

monotaro

Quarter 1, FY2022
(Jan. to Mar. 2022)

MonotaRO Co., Ltd.
www.monotaro.com

Business Overview, Features, and Differentiation Strategies

■ Main business

- Mail-order sales of indirect materials for factories, construction work, and automobile maintenance businesses via Internet, etc. (number of product lineup: over 18 mil. SKU including 610 thou. SKU available for same-day shipment and 497 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 Mar. 31, 2022)

	Regular employee		Part-time and temporary employee		Total	
Head Office, etc. (MonotaRO JPN)	862	(463)	415	(371)	1,277	(834)
Distribution Center (MonotaRO JPN)	188	(133)	1,559	(1,474)	1,747	(1,607)
Total (MonotaRO JPN)	1,050	(596)	1,974	(1,845)	3,024	(2,441)

■ 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 order and customer databases.
- Achieving high productivity by doing much of the work in-house from software development to content creation.



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

(Non-consol.) 2022Q1 Financial Result P/L Outline 1/3

	2021Q1 Result		2022Q1 Plan		2022Q1 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	44,393		52,660		52,687		+18.7%	+0.1%
Large Corp.	8,827	19.9%	11,905	22.6%	11,942	22.7%	+35.3%	+0.3%
Gross Profit	12,951	29.2%	15,035	28.6%	15,050	28.6%	+16.2%	+0.1%
SG&A Exp.	6,858	15.5%	8,578	16.3%	8,184	15.5%	+19.3%	△4.6%
Operating Income	6,092	13.7%	6,456	12.3%	6,866	13.0%	+12.7%	+6.4%
Current Income	6,155	13.9%	6,452	12.3%	6,936	13.2%	+12.7%	+7.5%
Net Income (Tax Rate)	4,268 (30.6%)	9.6%	4,478 (30.6%)	8.5%	4,806 (30.7%)	9.1%	+12.6%	+7.3%

(Non-consol.) 2022Q1 Financial Result P/L Outline 2/3 vs. Last Year

	2021Q1 Result (A)		2022Q1 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	44,393	—	52,687	—	Amount (mil.JPY)	+8,293	<ul style="list-style-type: none"> monotaro.com and Large Corp. Business: sales grew due to increases in order size and customer number (+316 thou. accounts, 7,096 thou. accounts as of Mar. 2022). Large Corp. Business maintained high growth from last year (+35.3%).
					YonY	+18.7%	
					Sales Ratio	—	
Gross Profit	12,951	29.2%	15,050	28.6%	Amount (mil.JPY)	+2,099	<ul style="list-style-type: none"> Product GP ratio decreased (Δ0.9pt.: sales share of Large Corp. Business increased, sales share of PB/imported product decreased, product GP% of PB declined, JPY weak). Royalty income increased. Delivery Cost ratio improved (+0.2pt.: due to increase in order per box).
					YonY	+16.2%	
					Sales Ratio	Δ 0.6%	
SG&A Exp.	6,858	15.5%	8,184	15.5%	Amount (mil.JPY)	+1,325	<ul style="list-style-type: none"> Facility Rent Expense ratio decreased (Δ0.2pt.: due to decrease in warehouse rent for usage of backyard as Ibaraki Chuo SC launched and decrease rent for external warehouses in Amagasaki). Labor cost ratio decreased (Δ0.1pt. Due mainly to sales increase) Mailing Exp. ratio decreased (Δ0.1pt.: due mainly to decrease in catalog shipping cost ratio) Depreciation Exp. ratio increased (+0.2pt.: due to launches of Ibaraki Chuo SC and Order Management System). Other cost ratio increased (+0.3pt.: Inagawa DC launch preparation costs, etc.).
					YonY	+19.3%	
					Sales Ratio	+0.0%	
Operating Income	6,092	13.7%	6,866	13.0%	Amount (mil.JPY)	+774	<ul style="list-style-type: none"> Decline in Operating Income ratio due mainly to decline in GP%.
					YonY	+12.7%	
					Sales Ratio	Δ 0.7%	
Net Income (Tax Rate)	4,268 (30.6%)	9.6%	4,806 (30.7%)	9.1%	Amount (mil.JPY)	+537	<ul style="list-style-type: none"> Due mainly to decline in Operating Income ratio (Δ0.7 pt.).
					YonY	+12.6%	
					Sales Ratio	Δ 0.5%	

