




Fiscal Year of FY2020

(Jan. to Dec. 2020)

MonotaRO Co., Ltd.
www.monotaro.com

1. Company Profile

MonotaRO means	<ul style="list-style-type: none">• Maintenance, Repair, and Operation• “The sufficient number of products” in Japanese• Like “Momotaro,” fight against unfair-old distribution system	 <p>Image of “Momotaro” in Japanese folk tale</p>
MonotaRO Business	<ul style="list-style-type: none">• Providing MRO products through Internet and catalogs, targeting small to mid-sized domestic manufacturers which are not treated well by conventional retailers.	
MRO products	<ul style="list-style-type: none">• Cutting tools/Safety products/Bearings/Fasteners/Industrial equipment (number of product SKU 18 million as of Dec. 2020)	
Number of Customers	<ul style="list-style-type: none">• More than 5.5 million	
Capital Stock	<ul style="list-style-type: none">• 1.99 billion JPY or 19.2 million USD (USD1=JPY103.50)	
Number of Employees	<ul style="list-style-type: none">• 2,619 including 765 regular employees (as of Dec. 31, 2020 consolidated)	
Head Office	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture	
Major Distribution Centers	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture• Kasama-city, Ibaraki Prefecture• Sapporo-city, Hokkaido Prefecture	

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 data and with advanced database marketing.

Product Availability

- Selling more than 18 million items; 610 thousand items are available for same day shipment.
- 476 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

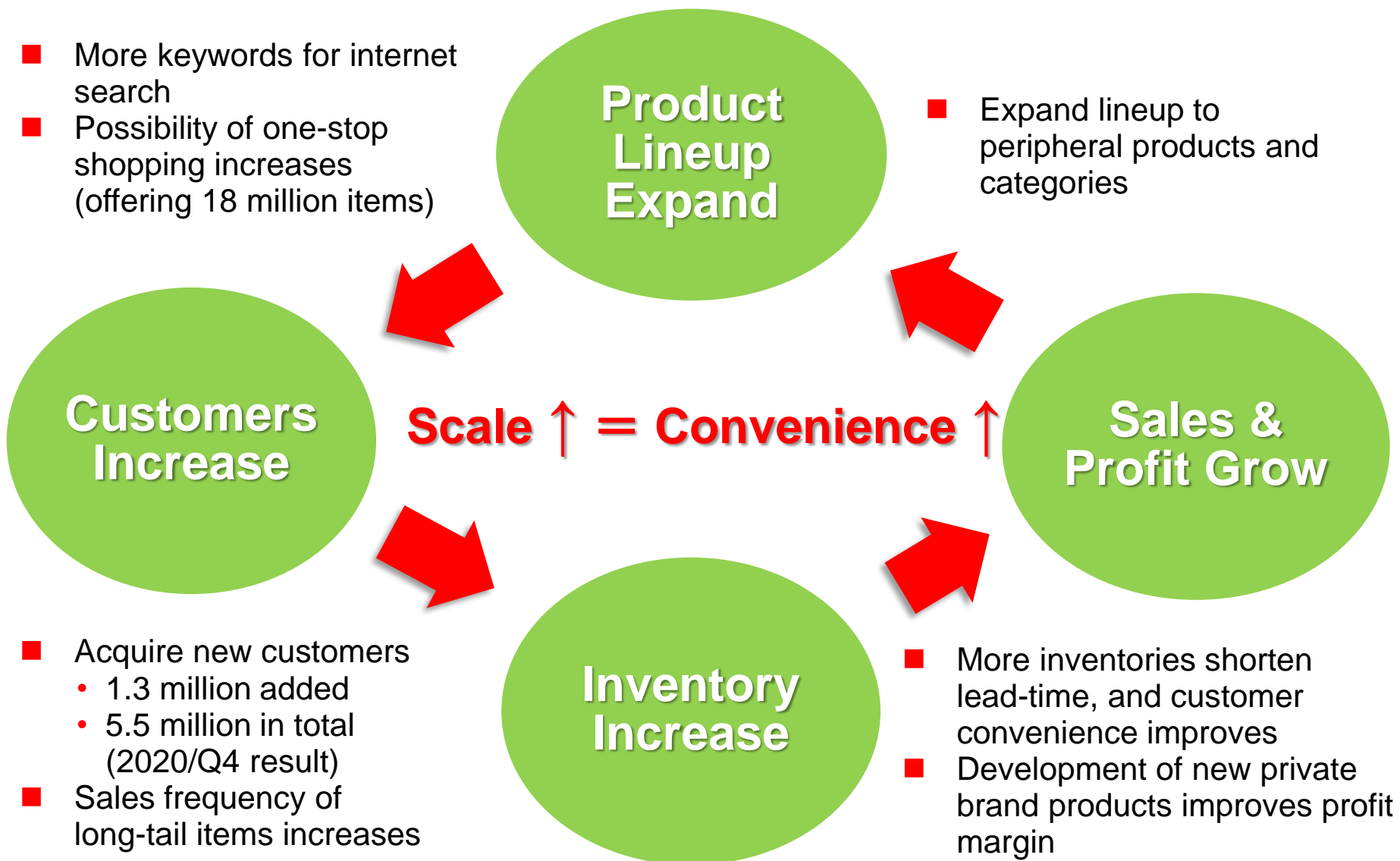
- Promotions optimized by industry categories for more effectiveness and efficiency



5. Procurement

- 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">Started with small-to-mid sized manufacturing companies, iron works, metal works, and machine assembly companies
2008	<ul style="list-style-type: none">Entered automotive aftermarket
2009	<ul style="list-style-type: none">Entered independent contractor market
2010	<ul style="list-style-type: none">Introduced laboratory productsStarted US business with providing consulting service to Zoro ToolsBusiness with large corporations started to grow
2011	<ul style="list-style-type: none">Established Tagajyo Distribution Center in Miyagi Prefecture
2013	<ul style="list-style-type: none">Started South Korean business by establishing subsidiary NAVIMRO
2014	<ul style="list-style-type: none">Established Amagasaki Distribution Center in Hyogo PrefectureExpanded product lineup: agricultural equipment and kitchen equipmentIntroduced “MonotaRO One Source” procurement system for large corporations
2015	<ul style="list-style-type: none">Introduced medical & nursing care equipment category
2016	<ul style="list-style-type: none">Started Indonesian business by acquiring majority (51%) of PT MONOTARO INDONESIA and consolidated to MonotaRO’s in Q4
2017	<ul style="list-style-type: none">Established Kasama Distribution Center in Ibaraki PrefectureIntroduced simplified and easy-installation system “MonotaRO One Source Lite” for large corporationsClosed Tagajyo Distribution CenterEstablished Hokkaido Distribution Center
2018	<ul style="list-style-type: none">Established real shop in Saga Prefecture for demonstration experimentLaunched business in China by establishing subsidiary ZORO SHANGHAINumber of Accounts exceeded 3.3 millionProduct lineup SKU exceeded 17 million
2019	<ul style="list-style-type: none">Product lineup SKU exceeded 18 millionCompleted 2nd phase expansion of facilities at Kasama Distribution Center
2020	<ul style="list-style-type: none">Number of Large Corporation Business customers exceeded one thousand

7-1. (Non-consol.) 2020 Financial Result P/L Outline 1/3

	2019 Result		2020 Plan		2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	126,543		150,049		151,798		+20.0%	+1.2%
Large Corp.	20,155	15.9%	27,244	18.2%	26,161	17.2%	+29.8%	△4.0%
Gross Profit	36,111	28.5%	43,168	28.8%	43,475	28.6%	+20.4%	+0.7%
SG&A Exp.	19,681	15.6%	23,917	15.9%	23,325	15.4%	+18.5%	△2.5%
Operating Income	16,430	13.0%	19,250	12.8%	20,149	13.3%	+22.6%	+4.7%
Current Income	16,444	13.0%	19,220	12.8%	20,194	13.3%	+22.8%	+5.1%
Net Income (Tax Rate)	11,309 (29.9%)	8.9%	13,339 (30.6%)	8.9%	13,139 (30.6%)	8.7%	+16.2%	△1.5%

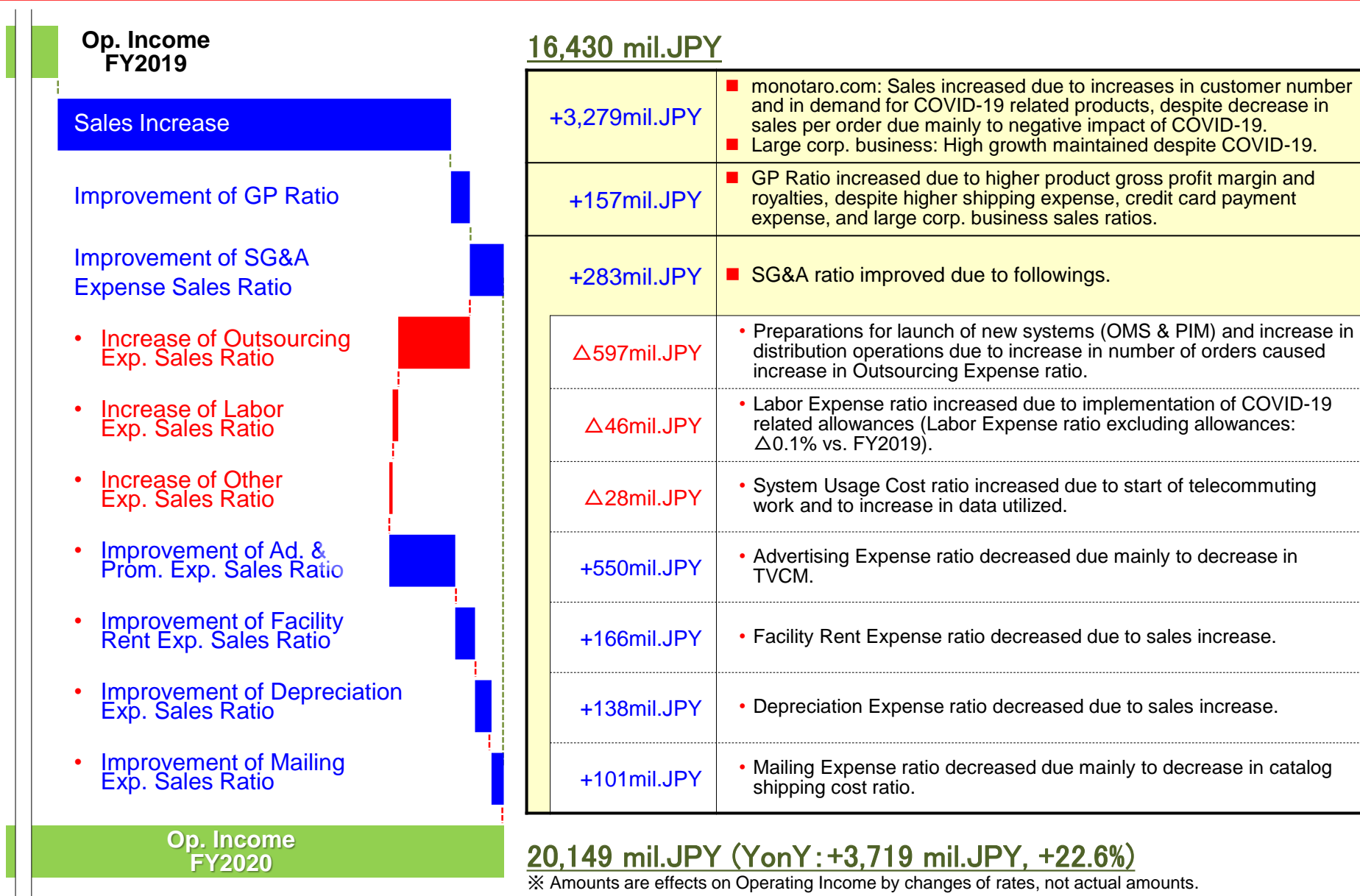
7-2. (Non-consol.) 2020 Financial Result P/L Outline 2/3 vs. 2019

