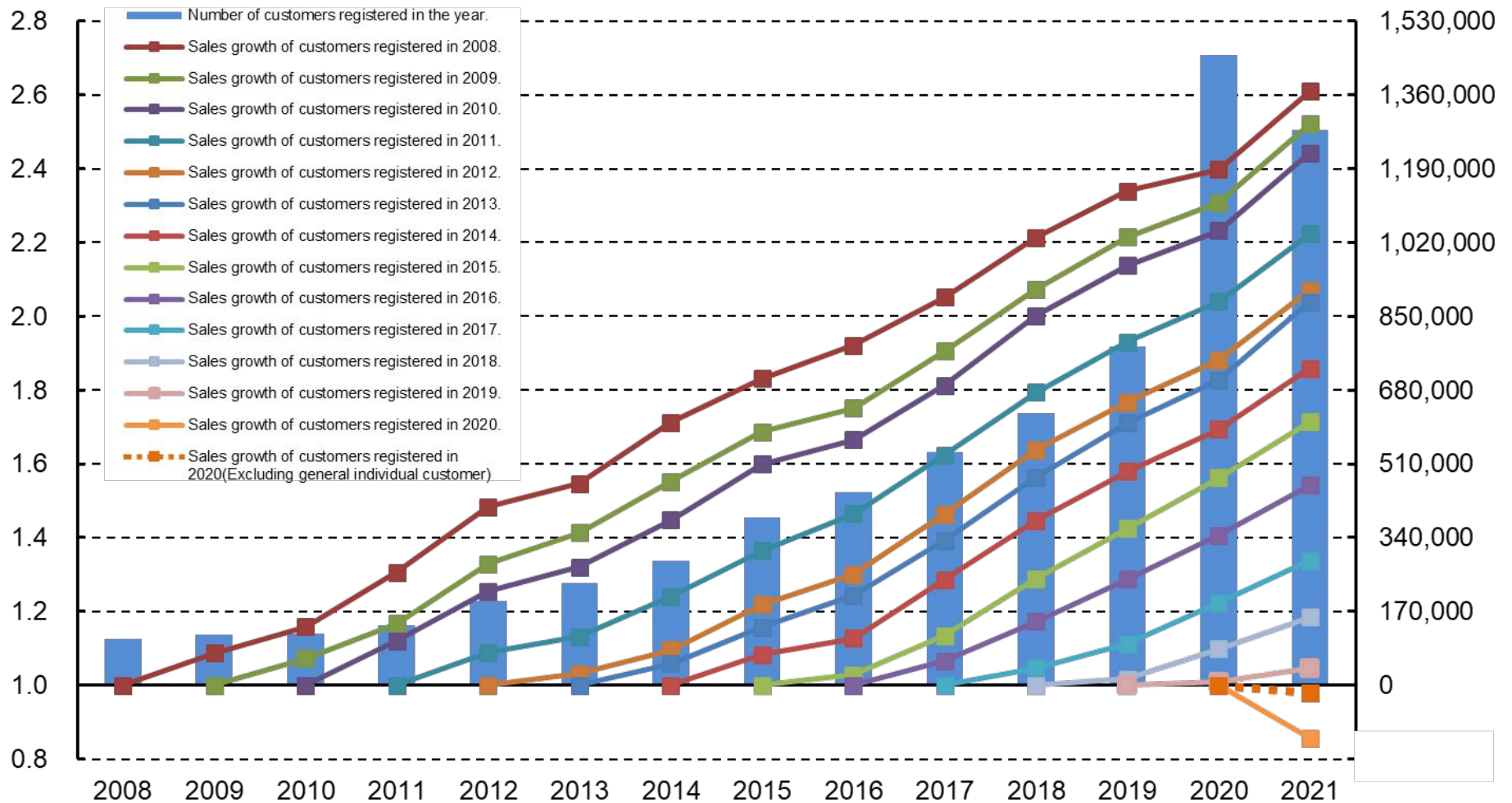
(Non-consol.) Product Lineup & Inventory