(Non-consol.) 2022Q1 Financial Result P/L Outline 3/3 vs. Plan

	2022Q1 Plan (A)		2022Q1 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	52,660	—	52,687	—	Amount (mil.JPY)	+26	<ul style="list-style-type: none"> monotaro.com: Grew almost in line. Existing customers in manufacturing segment grew higher than customers in other segment. Large Corp. Business: Grew almost in line.
					vs Plan	0.1%	
					Sales Ratio	—	
Gross Profit	15,035	28.6%	15,050	28.6%	Amount (mil.JPY)	+15	<ul style="list-style-type: none"> Product GP ratio decreased ($\Delta 0.2$pt.: Imported product sales ratio increased; however, product GP% of Large Corp. Business decreased due to difference of price adjustment timing). Delivery Cost ratio improved (+0.2pt.: due to increase in sales per box).
					vs Plan	+0.1%	
					Sales Ratio	+0.0%	
SG&A Exp.	8,578	16.3%	8,184	15.5%	Amount (mil.JPY)	$\Delta 394$	<ul style="list-style-type: none"> Other Expense ratio decreased ($\Delta 0.4$pt.: decreases in expenses for launching Inagawa DC, in equipment and machinery maintenance costs for DCs and in system fee due to delay in launch of Product Info. Mgt. System/ PIM).. Outsourcing Expense ratio decreased ($\Delta 0.2$pt.: decrease in consultant fees, etc.). Facility Rent Expense ratio decreased ($\Delta 0.1$pt.: external warehouse contracts changed). Depreciation Expense ratio decreased ($\Delta 0.1$pt.: delay in launch of PIM, etc.).