	2019 Result (A)		2020 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	126,543	—	151,798	—	Amount (mil.JPY)	+25,255	<ul style="list-style-type: none"> monotaro.com: Sales increased due to increases in customer number and to demand for COVID-19 related products, despite decrease in sales per order due mainly to negative impact of COVID-19 (e.g., masks: more than doubled). Large Corp. Business: High growth maintained despite impact of COVID-19 (+29.8% vs. 2019). Royalty income increased.
					YonY	+20.0%	
					Sales Ratio	—	
Gross Profit	36,111	28.5%	43,475	28.6%	Amount (mil.JPY)	+7,363	<ul style="list-style-type: none"> Product GP ratio increased (+0.5pt.: due to product mix improvement and to increase in demand for COVID-19 related products). Royalty income increased. Delivery Cost ratio increased (Δ0.4pt.: tariff increased in July 2019 and decrease in sales per order). Credit Card Payment Charge ratio increased (Δ0.1pt.: increase in general individual customers usage).
					YonY	+20.4%	
					Sales Ratio	+0.1%	
SG&A Exp.	19,681	15.6%	23,325	15.4%	Amount (mil.JPY)	+3,644	<ul style="list-style-type: none"> Outsourcing Expense ratio increased (+0.4pt.: due to preparations for new systems launches and to increase in distribution operations caused by increase in orders). Advertising Expense ratio decreased (Δ0.3pt.: due mainly to decrease in TVCM). Facility Rent Expense ratio decreased (Δ0.1pt.: due to increase in sales). Depreciation Expense ratio decreased (Δ0.1pt.: due to increase in sales). Mailing Expense ratio decreased (Δ0.1pt.: due mainly to decrease in catalog shipping cost ratio).
					YonY	+18.5%	
					Sales Ratio	Δ 0.2%	
Operating Income	16,430	13.0%	20,149	13.3%	Amount (mil.JPY)	+3,719	<ul style="list-style-type: none"> Both GP ratio and SG&A Expense ratio improved, and hence Operating Income ratio/sales ratio improved.
					YonY	+22.6%	
					Sales Ratio	+0.3%	
Net Income (Tax Rate)	11,309 (29.9%)	8.9%	13,139 (30.6%)	8.7%	Amount (mil.JPY)	+1,830	<ul style="list-style-type: none"> Operating Income ratio increased (+0.3pt.), but Net Income ratio decreased due to Extraordinary Losses incurred (impairment loss on liquidation of Chinese subsidiary: 577 mil. JPY and impairment loss on Indonesian subsidiary: 674 mil. JPY).
					YonY	+16.2%	
					Sales Ratio	Δ 0.2%	

7-3. (Non-consol.) 2020 Financial Result P/L Outline 3/3 vs. Plan

	2020 Plan (A)		2020 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	150,049	—	151,798	—	Amount (mil.JPY)	+1,749	<ul style="list-style-type: none"> monotaro.com: Increases in general individual customers and in demand for COVID-19 related products. Large Corp. Business: Decline in economic activities due to COVID-19 (Δ4.0% vs. plan). Royalty income increased.
					vs Plan	1.2%	
					Sales Ratio	—	
Gross Profit	43,168	28.8%	43,475	28.6%	Amount (mil.JPY)	+307	<ul style="list-style-type: none"> Product GP ratio increased (+0.1pt.: increase in sales ratio of imported products and decrease in Large Corp. Business sales share: 18.2% to 17.2%). Royalty income increased. Delivery Cost ratio increased (Δ0.4pt.: decrease in sales per order) Credit Card Payment Charge ratio increased (Δ0.1pt.: increase in general individual customers usage).
					vs Plan	+0.7%	
					Sales Ratio	Δ 0.2%	
SG&A Exp.	23,917	15.9%	23,325	15.4%	Amount (mil.JPY)	Δ 592	<ul style="list-style-type: none"> Outsourcing Expense ratio increased (+0.3pt.: due to increase in preparation for new system launches and to increase in distribution operations caused by higher number of orders) Depreciation Expense ratio decreased (Δ0.2pt.: due to delays in new systems launches). System Utilization Cost ratio decreased (Δ0.2pt.: due to delays in new systems launches). Labor Expense ratio decreased (Δ0.1pt.: plan of recruitment not attained). Advertising Expense ratio decreased (Δ0.1pt.: due to no TVCM broadcasted). Travel Cost ratio decreased (Δ0.1pt.: due to decrease in domestic and overseas business trips), etc.
					vs Plan	Δ 2.5%	
					Sales Ratio	Δ 0.5%	
Operating Income	19,250	12.8%	20,149	13.3%	Amount (mil.JPY)	+899	<ul style="list-style-type: none"> GP ratio decreased; however, SG&A Expense ratio improved. Operating Income ratio/sales ratio therefore improved.
					vs Plan	+4.7%	
					Sales Ratio	+0.5%	
Net Income (Tax Rate)	13,339 (30.6%)	8.9%	13,139 (30.6%)	8.7%	Amount (mil.JPY)	Δ 200	<ul style="list-style-type: none"> Operating Income ratio increased (+0.5pt.), but amount and ratio of Net Income decreased due to Extraordinary Losses incurred (impairment loss on liquidation of Chinese subsidiary: 577 mil. JPY and impairment loss on Indonesian subsidiary: 674 mil. JPY).
					vs Plan	Δ 1.5%	
					Sales Ratio	Δ 0.2%	

7-4. (Non-consol.) Operating Income Change Factors



7-5. (Non-consol.) 2020 Financial Result B/S Outline

	Dec. 2019	Dec. 2020	
	Million JPY	Million JPY	Ratio
Assets			
Cash	9,958	16,691	20.6%
Accounts Receivable	14,376	18,129	22.4%
Inventory	11,094	11,296	14.0%
Other	4,485	5,154	6.4%
Total Current Asset	39,914	51,271	63.3%
Tangible Fixed Asset	12,023	19,052	23.5%
Intangible Fixed Assets	2,919	4,008	5.0%
Other	5,748	6,629	8.2%
Total Fixed Asset	20,691	29,690	36.7%
Total Assets	60,605	80,962	

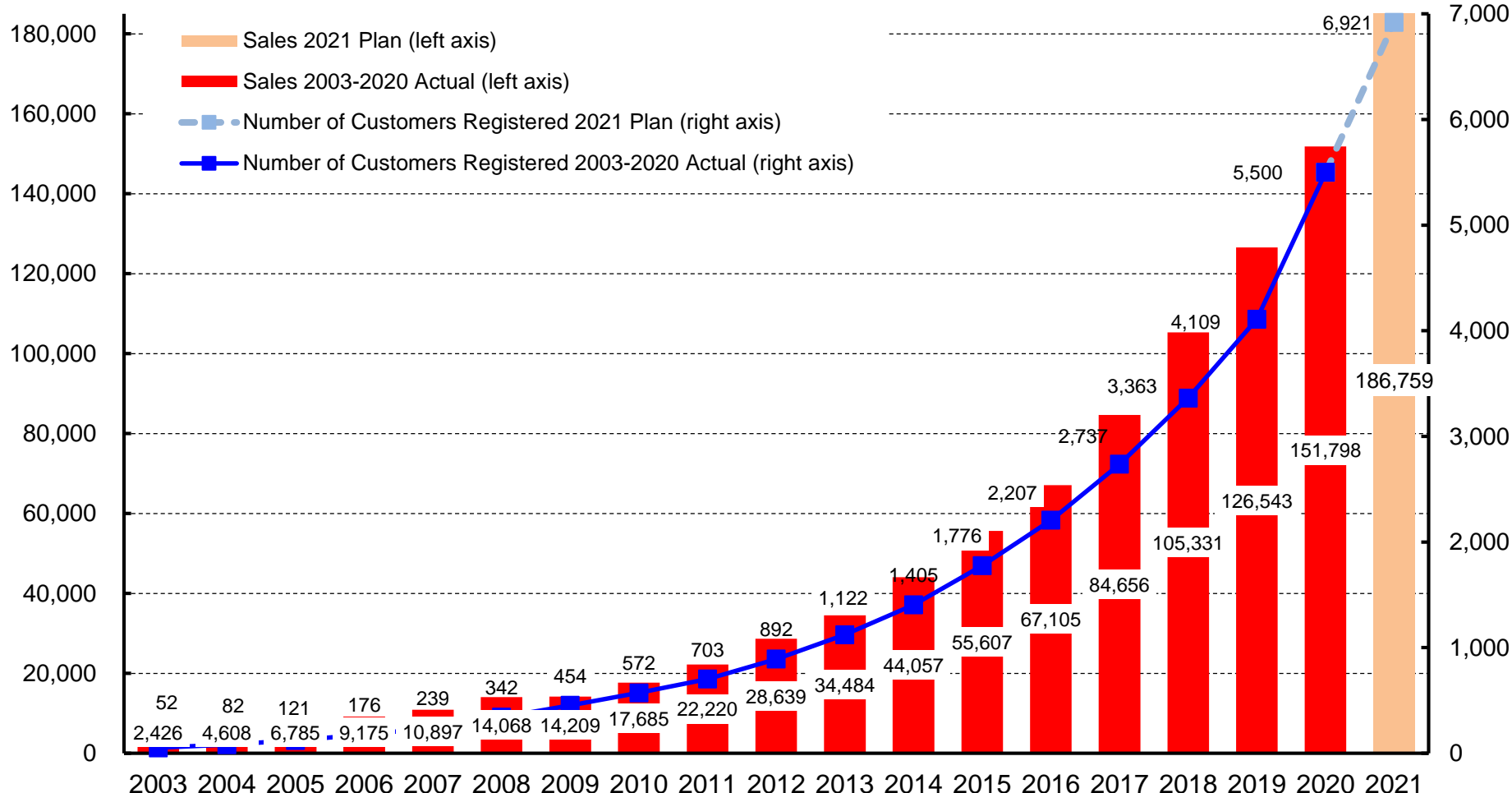
	Dec. 2019	Dec. 2020	
	Million JPY	Million JPY	Ratio
Liabilities			
Accounts Payable	9,446	11,165	13.8%
Short-term Debt & etc.	2,498	—	0.0%
Others	7,479	10,644	13.1%
Total Current Liabilities	19,424	21,810	26.9%
Total Long term Liabilities	2,180	11,013	13.6%
Total Liabilities	21,604	32,823	40.5%
Net Assets			
Shareholder's Equity	38,955	48,066	59.4%
Others	44	72	0.1%
Total Net Assets	39,000	48,138	59.5%
Total Liabilities & Net Assets	60,605	80,962	