(Non-consol.) Registered Customers & Sales Growth by Registered Year

(Growth Rate of Sales)

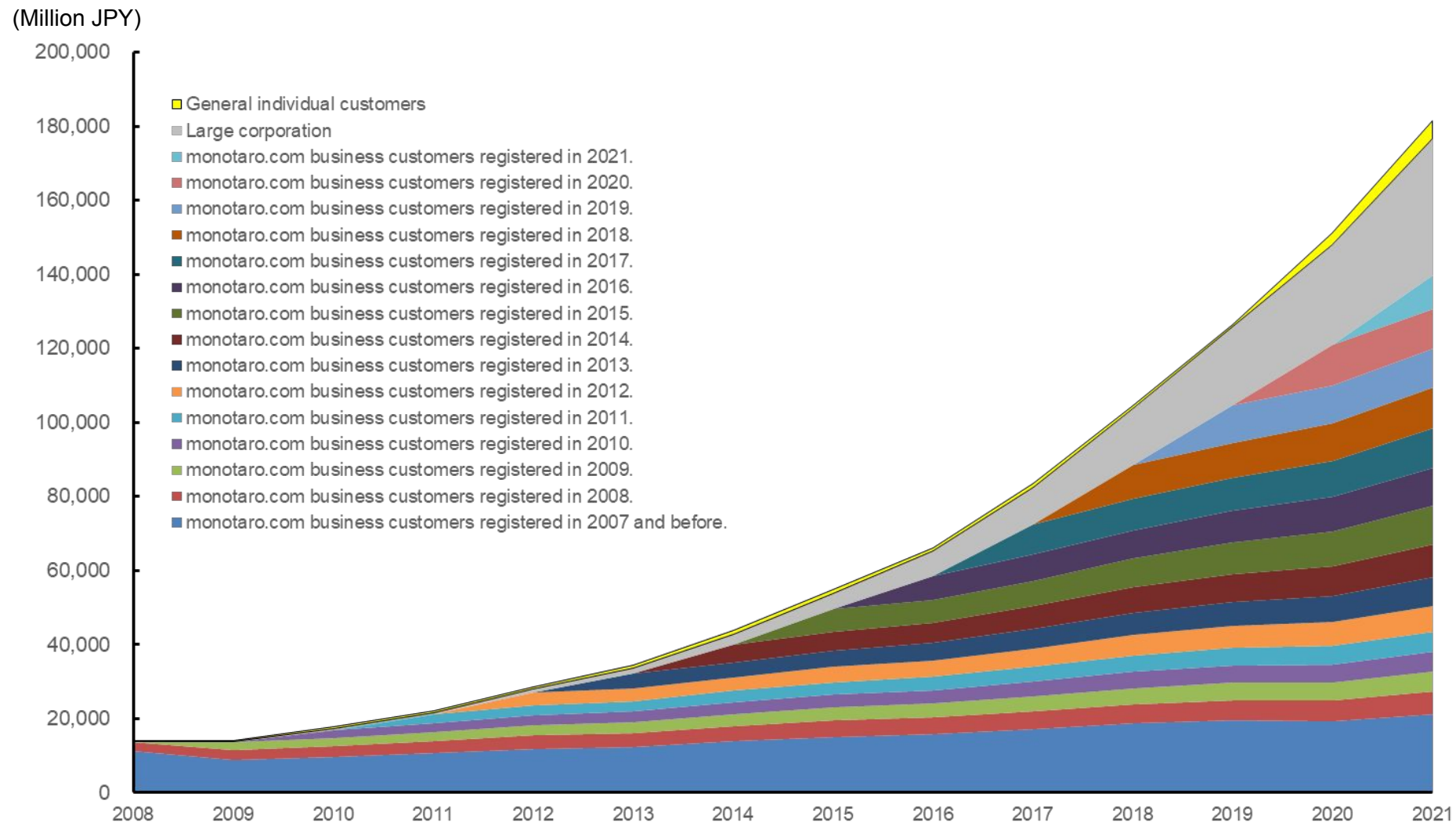
(Number of Registered Customers)



* 1: Above number of 'monotaro.com' registered customers and sales growth are updated retroactively at the end of 2021 (large corporate sales not included).