					vs Plan	$\Delta 4.6\%$	
					Sales Ratio	$\Delta 0.8\%$	
Expense delayed to later quarters: about 180 mil. JPY							
Operating Income	6,456	12.3%	6,866	13.0%	Amount (mil.JPY)	+410	<ul style="list-style-type: none"> SG&A ratio improved and Operating Income ratio improved.
					vs Plan	+6.4%	
					Sales Ratio	+0.7%	
Net Income (Tax Rate)	4,478 (30.6%)	8.5%	4,806 (30.7%)	9.1%	Amount (mil.JPY)	+327	<ul style="list-style-type: none"> Increase in Net Income ratio due to higher Operating Income ratio (+0.7pt).
					vs Plan	+7.3%	
					Sales Ratio	+0.6%	

(Non-consol.) 2022Q1 Financial Result B/S Outline

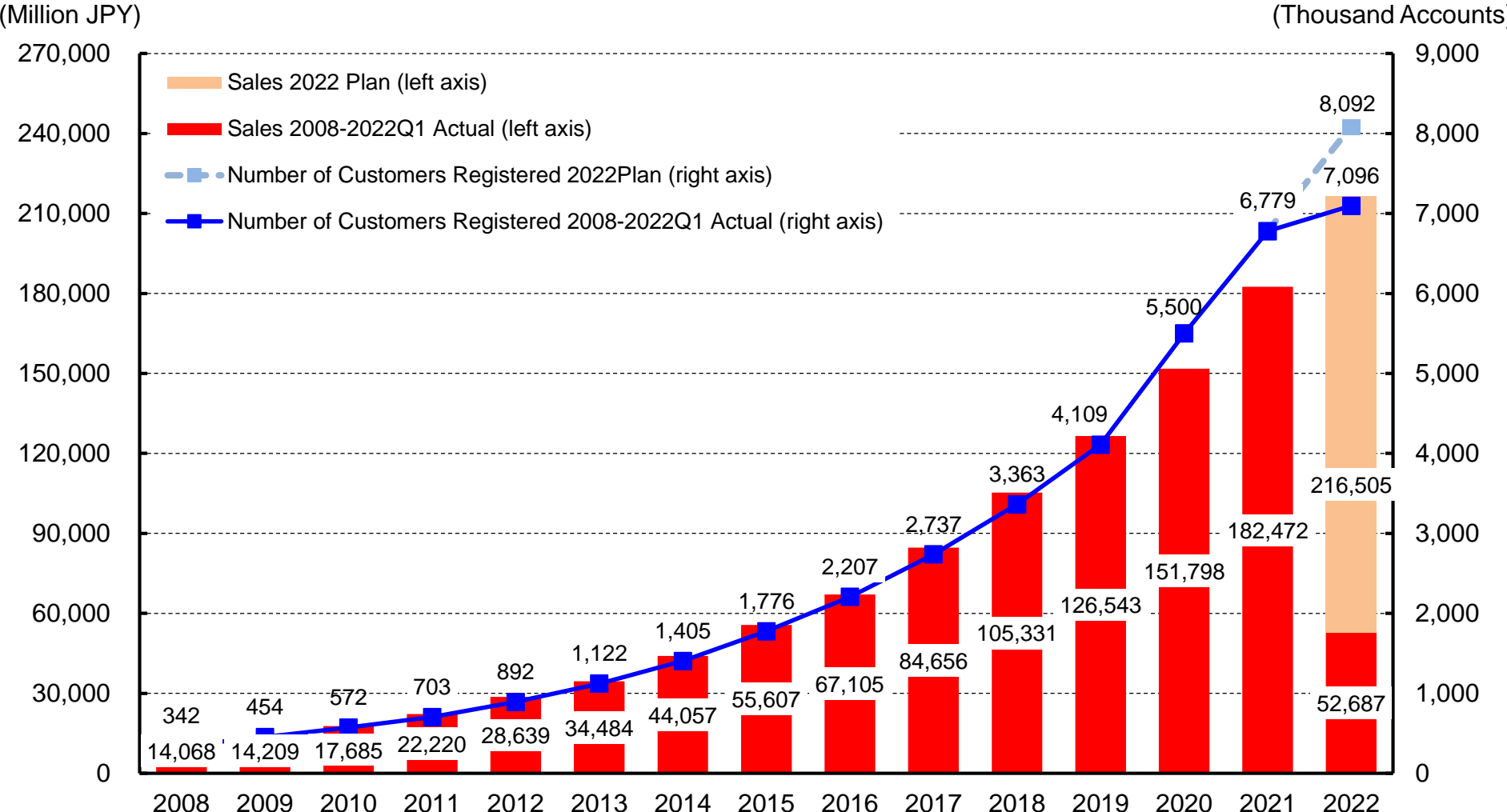
	Mar. 2021	Dec. 2021	Mar. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	7,457	10,263	8,201	8.1%
Accounts Receivable	20,325	22,346	25,099	24.7%
Inventory	11,935	14,526	14,782	14.6%
Other	5,087	6,447	6,750	6.7%
Total Current Asset	44,805	53,583	54,834	54.0%
Tangible Fixed Asset (*Note 1)	26,219	28,044	32,741	32.3%
Intangible Fixed Assets	4,760	5,507	5,568	5.5%
Other	6,808	8,019	8,319	8.2%
Total Fixed Asset	37,787	41,571	46,629	46.0%
Total Assets	82,592	95,154	101,464	