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

7-6. (Non-consol.) Progress - Sales & Customer

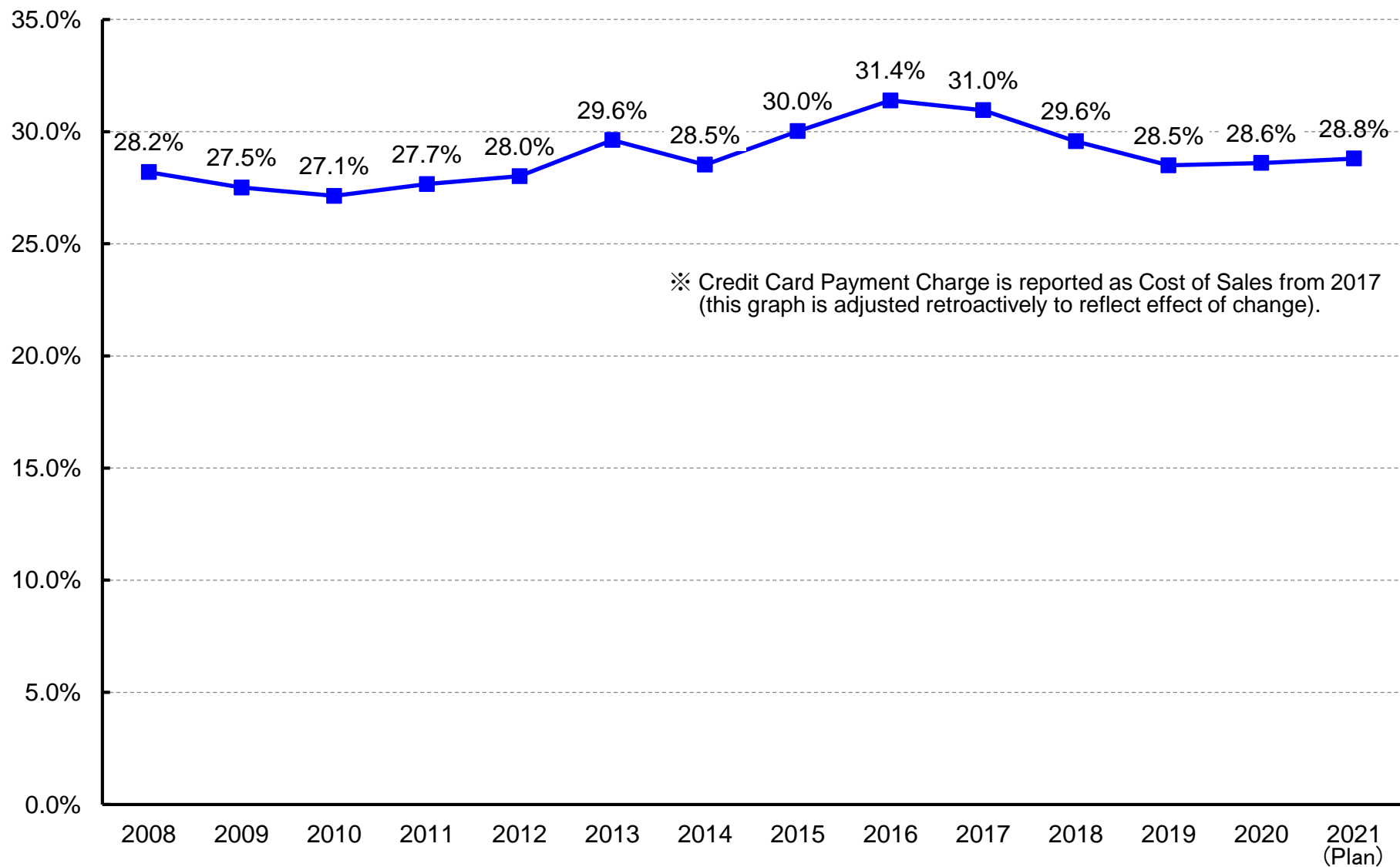
(Million JPY)

(Thousand Accounts)

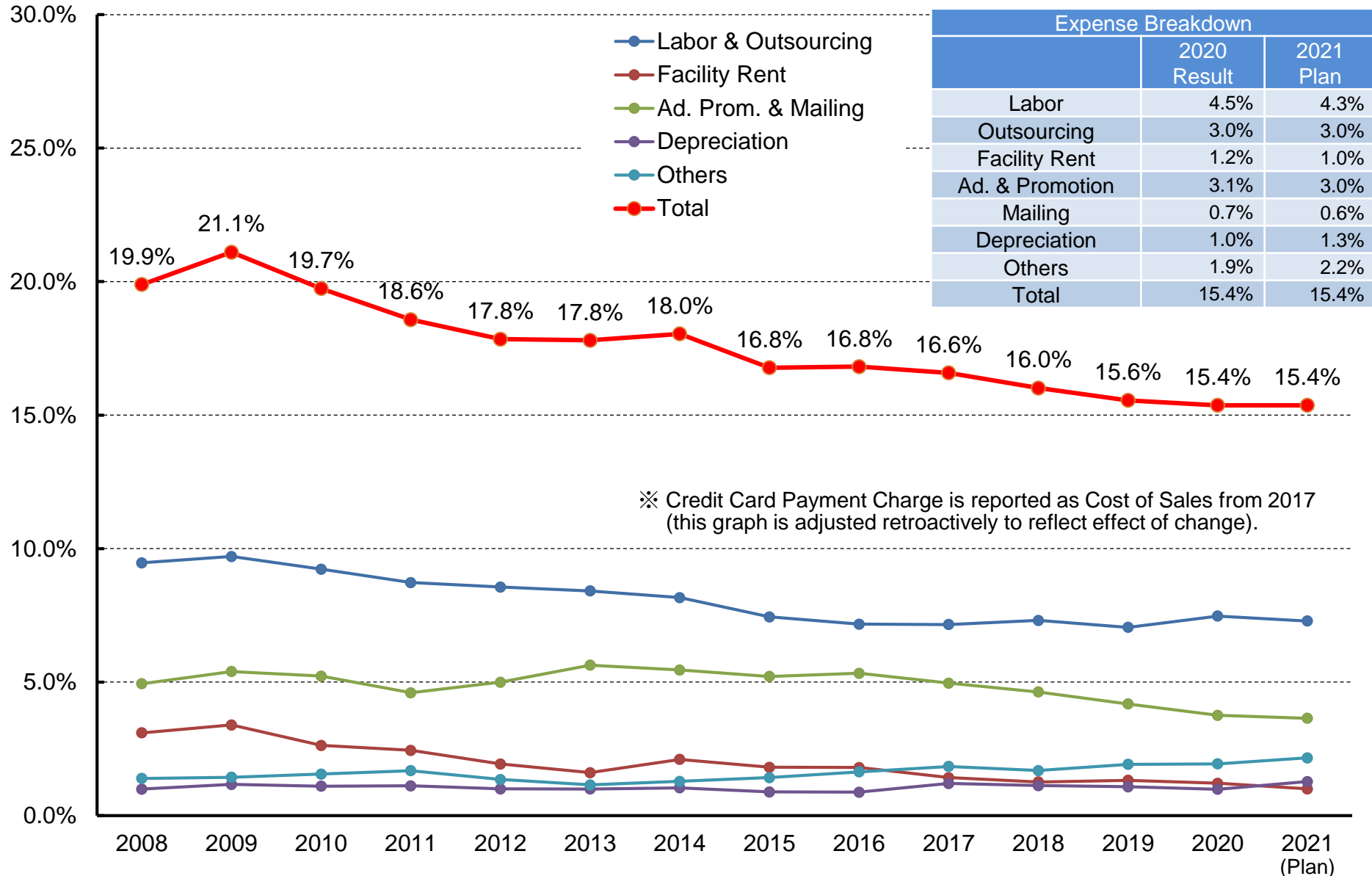


	Dec. 2019	Dec. 2020		Dec. 2021 (Plan)	
Number of Customers (Registered Accounts)	4,109,701	5,500,774	+1,391,073 (vs. Dec. 2019)	6,921,874	+1,421,100 (vs. Dec. 2020)

7-7. (Non-consol.) Progress - Gross Profit



7-8. (Non-consol.) Progress - SG&A Expense



8-1. (Consol.) 2020 Financial Result P/L Outline 1/2

	2019 Result		2020 Plan		2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	131,463		156,468		157,337		+19.7%	+0.6%
Gross Profit	37,095	28.2%	44,653	28.5%	44,694	28.4%	+20.5%	+0.1%
SG&A Exp.	21,256	16.2%	26,084	16.7%	25,086	15.9%	+18.0%	△3.8%
Operating Income	15,839	12.0%	18,569	11.9%	19,607	12.5%	+23.8%	+5.6%
Current Income	15,887	12.1%	18,584	11.9%	19,671	12.5%	+23.8%	+5.8%
Net Income (Tax Rate)	10,751 (30.9%)	8.2%	12,703 (31.6%)	8.1%	13,473 (30.8%)	8.6%	+25.3%	+6.1%
Net Income attributable to owners of the parent	10,984	8.4%	12,997	8.3%	13,771	8.8%	+25.4%	+6.0%

8-2. (Consol.) 2020 Fin. Result P/L Outline 2/2 Overseas Subsidiary

■ NAVIMRO (South Korea)

- Due to economic deterioration, sales below plan, but profit went far beyond plan by increasing sales of PB products, etc.
- Through increases in numbers of total item and inventory item, expanding sales.

	2019 Result			2020 Plan			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	4,510	+13.5%	+21.8%	5,400	+19.7%	+20.5%	5,140	+14.0%	△4.8%	+17.7%	△2.3%
Op.Income	10	—	—	80	+412.6%	+415.9%	100	+552.7%	+27.3%	+574.3%	+30.7%
Net Income x Share(*1)	20	—	—	90	+285.3%	+287.8%	100	+334.6%	+12.8%	+348.9%	+15.8%

■ MONOTARO INDONESIA (Indonesia)

- Sales decreased about to 50% of plan due to COVID-19 and to not achieved customer acquisition target; however, Op. Loss was kept within plan by controlling SG&A Expense.
- Despite MonotaRO (non consolidated basis) incurred impairment loss (674 mil. JPY), continuing to work on Indonesian business.

	2019 Result			2020 Plan			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	380	+46.8%	+48.7%	750	+96.6%	+94.1%	370	△3.5%	△50.9%	+0.5%	△48.2%
Op.Income	△290	—	—	△310	—	—	△310	—	—	—	—
Net Income x Share(*1)	△130	—	—	△140	—	—	△180	—	—	—	—

■ ZORO SHANGHAI (China)

- Liquidation resolved on September 18, 2020, and liquidation procedures are in progress.

	2019 Result			2020 Plan			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	60	(*2) —	(*2) —	250	+317.5%	+322.8%	70	+21.6%	△70.9%	+24.0%	△70.7%
Op.Income	△320	—	—	△450	—	—	△280	—	—	—	—
Net Income x Share(*1)	△210	—	—	△300	—	—	△220	—	—	—	—

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

*2: Business launched in June 2018.