* 2: Line chart (left axis) shows sales growth ratio of customers registered each year by setting sales in registered year as '1'.

(Non-consol.) Sales Trend by Registered Year



* 1: Sales of 'monotaro.com business customers' are sales of monotaro.com's business customers organized retroactively for each registration year based upon updated customer status at the end of 2021.

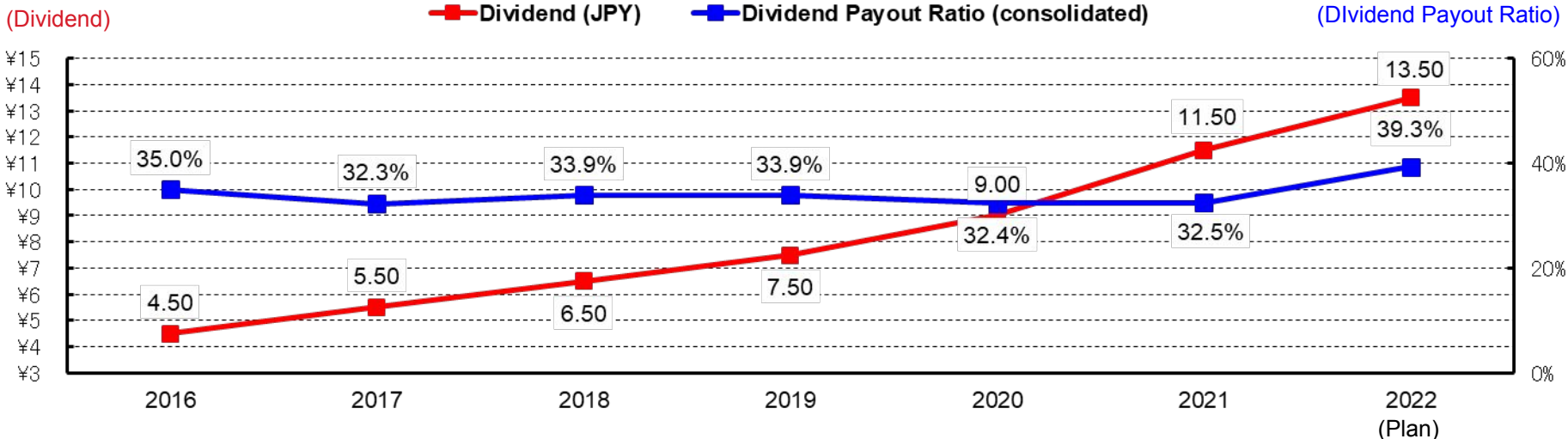
* 2: Sales of 'Large corporation' is total sales of large corporation customers based upon updated customer status at the end of 2021.

* 3: Sales of 'General individual customers' is total sales of monotaro.com's general individual customers and of IHC MonotaRO based upon updated customer status at the end of 2021 (IHC MonotaRO was closed and integrated into monotaro.com).

Dividend & Shareholder Benefit

■ Dividend

- Dividend Policy : Distributing dividend consistent with stable and ongoing growth.
- 2021 Dividend: 11.50 JPY/share (5.75 JPY/share interim, 5.75 JPY/share fiscal year end).
- 2022 Dividend (plan): 13.50 JPY/share (6.50 JPY/share interim/actual, 7.00 JPY/share fiscal year end/plan).



※ Amounts in graph above based upon share splits including one implemented in Apr. 2021

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)

■ 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).

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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