*Note 1: Increase in Tangible Fixed Asset (after depreciation) from Mar. 2021 to Mar. 2022 by 6,500 mil. JPY includes 7,300 mil. JPY of Inagawa DC (not launched: Construction in Progress).

	Mar. 2021	Dec. 2021	Mar. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	14,051	13,969	16,073	15.8%
Short-term Debt & etc. (*Note 2)	–	–	2,250	2.2%
Others	7,328	8,882	11,075	10.9%
Total Current Liabilities	21,379	22,852	29,398	29.0%
Total Long term Liabilities	11,152	11,641	9,445	9.3%
Total Liabilities	32,532	34,493	38,844	38.3%
Net Assets				
Shareholder's Equity	49,975	60,561	62,526	61.6%
Others	84	99	93	0.1%
Total Net Assets	50,059	60,661	62,620	61.7%
Total Liabilities & Net Assets	82,592	95,154	101,464	

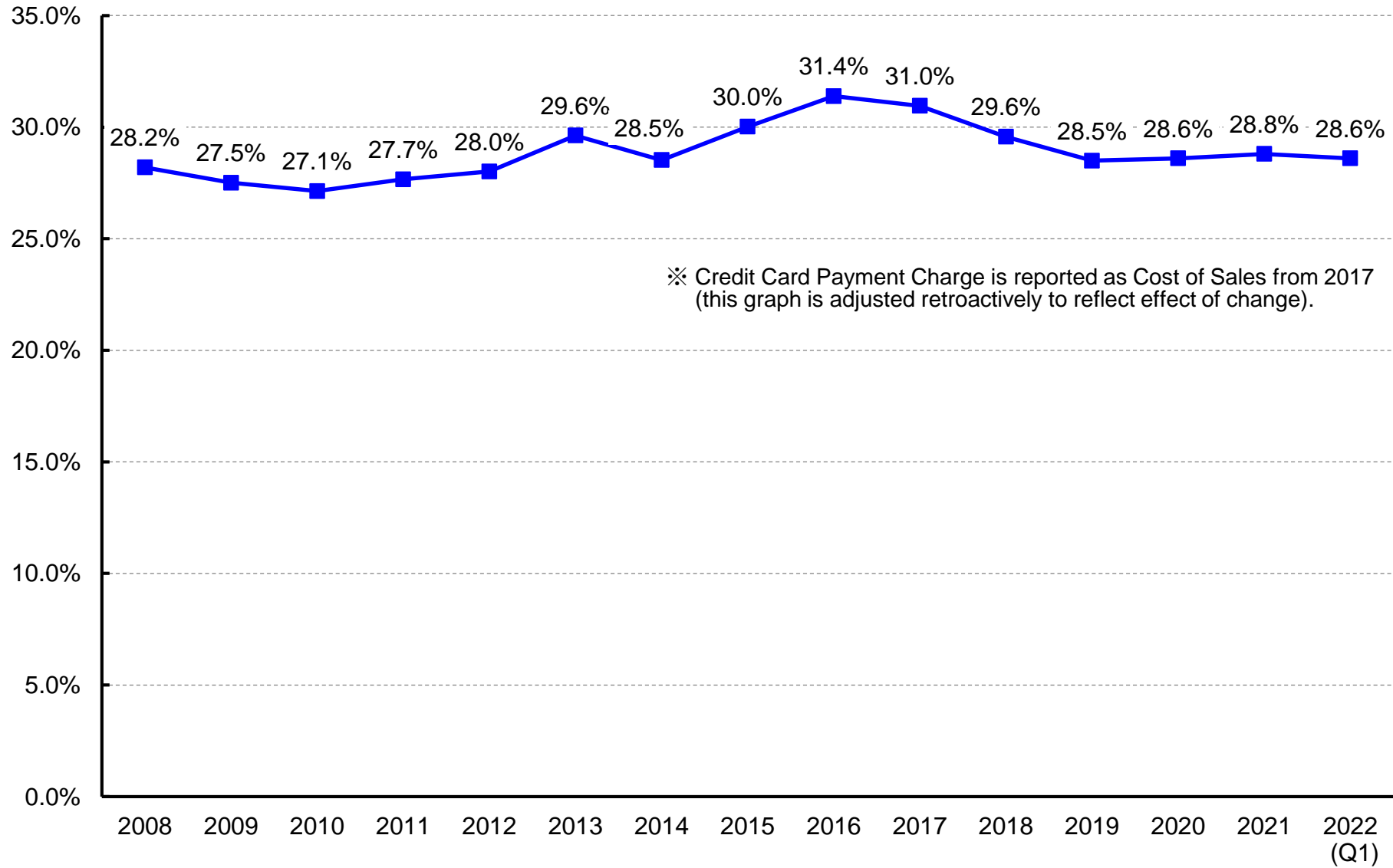
*Note 2: Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