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

8-3. (Consol.) 2020 Financial Result B/S Outline

	Dec. 2019	Dec. 2020	
	Million JPY	Million JPY	Ratio
Assets			
Cash	11,155	18,843	23.2%
Accounts Receivable	14,472	18,267	22.5%
Inventory	11,563	11,874	14.6%
Other	4,581	5,278	6.5%
Total Current Asset	41,771	54,264	66.8%
Tangible Fixed Asset	12,048	19,086	23.5%
Intangible Fixed Assets	3,084	4,829	5.9%
Other	2,787	3,081	3.8%
Total Fixed Asset	17,920	26,998	33.2%
Total Assets	59,691	81,263	

	Dec. 2019	Dec. 2020	
	Million JPY	Million JPY	Ratio
Liabilities			
Accounts Payable	9,829	11,643	14.3%
Short-term Debt & etc.	2,498	—	0.0%
Others	7,644	10,898	13.4%
Total Current Liabilities	19,973	22,542	27.7%
Total Long term Liabilities	2,205	11,062	13.6%
Total Liabilities	22,179	33,604	41.4%
Net Assets			
Shareholder's Equity	37,062	46,805	57.6%
Others	450	852	1.0%
Total Net Assets	37,512	47,658	58.6%
Total Liabilities & Net Assets	59,691	81,263	

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

8-4. (Consol.) 2020 Financial Result C/F Outline

		2019 Result	2020 Result
		Million JPY	Million JPY
Cash Flow from Operating Activity			
	Net Income before Tax	15,568	19,473
	Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 2,927	Δ 3,753
	Increase or Decrease in Inventory (Δ = increase)	Δ 1,593	Δ 240
	Increase or Decrease in Accounts Payable (Δ = decrease)	1,523	1,784
	Tax payment	Δ 4,948	Δ 4,799
	Others	(*1) 1,441	(*2) 2,804
	Total	9,064	15,269
Cash Flow from Investing Activity			
	Acquisition of Tangible Assets	Δ 1,055	Δ 7,639
	Acquisition of Intangible Assets	Δ 1,361	Δ 1,472
	Others	Δ 1,349	96
	Total	Δ3,765	Δ9,015
Cash Flow from Financing Activity			
	Long-term Loans Payable	—	9,000
	Repayments of Long-term Loans	Δ 2,000	Δ 2,498
	Repayments of Lease Obligations	Δ 1,499	Δ 683
	Cash Dividends Paid	Δ 3,478	Δ 3,975
	Others	415	Δ 68
	Total	Δ6,562	1,773
	Currency Exchange Adjustment	Δ 29	Δ 6
	Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	Δ 1,293	8,021
	Cash and Cash Equivalent at Beginning of Period	12,040	10,746
	Cash and Cash Equivalent at End of Period	10,746	18,767

*1: Including Depreciation added back.

*2: Including Depreciation and Impairment Loss added back.

9-1. (Non-consol.) 2021 Business Plan: Outline P/L

	2020 Result		2021 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YoY
Sales	151,798		186,759		+23.0%
Large Corp.	26,161	17.2%	34,680	18.6%	+32.6%
Gross Profit	43,475	28.6%	53,852	28.8%	+23.9%
SG&A Exp.	23,325	15.4%	28,810	15.4%	+23.5%
Operating Income	20,149	13.3%	25,041	13.4%	+24.3%
Current Income	20,194	13.3%	25,022	13.4%	+23.9%
Net Income (Tax Rate)	13,139 (30.6%)	8.7%	17,365 (30.6%)	9.3%	+32.2%

	2021 Q1-2 Plan (Jan. - Jun.)			2021 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YoY	Amount (mil.JPY)	Ratio to Sales	YoY
Sales	90,742		+24.9%	96,016		+21.3%
Large Corp.	16,635	18.3%	+36.7%	18,045	18.8%	+29.0%
Gross Profit	26,202	28.9%	+26.8%	27,649	28.8%	+21.2%
SG&A Exp.	13,965	15.4%	+25.9%	14,845	15.5%	+21.3%
Operating Income	12,237	13.5%	+27.8%	12,803	13.3%	+21.0%
Current Income	12,226	13.5%	+27.5%	12,795	13.3%	+20.6%
Net Income (Tax Rate)	8,487 (30.6%)	9.4%	+27.4%	8,878 (30.6%)	9.2%	+37.1%

9-2. (Non-consol.) 2021 Business Plan: Outline P/L vs. 2020

	2020 Result (A)		2021 Plan (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	151,798	—	186,759	—	Amount (mil.JPY)	+34,960	<ul style="list-style-type: none"> Customer base expands (new customers acquisition plan:1.42 mil.). Large Corp. Business sales increases (+32.6% vs. FY2020 results: increases in number of locations used by connected corps. and in usage per account). Royalty income increases.
					YonY	23.0%	
					Sales Ratio	—	
Gross Profit	43,475	28.6%	53,852	28.8%	Amount (mil.JPY)	+10,376	<ul style="list-style-type: none"> Product GP ratio stays at same level as FY2020 (due to optimizations of sourcing and selling price and to FX, despite decrease in imported product sales ratio and increase in Large Corp. Bus. sales ratio). Royalty income increases. Delivery Cost ratio improves (+0.1pt.: due to increase in sales per order).
					YonY	+23.9%	
					Sales Ratio	+0.2%	
SG&A Exp.	23,325	15.4%	28,810	15.4%	Amount (mil.JPY)	+5,485	<ul style="list-style-type: none"> Labor Expense ratio decreases (Δ0.2pt.: due to COVID - 19 related allowances implemented in FY2020). Facility Rent Expense ratio decreases (Δ0.2pt.: due to decrease in external warehouses rent due to launch of Ibaraki Chuo SC). Depreciation Expense ratio increases (+0.3pt.: due to launches of Ibaraki Chuo SC and of new systems). Other Expense ratio increases (+0.3pt.: due to increase in system usage cost caused by launch of new systems, to increase in packaging materials costs caused by launch of Ibaraki Chuo SC, etc.). Increase in sales lowers SG&A Expenses ratio as whole.
					YonY	+23.5%	
					Sales Ratio	+0.0%	
Operating Income	20,149	13.3%	25,041	13.4%	Amount (mil.JPY)	+4,891	<ul style="list-style-type: none"> Operating Income ratio/sales ratio improves due to improvement of GP ratio.
					YonY	+24.3%	
					Sales Ratio	+0.1%	
Net Income (Tax Rate)	13,139 (30.6%)	8.7%	17,365 (30.6%)	9.3%	Amount (mil.JPY)	+4,226	<ul style="list-style-type: none"> Decrease in Extraordinary Losses (577 mil. JPY impairment loss for liquidation of Chinese subsidiary and 674 mil. JPY impairment loss for Indonesian subsidiary incurred in FY2020).
					YonY	+32.2%	
					Sales Ratio	+0.6%	

9-3. 2021 Strategy & Plan: Domestic Business (1)

■ BtoB Online E-commerce (monotaro.com)

- Expanding Customer Base and Improving Customer Lifetime Value
 - Planning to acquire 1.42 mil. new accounts in FY2021 (FY2020 result: 1.39 mil.).
 - Continuing to focus on BtoB business and to work on “Innovating Business Procurement Network.”
 - Improving “Customer Lifetime Value” (by allocating resources appropriately based on product search and purchasing trends).
- Expanding Existing Customers’ Sales
 - Expanding “One Stop Shopping” (accelerating increasing number of items by introducing Product Information Management System/PIM).
 - Reducing “Time to Find Products” (by improving product search and recommendation functions by customer attributes).
 - Reducing “Time to Wait for Product Arrivals” (by introducing Order Management System/OMS and by developing logistic bases).

■ System Connection with Large Corporations

- 2019 & 2020 Result and 2021 Plan
 - FY2020 sales increased by 29.8% from FY2019, but not attain plan (due to decline in economic activities caused by COVID-19). Sales in recovering trend since Q4, FY2020.
 - FY2021 sales plan: +32.6% vs. FY2020 (working to expand usage of connected corps. and acquire large corp. customers).

2019 Result			2020 Result				2021 Plan		
Mil. JPY	YonY	/Total Sales	Mil. JPY	YonY	vs Plan	/Total Sales	Mil. JPY	YonY	/Total Sales
20,155	+48.2%	15.9%	26,161	+29.8%	△4.0%	17.2%	34,680	+32.6%	18.6%

	Dec. 2019 End Result		Dec. 2020 End Result		
	No. Corp.		No. Corp.	vs Dec. 2019 End	Remarks
Total number of corporations	817		1,237	+420	—
One Source	14		14	+0	2
One Source Lite	363		744	+381	457

9-4. 2021 Strategy & Plan: Domestic Business (2)

■ Consulting/Royalty Business

- Parent company Grainger's Zoro business (US & UK) achieved continuous growth while improving GP ratio and SG&A Expense ratio, and Royalty income in FY2020 increased from FY2019 and plan.
- Zoro business expected to continue to grow sales and to improve GP ratio and SG&A Expense ratio in FY2021, and plan of Royalty Income increases from FY2020.

■ Strengthening Marketing and System Development Skills based on Data Science

- Recruiting of data-scientists and IT engineers at both Amagasaki/Hyogo and Tokyo offices below plan. Continuing to work on recruiting data-scientists and IT engineers.
- Satellite office opened in Umeda, Osaka in January 2021. Personnel in Data Marketing Dept., EC Engineering Dept., and part of IT Dept. are to work at this office.

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

- Product Information Management System (PIM)
 - Planning to go live in 2021 First Half.
 - Through efficient expansion of “One Stop Shopping,” increasing sales of existing customers and minimizing cost of obtaining product information.
 - Preparing product information in multi-languages for international business in future.
- Order Management System (OMS)
 - Planning to go live in 2021 First Half.
 - With function of selecting optimal shipment methods in various situations, reducing “Time to Wait for Product Arrivals” and with function of leveling shipment operations and reducing splits of shipments, minimizing “Delivery and Distribution related Costs.”

9-5. 2021 Strategy & Plan: Logistics (1)

- **Distribution-related Cost Ratio FY2020 Result: 6.0%**
 - Decreased/improved by 0.1 pt. vs. FY2019 (Depreciation Expense and Facility Rent Expense ratios decreased due mainly to sales increase).
 - 0.2 pt. higher than plan (higher Labor and Outsourcing Expenses ratios due to increased workload at distribution centers as number of products shipped increased).
- **Inventory**
 - As of Dec. 31, 2020: 476 thou. items.
 - Plan at Dec. 31, 2021: 480 thou. items.
 - Including review of inventory items for changes in demand (about 50 thou. items).

	2019 Result		2020 Plan		2020 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YoY	vs Plan
Sales (Non Consolidated)	126,543		150,049		151,798		+20.0%	+1.2%
Depreciation	837	0.7%	939	0.6%	908	0.6%	+8.5%	△3.3%
Labor & Outsourcing	4,150	3.3%	4,800	3.2%	5,128	3.4%	+23.5%	+6.8%
Facility Rent	1,487	1.2%	1,649	1.1%	1,650	1.1%	+10.9%	+0.1%
Others	1,216	1.0%	1,385	0.9%	1,459	1.0%	+20.0%	+5.3%
Total	7,692	6.1%	8,775	5.8%	9,147	6.0%	+18.9%	+4.2%

9-6. 2021 Strategy & Plan: Logistics (2)

■ Distribution-related Cost Plan for 2021



- Distribution-related Cost ratio plan: same level as FY2020 results (6.0%).
 - Depreciation Expense ratio +0.1 pt. (Ibaraki Chuo SC launched in April).
 - Facility Rent Expense ratio Δ 0.3 pt. (decrease in warehouses rent for backyard as Ibaraki Chuo SC launched).
- Distribution-related Cost ratio plan for 2021 Latter Half: 5.8%.
 - Impact of decrease in outsourcing operations as Ibaraki Chuo SC launched (decreases in Labor & Outsourcing Expense ratio and in Facility Rent Expense ratio) outweighs impact of increase in expenses associated with in-house facilities (increase in Depreciation Expense ratio).
 - Fixed expense ratios decrease as sales increases (sales in Latter Half higher compared to First Half).

	2020 Result		2021 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales (non-consolidated)	151,798		186,759		+23.0%
Depreciation	908	0.6%	1,358	0.7%	+49.5%
Labor & Outsourcing	5,128	3.4%	6,330	3.4%	+23.4%
Facility Rent	1,650	1.1%	1,547	0.8%	Δ 6.3%
Others	1,459	1.0%	1,897	1.0%	+30.0%
Total	9,147	6.0%	11,134	6.0%	+21.7%

	2021 Q1-2 Plan (Jan. - Jun.)			2021 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales (non-consolidated)	90,742		+24.9%	96,016		+21.3%
Depreciation	600	0.7%	+33.9%	758	0.8%	+64.7%
Labor & Outsourcing	3,211	3.5%	+31.7%	3,118	3.2%	+15.9%
Facility Rent	827	0.9%	+0.7%	720	0.8%	Δ 13.1%
Others	953	1.1%	+35.9%	943	1.0%	+24.6%
Total	5,593	6.2%	+26.8%	5,540	5.8%	+17.0%

9-7. 2021 Strategy & Plan: Logistics (3)

■ New Distribution Base Expansion Update

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 ²	Total about 162,000m ²	
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	Add. construction about 1.2 bil. JPY, restoration about 1.4 bil. JPY (examining)	
	Rent	_____	Ph.1, 4 Floors: about 18.9 bil. JPY (2021-2031 including common service exp.)	
	Facility	About 1.8 bil. JPY	_____	Ph.2: 1 Floor added: about 4.5 bil. JPY (2022-2031 including common service exp.)
Remark		Main function is backyard. Having also function of shipping high-demand products.	Starting to rent 4 floors & hazardous goods warehouse in 2022. From 2023, 1 floor added and total 5 floors rented.	
Progress Status		Construction completed (Jan. 18, 2021)	Building under construction	
Picture		 <p>Completion Image (Actual Photo)</p>	 <p>Completion Image</p> <p>Progress Status</p>	

9-8. 2021 Strategy & Plan: P/L Plan Outline Overseas Subsidiary

■ NAVIMRO (South Korea)

- Increasing sales by expanding customer base, number of items sold, and inventory.
- Increasing profit (+59% vs. FY2020) by increasing sales of PB products, etc.

	2020 Result			2021 Plan		
	Amount (mil.JPY)	YonY	YonY (local Currency)	Amount (mil.JPY)	YonY	YonY (local Currency)
Sales	5,140	+14.0%	+17.7%	6,350	+23.4%	+23.4%
Op.Income	100	+552.7%	+574.3%	170	+59.4%	+59.4%
Net Income x Share(*)	100	+334.6%	+348.9%	150	+46.4%	+46.4%

■ MONOTARO INDONESIA (Indonesia)

- FY2020 sales fell far short of plan (about half) significantly affected by COVID-19.
- FY2021 for fresh start for profitability by recovering business in Indonesia.

	2020 Result			2021 Plan		
	Amount (mil.JPY)	YonY	YonY (local Currency)	Amount (mil.JPY)	YonY	YonY (local Currency)
Sales	370	△3.5%	+0.5%	680	+84.2%	+84.2%
Op.Income	△310	—	—	△300	—	—
Net Income x Share(*)	△180	—	—	△130	—	—

■ IB MONOTARO (India)

- At Dec. 31, 2020, only Balance Sheet consolidated.
- Starting business as subsidiary in Jan. 2021.

	2020 Result			2021 Plan		
	Amount (mil.JPY)	YonY	YonY (local Currency)	Amount (mil.JPY)	YonY	YonY (local Currency)
Gross Merchandise Value	—	—	—	700	—	—
Sales	—	—	—	420	—	—
Op.Income	—	—	—	△190	—	—
Net Income x Share(*)	—	—	—	△70	—	—

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

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

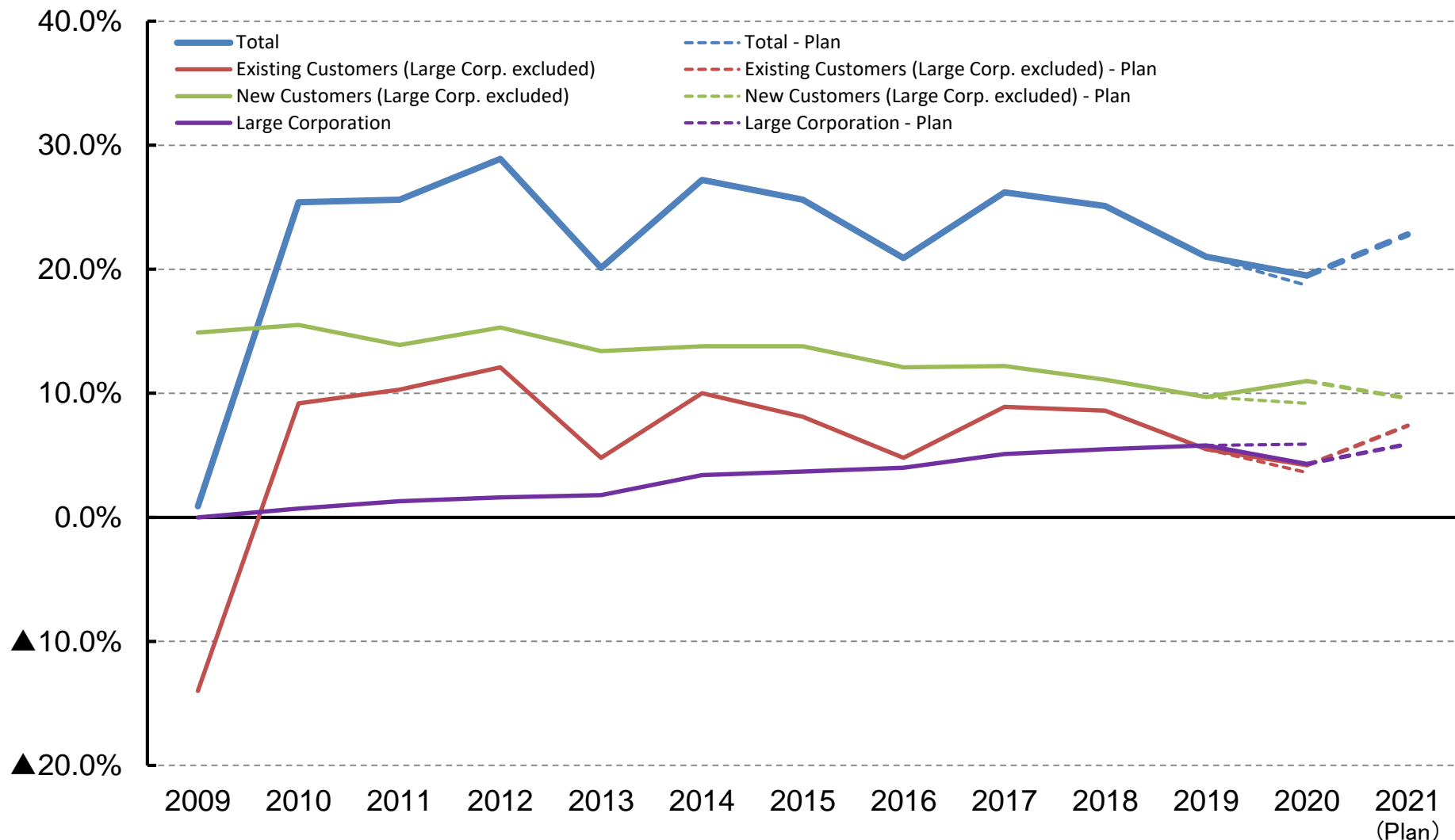
9-9. (Consol.) 2021 Business Plan Outline – P/L

	2020 Result		2021 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	157,337		194,220		+23.4%
Gross Profit	44,694	28.4%	55,565	28.6%	+24.3%
SG&A Exp.	25,086	15.9%	30,887	15.9%	+23.1%
Operating Income	19,607	12.5%	24,678	12.7%	+25.9%
Current Income	19,671	12.5%	24,738	12.7%	+25.8%
Net Income (Tax Rate)	13,473 (30.8%)	8.6%	17,067 (31.0%)	8.8%	+26.7%
Net Income attributable to owners of the parent	13,771	8.8%	17,273	8.9%	+25.4%

	2021 Q1-2 (Jan. - Jun.)			2021 Q3-4 (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	94,133		+25.0%	100,086		+22.0%
Gross Profit	26,987	28.7%	+27.0%	28,578	28.6%	+21.9%
SG&A Exp.	14,945	15.9%	+25.3%	15,942	15.9%	+21.1%
Operating Income	12,041	12.8%	+29.2%	12,636	12.6%	+22.8%
Current Income	12,075	12.8%	+29.2%	12,663	12.7%	+22.6%
Net Income (Tax Rate)	8,330 (31.0%)	8.8%	+29.8%	8,737 (31.0%)	8.7%	+23.9%
Net Income attributable to owners of the parent	8,427	9.0%	+28.9%	8,845	8.8%	+22.3%