(Non-consol.) Progress - Sales & Customer

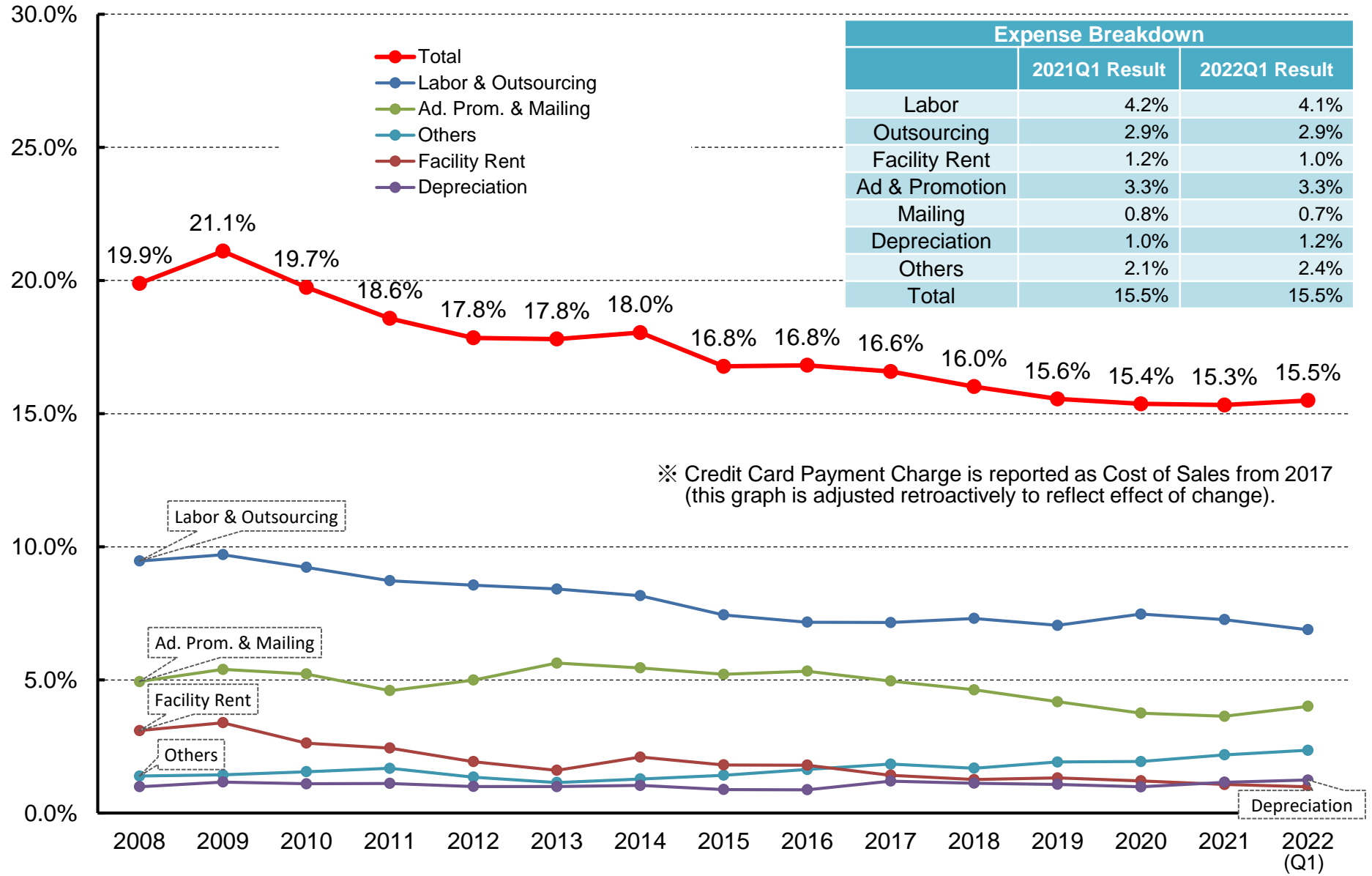


	Dec. 2021	Mar. 2022		Dec. 2022 (Plan)	
Number of Customers (Registered Accounts)	6,779,319	7,096,187	+316,868 (vs. Dec. 2021)	8,092,319	+1,313,000 (vs. Dec. 2021)

(Non-consolidated) Progress - Gross Profit Ratio



(Non-consolidated) Progress - SG&A Expense Ratio





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

(Consolidated) 2022Q1 Financial Result P/L Outline 1/2

	2021Q1 Result		2022Q1 Plan		2022Q1 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	46,017		54,706		54,610		+18.7%	△0.2%
Gross Profit	13,311	28.9%	15,458	28.3%	15,418	28.2%	+15.8%	△0.3%
SG&A Exp.	7,301	15.9%	9,189	16.8%	8,754	16.0%	+19.9%	△4.7%
Operating Income	6,009	13.1%	6,268	11.5%	6,664	12.2%	+10.9%	+6.3%
Current Income	6,083	13.2%	6,275	11.5%	6,746	12.4%	+10.9%	+7.5%
Net Income (Tax Rate)	4,195 (31.0%)	9.1%	4,300 (31.5%)	7.9%	4,618 (31.5%)	8.5%	+10.1%	+7.4%
Net Income attributable to owners of the parent	4,240	9.2%	4,388	8.0%	4,709	8.6%	+11.0%	+7.3%

(Consolidated) 2022Q1 Financial Result P/L Outline 2/2

■ NAVIMRO (South Korea)

- Sales plan not achieved due to re-expansion of COVID-19 since Feb., etc.
- Profit plan not attained due to GP decline and shipping cost increase (working on GP improvement).

	2021Q1 Result			2022Q1 Plan			2022Q1 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	1,500	+22.9%	+17.8%	1,770	+18.1%	+17.1%	1,690	+12.6%	△4.6%	+11.1%	△5.1%
Op.Income	30	+74.6%	+67.2%	20	△38.7%	△39.2%	10	△55.1%	△26.8%	△55.7%	△27.2%
Net Income x Share (*1)	30	+68.3%	+61.2%	20	△41.2%	△41.7%	20	△44.8%	△6.1%	△45.6%	△6.6%

■ MONOTARO INDONESIA (Indonesia)

- Customer acquisition measures online & offline went off, and Sales went beyond plan by over 10%.
- Loss almost within plan

	2021Q1 Result			2022Q1 Plan			2022Q1 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	△29.3%	△27.4%	120	+39.1%	+30.4%	130	+56.7%	+12.6%	+45.1%	+11.3%
Op.Income	△60	—	—	△50	—	—	△60	—	—	—	—
Net Income x Share (*1)	△30	—	—	△30	—	—	△30	—	—	—	—

■ IB MONOTARO (India)

- Sales more than doubled YonY, but sales plan not achieved due to high returned goods ratio (over 20%).
- Warehouse relocation implemented to increase inventory capacity, and working to improve operations.