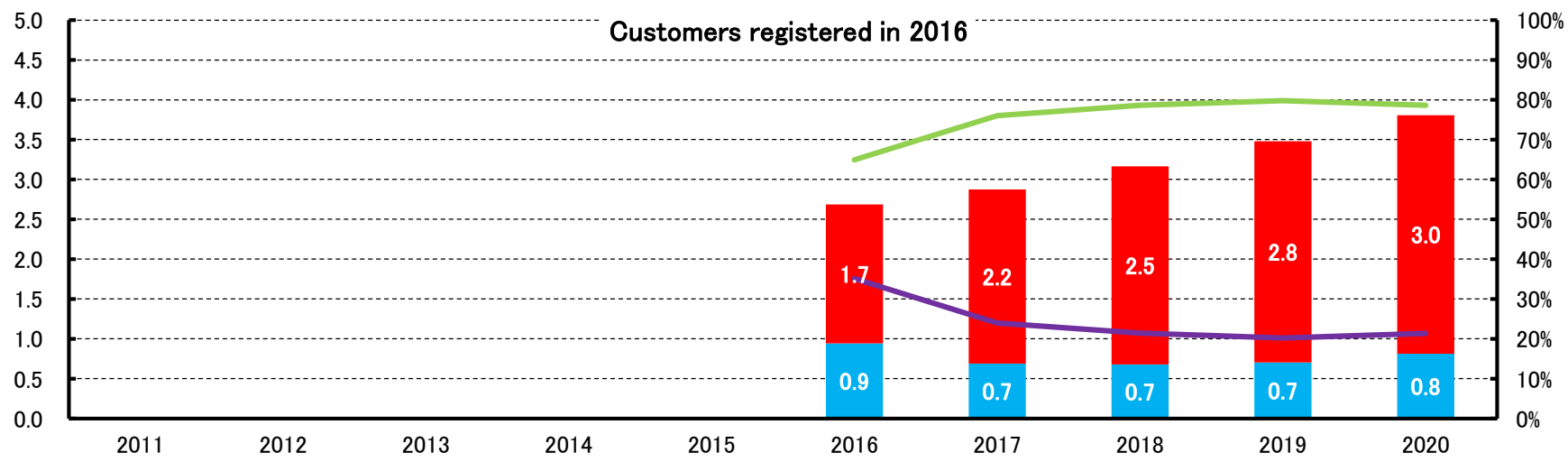
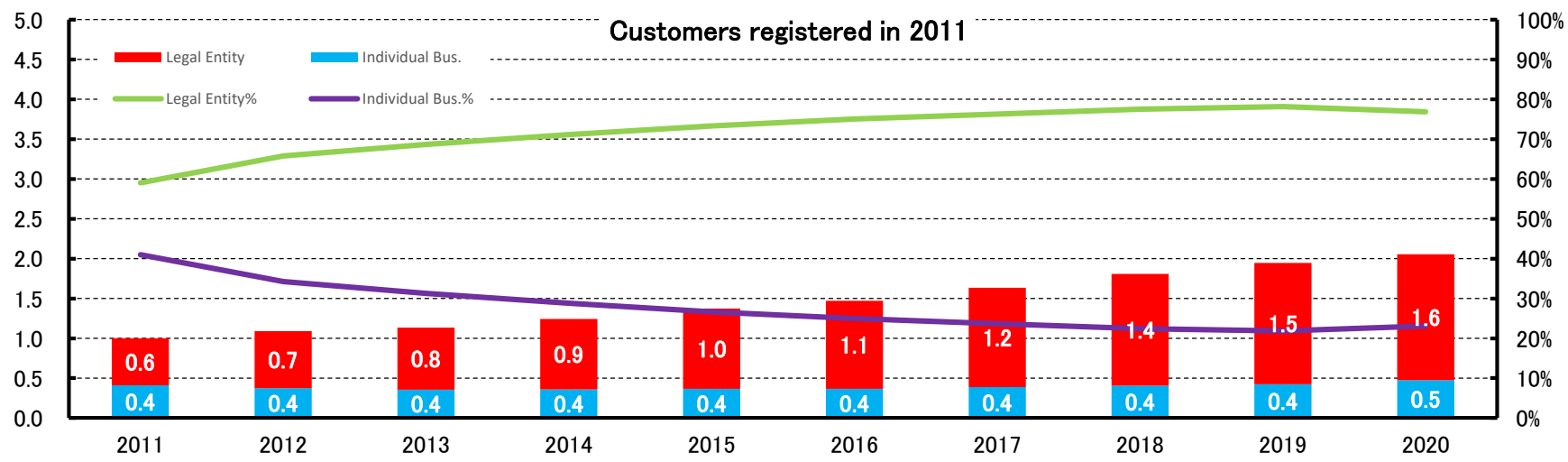
If consolidated financial forecast is expected to exceed by one of the following ranges from disclosed consolidated financial forecast, revised forecast is disclosed.
 • Sales (consolidated): ±5% • Operating Income (consolidated): ±10% • Current Income (consolidated): ±10% • Net Income Attributable to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

Ref. 1. (Non-consol.) Sales Growth (Service Channel Contribution)



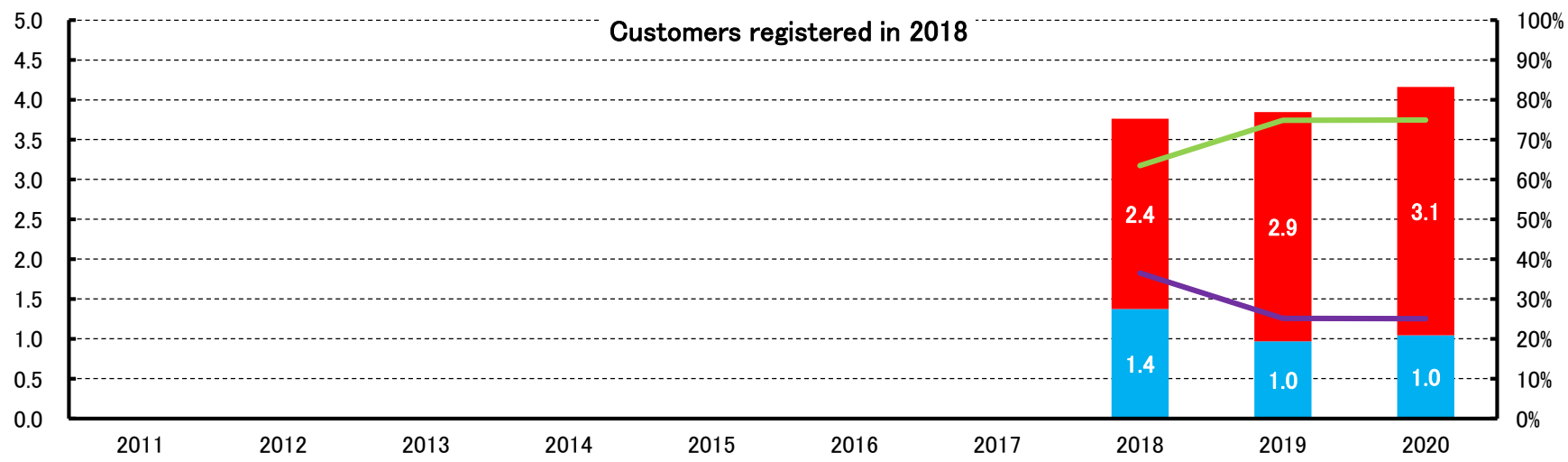
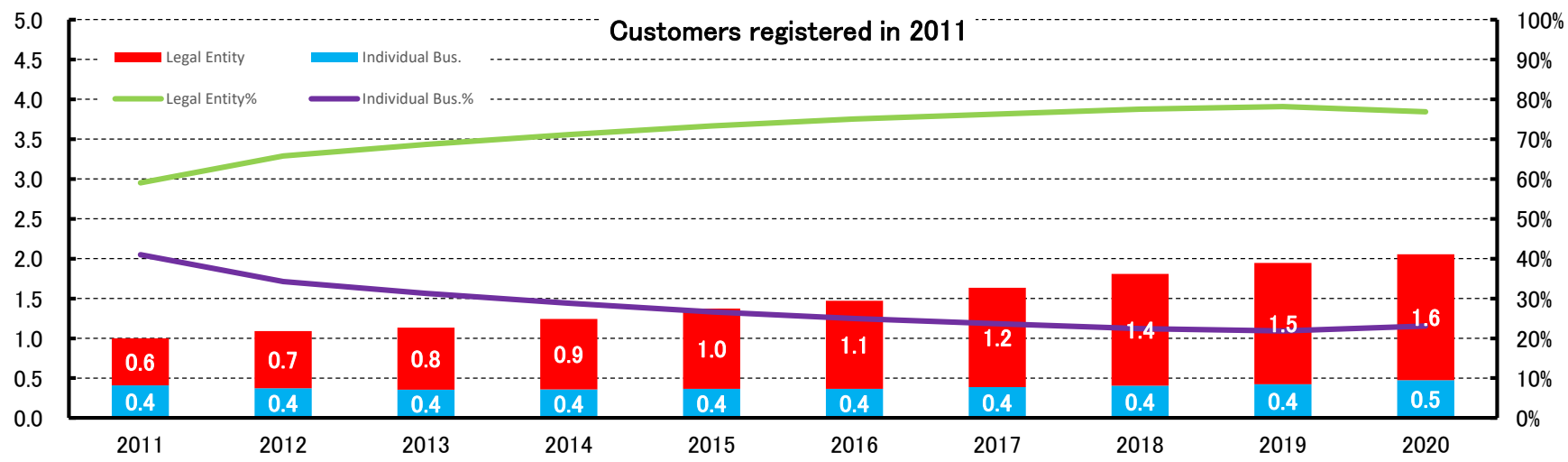
* 1: Contribution of each channel to growth of sales total in years above.
 * 2: Large Corporation includes both new and existing customers.

Ref. 2. (Non-consol.) Sales Growth & Registered Year (after 10 & 5 yr.)



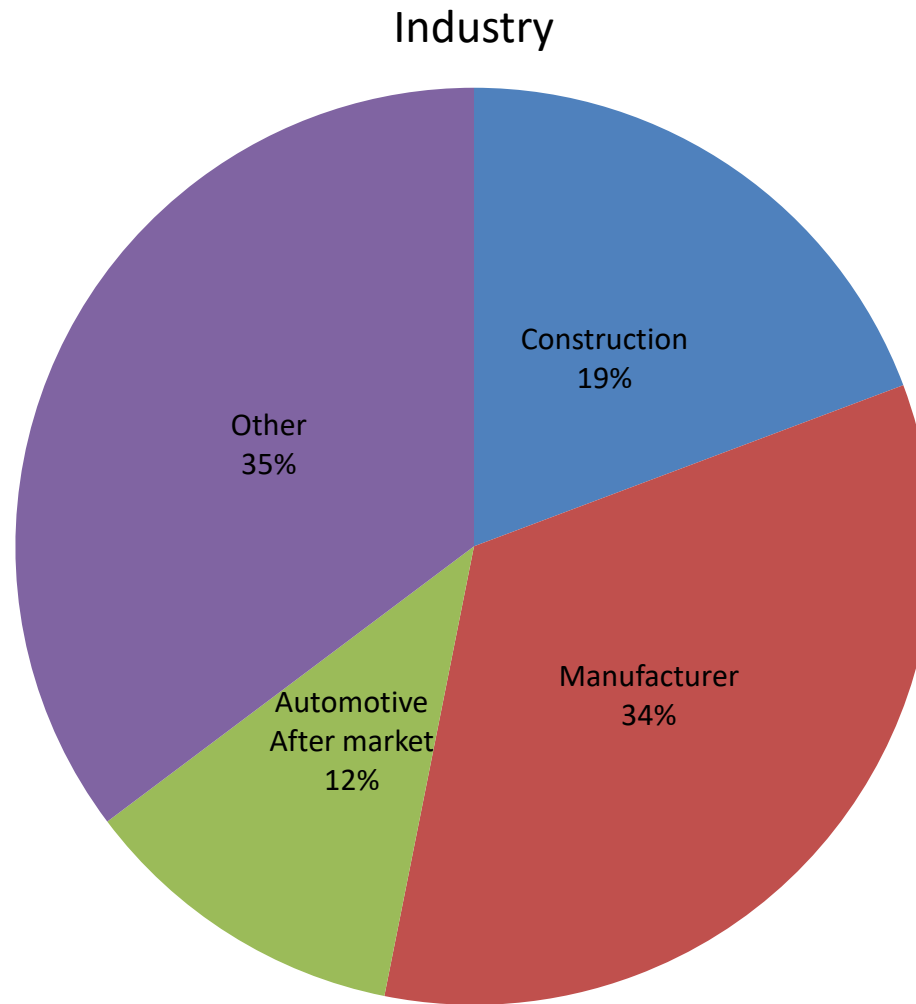
* 1: Bar chart (left axis) shows sales growth of customers registered in 2011 (10 years passed) and in 2016 (5 years passed) comparing with sales of customers registered in 2011 by setting registered year sales as '1'. Bar chart consists of legal entity and individual business customer.
 * 2: Line chart (right axis) shows sales ratio of legal entity and individual business customer in each year.
 * 3: Above history of sales through 'monotaro.com' is updated retroactively at the end of 2020 (large corporate sales not included).

Ref. 3. (Non-consol.) Sales Growth & Registered Year (after 10 & 3 yr.)



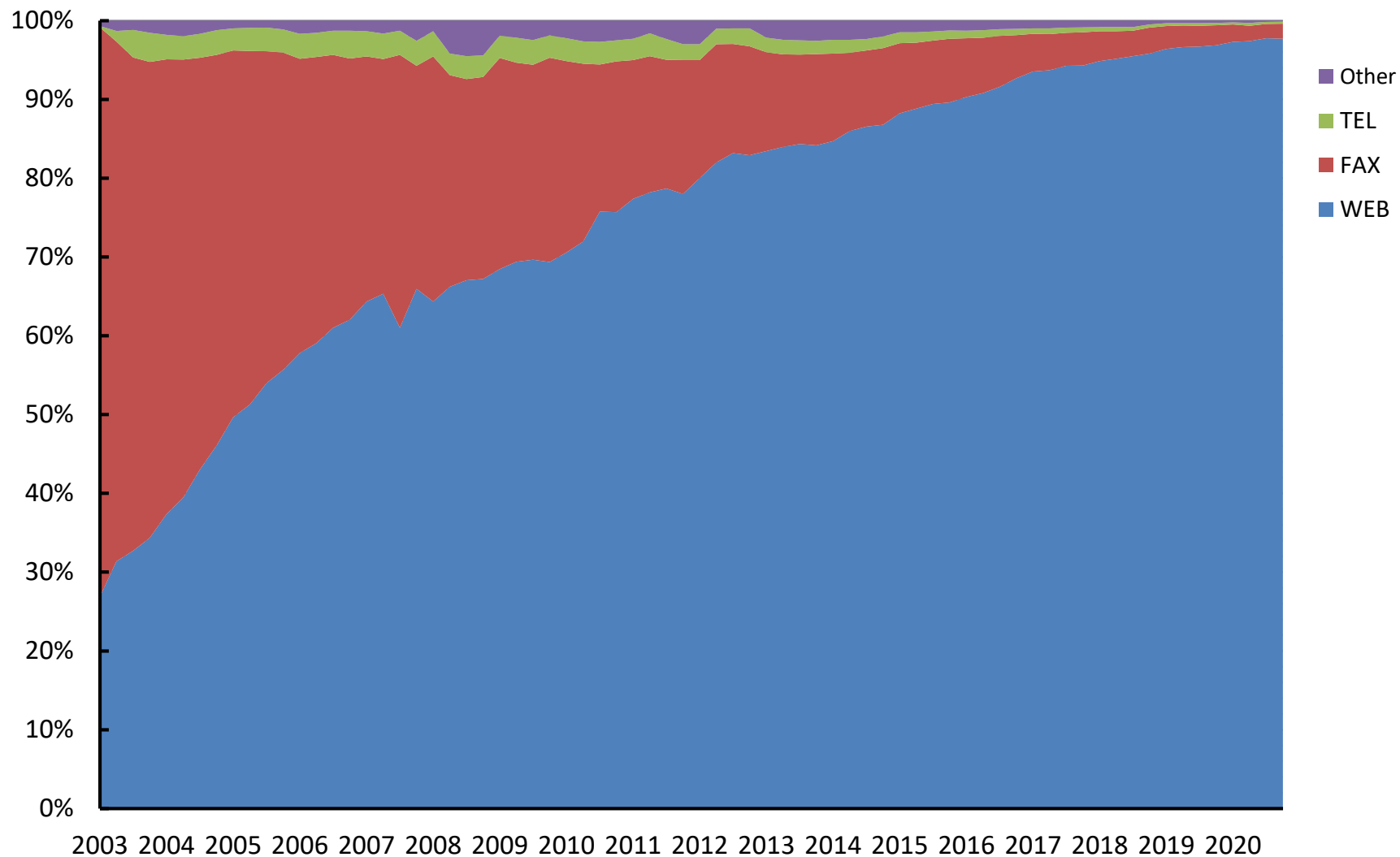
* 1: Bar chart (left axis) shows sales growth of customers registered in 2011 (10 years passed) and in 2018 (3 years passed) comparing with sales of customers registered in 2011 by setting registered year sales as '1'. Bar chart consists of legal entity and individual business customer.
 * 2: Line chart (right axis) shows sales ratio of legal entity and individual business customer in each year.
 * 3: Above history of sales through 'monotaro.com' is updated retroactively at the end of 2020 (large corporate sales not included).

Ref. 4. (Non-consol.) Customer Demographics

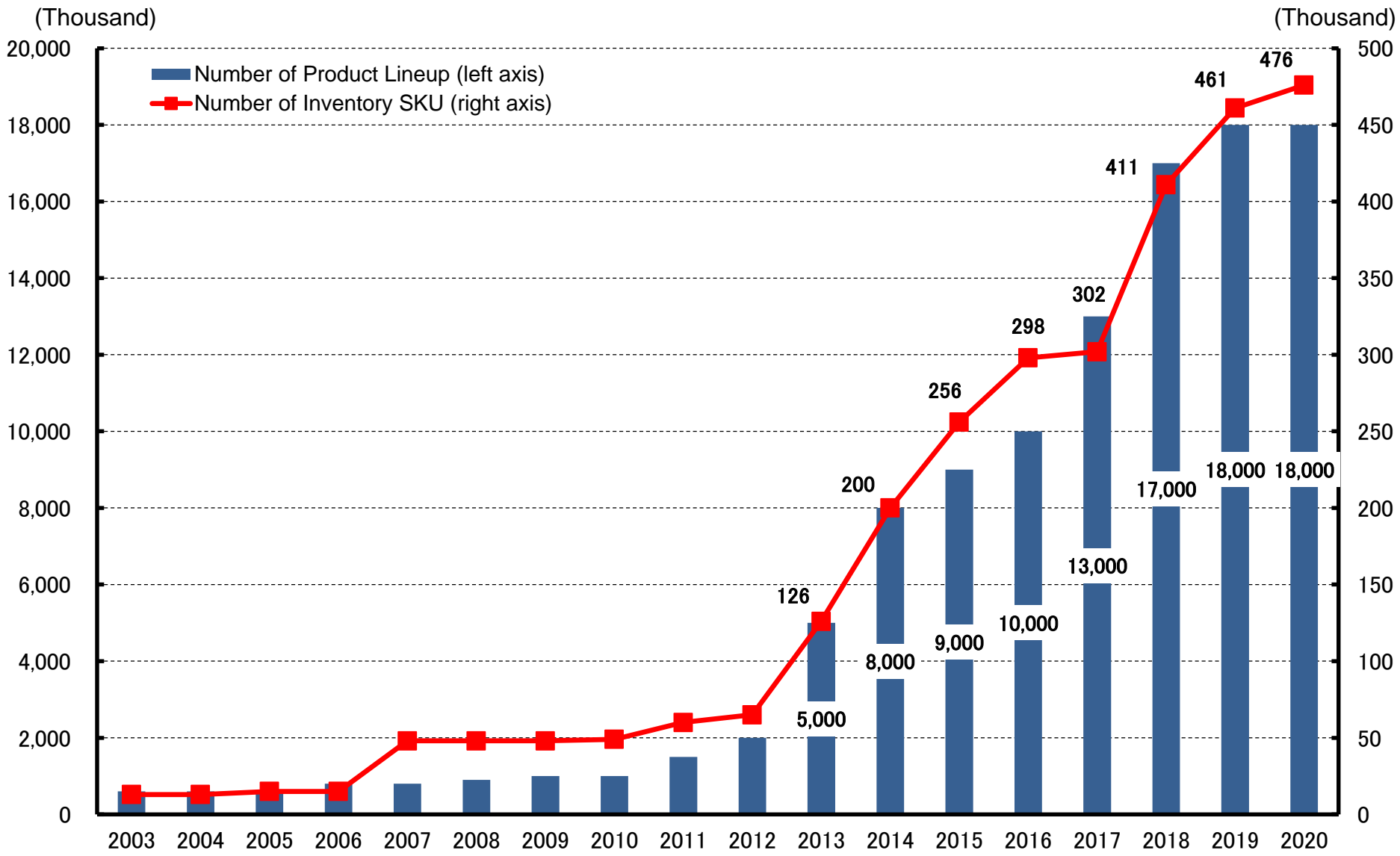


Ratio by sales amount in 2020
(Sales through Shopping website-excluding sales through API connection)