	2021Q1 Result			2022Q1 Plan			2022Q1 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)
(* 3) Gross Merch. Value (GMV)	80	(*2) —	(*2) —	220	+149.9%	+141.6%	180	+105.8%	△17.6%	+93.9%	△19.8%
(* 3) Sales	50	—	—	150	+180.3%	+171.1%	120	+124.6%	△19.9%	+111.6%	△21.9%
Op.Income	△40	—	—	△130	—	—	△140	—	—	—	—
Net Income x Share (*1)	△10	—	—	△60	—	—	△70	—	—	—	—

*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.

(Consolidated) 2022Q1 Financial Result B/S Outline

	Mar. 2021	Dec. 2021	Mar. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	9,988	12,379	10,036	9.8%
Accounts Receivable	20,475	22,565	25,379	24.9%
Inventory	12,592	15,431	15,832	15.5%
Other	5,238	6,710	7,004	6.9%
Total Current Asset	48,294	57,086	58,253	57.1%
Tangible Fixed Asset	26,253	28,105	32,832	32.2%
Intangible Fixed Assets	5,613	6,332	6,422	6.3%
Other	3,040	4,264	4,573	4.5%
Total Fixed Asset	34,907	38,702	43,827	42.9%
Total Assets	83,201	95,789	102,081	

	Mar. 2021	Dec. 2021	Mar. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	14,496	14,562	16,607	16.3%
Short-term Debt & etc.	—	—	2,250	2.2%
Others	7,582	9,261	11,509	11.3%
Total Current Liabilities	22,078	23,824	30,367	29.7%
Total Long term Liabilities	11,214	11,681	9,507	9.3%
Total Liabilities	33,293	35,505	39,874	39.1%
Net Assets				
Shareholder's Equity	48,686	59,133	61,001	59.8%
Others	1,221	1,150	1,205	1.2%
Total Net Assets	49,908	60,283	62,206	60.9%
Total Liabilities & Net Assets	83,201	95,789	102,081	

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

(Consolidated) 2022Q1 Financial Result C/F Outline

	2021Q1 Result	2022Q1 Result
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	6,077	6,745
Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 2,200	Δ 2,799
Increase or Decrease in Inventory (Δ = increase)	Δ 696	Δ 354
Increase or Decrease in Accounts Payable (Δ = decrease)	2,838	2,022
Tax payment	Δ 4,000	Δ 3,879
Others	Δ 816	1,474
Total	1,201	3,208
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	Δ 6,360	Δ 2,090
Acquisition of Intangible Assets	Δ 916	Δ 361
Others	(*Note) Δ 1,657	Δ 176
Total	Δ 8,934	Δ 2,627
Cash Flow from Financing Activity		
Repayments of Lease Obligations	Δ 662	Δ 12
Cash Dividends Paid	Δ 2,339	Δ 2,833
Others	212	—
Total	Δ 2,789	Δ 2,846
Currency Exchange Adjustment	71	25
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	Δ 10,451	Δ 2,240
Cash and Cash Equivalent at Beginning of Period	18,767	11,068
Cash and Cash Equivalent at End of Period	8,316	8,828

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



**2022 Jan. to Mar.
Business Plan & Strategy**

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

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YonY
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%	△2.1%

	2022 Jan.- Jun. Plan			2022 Jul.- Dec. Plan		
	Amount (mil.JPY)	Sales Ratio	YonY	Amount (mil.JPY)	Sales Ratio	YonY
Sales	104,617		+18.3%	111,888		+19.0%
Large Corp.	23,227	22.2%	+35.7%	25,693	23.0%	+36.2%
Gross Profit	29,794	28.5%	+16.1%	32,072	28.7%	+19.4%
SG&A Exp.	17,756	17.0%	+30.6%	19,091	17.1%	+32.6%
Operating Income	12,037	11.5%	△0.3%	12,980	11.6%	+4.2%
Current Income	12,028	11.5%	△0.8%	12,970	11.6%	+3.5%
Net Income (Tax Rate)	8,349 (30.6%)	8.0%	△0.6%	8,972 (27.7%)	8.0%	△3.5%

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

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YonY
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%

	2022 Jan.- Jun. Plan			2022 Jul.- Dec. Plan		
	Amount (mil.JPY)	Sales Ratio	YonY	Amount (mil.JPY)	Sales Ratio	YonY
Sales	108,983		+18.6%	117,089		+19.6%
Gross Profit	30,726	28.2%	+16.4%	33,208	28.4%	+20.1%
SG&A Exp.	19,023	17.5%	+31.2%	20,530	17.5%	+33.2%
Operating Income	11,702	10.7%	Δ1.6%	12,677	10.8%	+3.7%
Current Income	11,713	10.7%	Δ2.2%	12,679	10.8%	+2.8%
Net Income (Tax Rate)	8,027 (31.5%)	7.4%	Δ2.7%	8,669 (28.4%)	7.4%	Δ4.6%
Net Income attributable to owners of the parent	8,204	7.5%	Δ1.7%	8,862	7.6%	Δ3.7%

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 Merch. Value(GMV)	480	(* 2) —	(* 2) —	1,530	+218.6%	+214.4%
(* 3) 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

2022 Plan & Strategy: Domestic Business 1/3

■ BtoB Online E-commerce (monotaro.com)

New Customer Acquisition	<ul style="list-style-type: none"> Acquired 310 thou. new customers in 2022Q1 (FY2022 acquisition plan: 1.31 mil.). With both online (SEM, SEO) and offline (sending flyers to potential customers) measures, acquiring new customers, and optimizing balance of measures from perspective of cost recovery (customer lifetime value versus acquisition cost).
Expanding Existing Customers' Sales	<ul style="list-style-type: none"> Increasing existing customers' usage by reducing "time to find", "time to purchase", and "time to wait for products" by improving search functions, increasing number of products for sale, and increasing number and optimizing items inventory.

■ System Connection with Large Corporations (Large Corporation Business)

- 2022Q1 Result:
 - Improved organization went off. Took sales actions based on customers' types and stages, and high growth (+35.3%) maintained in Q1 FY2022.
 - Most of new customers in 2022Q1 introduced One Source Lite.

2021Q1 Result			2022Q1 Plan			2022Q1 Result			
Mil. JPY	YoY	/Total Sales	Mil. JPY	YoY	/Total Sales	Mil. JPY	YoY	vs. Plan	/Total Sales
8,827	41.6%	19.9%	11,905	+34.9%	22.6%	11,942	+35.3%	+0.3%	22.7%
		Dec. 2021 End Result			Mar. 2022 End Result				
		No. Corp.			No. Corp.	vs Dec. 2021 End		Remarks	
Total number of corporation		1,812			1,909	(*Note) +97			
One Source		14			14	0			
One Source Lite		1,149			1,260	+111		634 considering	

* Note: Increase in total of Corp. customer is less than increase in One Source Lite because contracts of 19 corporations were combined to one.

2022 Plan & Strategy: Domestic Business 2/3

■ Consulting/Royalty Business

Target Business (Grainger's Zoro business in US & UK)	<ul style="list-style-type: none"> Daily sales of Zoro US in 2022Q1 grew from 2021Q1 by 19.1%.
Royalty Income	<ul style="list-style-type: none"> Amount of royalty income in 2022Q1 went beyond 2021Q1 and 2022Q1 plan.

■ Strengthening Marketing and System Development Skills based on Data Science

Searching Function	<ul style="list-style-type: none"> Continuing to work to personalize search results from current customer group level, which is based on industry, to the individual customer level. 	<ul style="list-style-type: none"> Working also on real-time personalization.
Recommendation Function	<ul style="list-style-type: none"> Working on personalization of recommendations. Selection of products, personalized for individual flyers. 	
Stock Optimization	<ul style="list-style-type: none"> Data scientists use machine learning to simulate "quantity ordered and lead time shortened if stocked" based on data including product characteristics, past order history, etc. and prioritize products to be stocked for making decisions on which products to be stocked. 	

■ New IT Platform for Advanced Supply Chain

Order Management System (OMS)	<ul style="list-style-type: none"> Launched in Jan. 2022. System expected to reduce "Time to Wait for Product Arrivals" by optimizing delivery methods and routes, and reducing delivery and distribution-related costs by reducing splits of shipment and leveling operational loads (in 2022, delivery cost efficiencies are expected to be about Δ0.1% of sales).
Product Information Management (PIM)	<ul style="list-style-type: none"> Launched in 2022Q1, but error occurred, and continuous operation delayed. System expected to expand efficiently number of product for sale or "One-stop Shopping," which provides users reductions of load of indirect material procurement, and existing customers increase usage of service through experience of load reductions.