Ref. 5. (Non-consol.) Internet PO Ratio



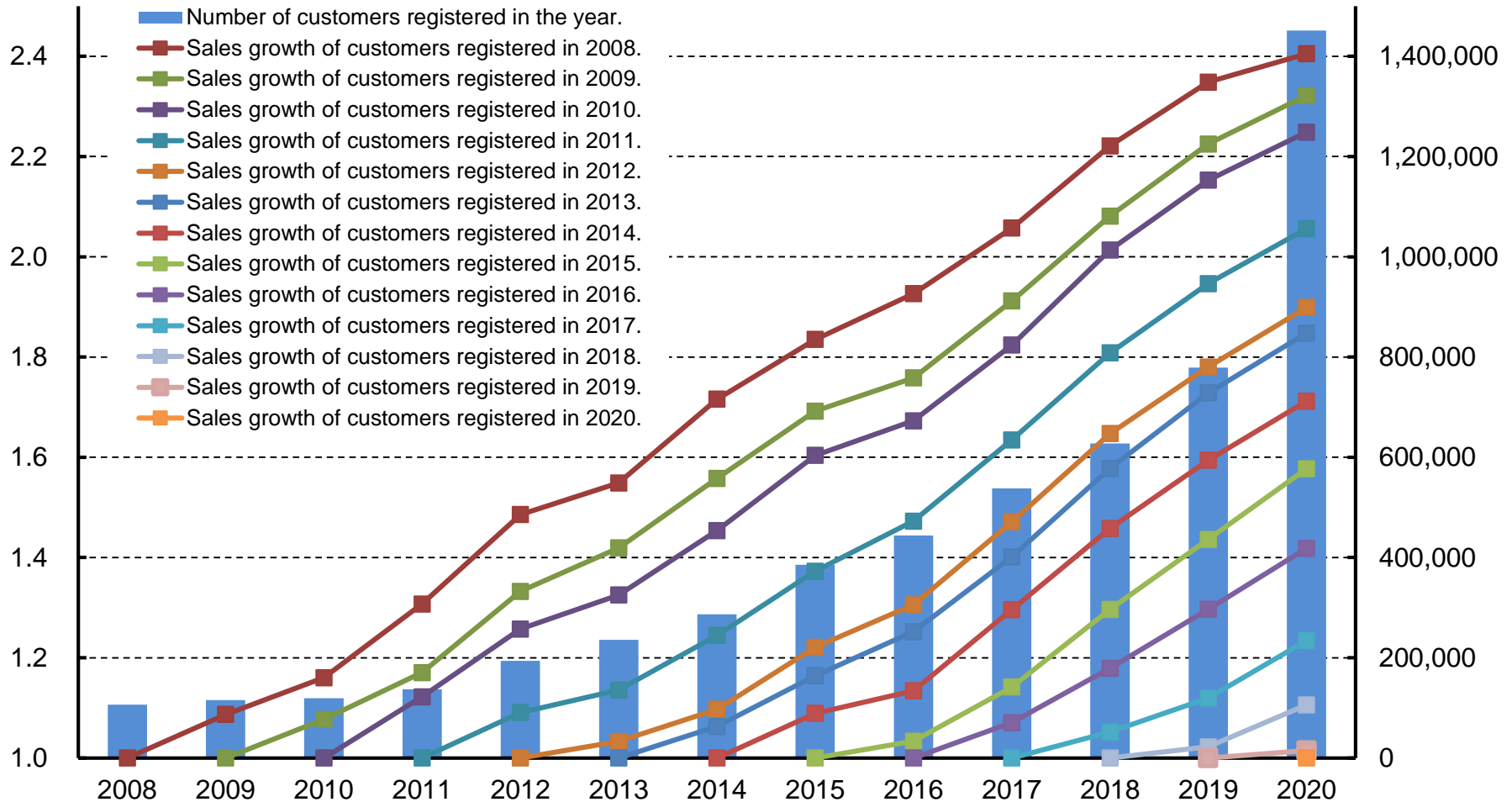
Ref. 6. (Non-consol.) Product Lineup & Inventory



Ref. 7. (Non-consol.) Sales Growth by Registered Year

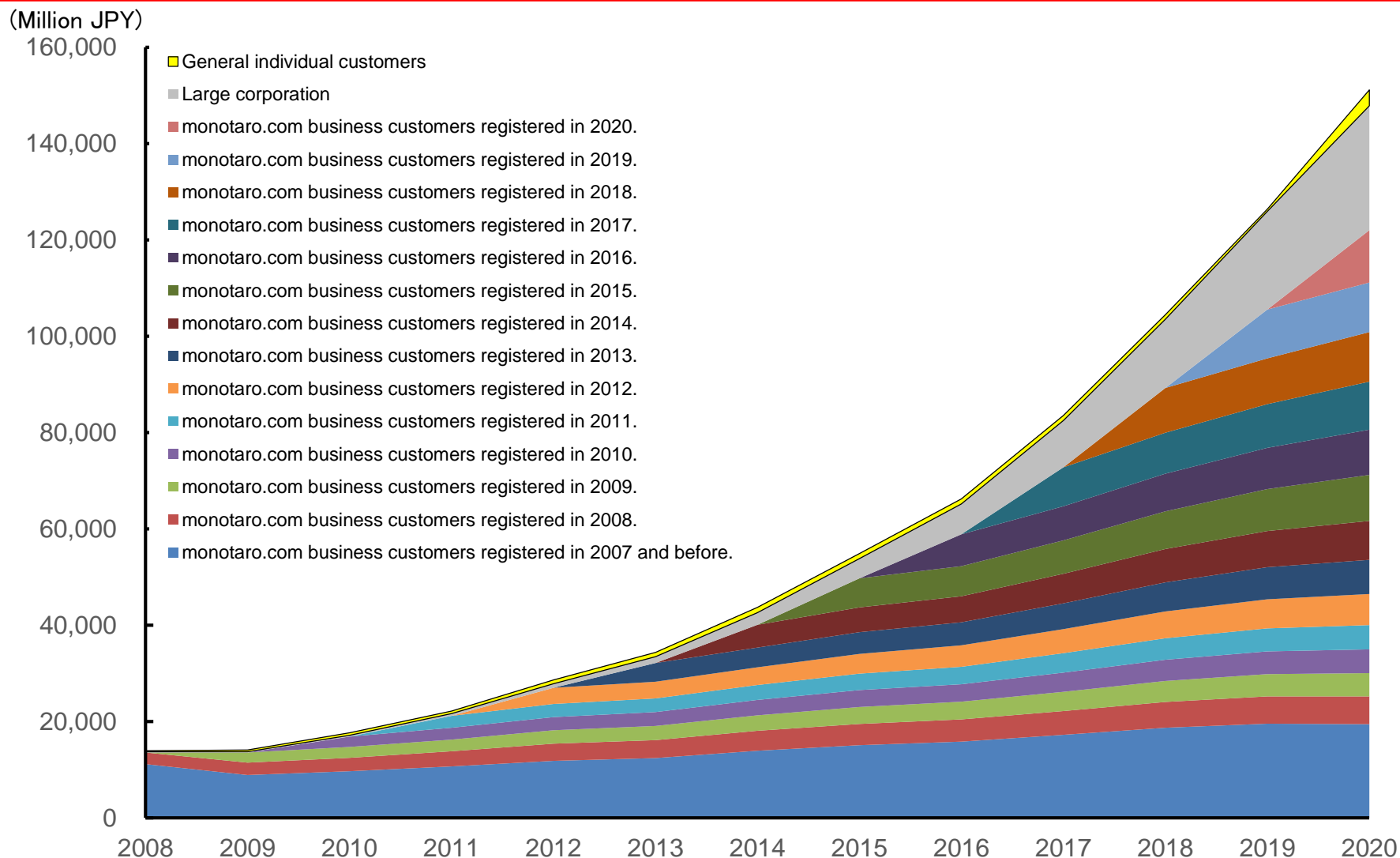
(Growth Rate of Sales)

(Number of Registered Customers)



* 1: Bar chart (right axis) shows number of 'monotaro.com' customers registered in each year based on status at end of 2020.
 * 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 2020 (large corporate sales not included).

Ref. 8. (Non-consol.) Sales Trend by Registered Year

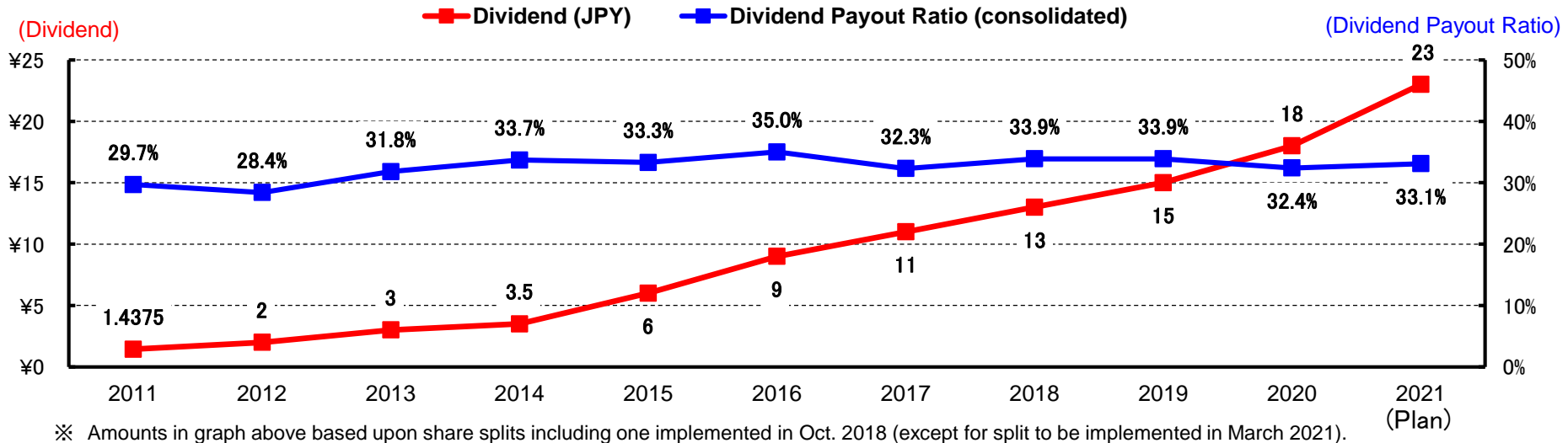


- * 1: Sales of 'monetaro.com business customers' are sales of monetaro.com's business customers organized retroactively for each registration year based upon updated customer status at the end of 2020.
- * 2: Sales of 'Large corporation' is total sales of large corporation customers based upon updated customer status at the end of 2020.
- * 3: Sales of 'General individual customers' is total sales of monetaro.com's general individual customers and of IHC MonotaRO based upon updated customer status at the end of 2020 (IHC MonotaRO was closed and integrated into monetaro.com).

Dividend & Shareholder Benefit

■ Dividend

- Dividend Policy: Distributing dividend consistent with stable and ongoing growth.
- 2020 Dividend (Forecast): 18 JPY/share (8.5 JPY/share interim, 9.5 JPY/share fiscal year end).
- 2021 Dividend (Plan): 23 JPY/share (11.5 JPY/share interim, 11.5 JPY/share fiscal year end).



■ 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	2017	2018	2019	2020	2007 to 2020
Yuasa (8074) - (M)	Wholesaler	468,476	461,749	493,627	491,348	450,000	△3.9%
		8,254	11,402	12,517	11,871	9,250	+12.1%
Yamazén (8051) - (M)	Wholesaler	376,852	497,963	526,364	472,191	420,000	+11.4%
		11,518	15,383	17,997	12,091	8,000	△30.5%
Trusco (9830) - (D)	Wholesaler	134,430	195,096	214,297	220,674	211,965	+57.7%
		9,120	14,276	14,364	13,797	11,048	+21.1%
Misumi (9962) - (M)	Retailer	126,668	312,969	331,936	313,337	300,000	+136.8%
		16,317	34,848	31,874	23,640	20,900	+28.1%
Nichiden (9902) - (M)	Wholesaler	92,745	119,712	124,604	112,334	100,000	+7.8%
		5,533	6,051	6,595	5,154	3,410	△38.4%
NaITO (7624) - (F)	Wholesaler	51,479	46,587	50,014	46,467	37,600	△27.0%
		1,343	728	928	836	110	△91.8%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	44,315	45,417	43,890	39,600	△4.5%
		2,292	2,461	2,870	2,528	1,850	△19.3%
Toba (7472) - (M)	Retailer	25,800	28,500	29,066	26,197	25,000	△3.1%
		2,115	1,774	1,895	1,328	1,200	△43.3%
Uematsu (9914) - (M)	Retailer	7,647	7,125	7,157	6,477	5,000	△34.6%
		190	92	80	17	-78	△141.1%
MonotaRO (3064) - (D)	Retailer	10,897	88,347	109,553	131,463	157,337	+1343.9%
		480	11,837	13,790	15,839	19,607	+3984.8%

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

*: As of Feb. 1, 2021.



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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