2022 Plan & Strategy: Domestic Business 3/3

Foreseeable risks in and after Q2, 2022

- Although there are external situations (deterioration of international affairs, etc.) where it is difficult to measure the impact, foreseeable risks at this point are as shown in table below.
- Establish internal system so that measures can be taken in timely and appropriate manner in response to changes in current situation.

Environment	Impact on Business in Future (Risk)			Measures	
Deterioration of international situation	Slowdown of domestic corporate economic activity	Slowdown demand of indirect materials	Lower sales	Enhancing new customer acquisition (Increase publicity, promoting switching to online procurement during economic slowdown)	
				Expanding sales per customer (Improve search function, Increase products line-up, Expand one-stop procurement)	
				Strengthening company's supply chain	
Re-expansion of COVID-19 impact	Out of stock (Suppliers' stock /Company's stock)	Losing sales opportunity	Lower profitability	Increasing stock quantity	
	Surging procurement costs (Imported goods)	Lower GP rate		Improving import procurement efficiency (e.g., container loading efficiency)	Adjusting sales price
Japanese Yen depreciation	Increase purchase price		Strengthening procurement optimization	Adjusting sales price	
Surging raw material and oil prices	Increase delivery cost	Higher SG&A rate	Optimizing shipping route with Order Management System (OMS)		
	Increase prices and labor costs		Optimizing logistic operation (improving efficiency, automation)		

2022 Plan & Strategy: Distribution 1/2 Distribution-related Cost

■ Distribution-related Cost sales ratio 2022Q1 actual: 6.4%

- Same level as 2021Q1 result.
 - Decrease in Facility Rent Expense ratio (decrease in external warehouse rent due to launch of Ibaraki Chuo SC, etc.).
 - Increase in Depreciation Expense ratio (due to launch of Ibaraki Chuo SC).
 - Increase in Other Expense ratio (expenses incurred in preparation for launch of Inagawa DC).
- $\Delta 0.5\%$ lower than 2022Q1 Plan.
 - Decrease in Other Expense ratio (expenditures for facility equipment for Inagawa DC and facility equipment and machinery maintenance costs for Kasama DC, etc. delayed).
 - Decrease in Facility Rent Expense ratio (changed some external warehouse contracts).

	2021Q1 Result		2022Q1 Plan		2022Q1 Result			
	Amount (mil JPY)	Sales Ratio	Amount (mil JPY)	Sales Ratio	Amount (mil JPY)	Sales Ratio	YonY	Vs Plan
Sales	44,393	—	52,660	—	52,687	—	+18.7%	+0.1%
Depreciation	288	0.6%	400	0.8%	392	0.7%	+36.2%	$\Delta 1.9\%$
Labor& Outsourcing	1,561	3.5%	1,857	3.5%	1,818	3.5%	+16.4%	$\Delta 2.1\%$
Facility rent	441	1.0%	490	0.9%	435	0.8%	$\Delta 1.3\%$	$\Delta 11.2\%$
Other	565	1.3%	895	1.7%	729	1.4%	+29.0%	$\Delta 18.5\%$
Total	2,856	6.4%	3,643	6.9%	3,376	6.4%	+18.2%	$\Delta 7.3\%$

2022 Plan & Strategy: Distribution 2/2 New Distribution Base

■ 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 189,000 m ²	Under planning
Inventory Capa.		Total 600K SKU	Under planning
Start Operation		Phase 1 Launched Apr. 2022	Phase 2 Plan 2023Q2
Shipping Capacity		About 90K lines/day	About 90K lines/day added (180K lines in total/day)
Invest/ Rent	Land	_____	
	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 4.5 bil. JPY (2022-2031 including common service exp.)
	Facility	About 7.9 bil. JPY (under examining)	_____
_____		About 7.7 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. Portion of rent expense was incurred from December 2021	—
Progress Status		Construction completed in November 2021 Installation of equipment completed in March 2022. Started operation on April 20th.	—
Picture		 	—

2022 Plan & Strategy: Subsidiary in India

- Capital participation by IndiaMART in IB MONOTARO (Indian subsidiary)
 - INDIAMART INTERMESH LIMITED (IndiaMART: India's largest BtoB marketplace operator) took stake in IB MONOTARO (overview of INDIAMART INTERMESH LIMITED/IndiaMART is shown table below).
 - IndiaMART acquired 26.0% stake in IB MONOTARO from Emtex Engineering Private Limited in February this year (capital structure of IB MONOTARO after IndiaMART's capital participation is shown in table below).
 - Through synergy of IndiaMART's deep understanding of Indian BtoB market and MonotaRO's experience to grow in Japan's indirect materials EC market, IB MONOTARO aims to become leading e-commerce platform for businesses in India.

Outline of IndiaMART

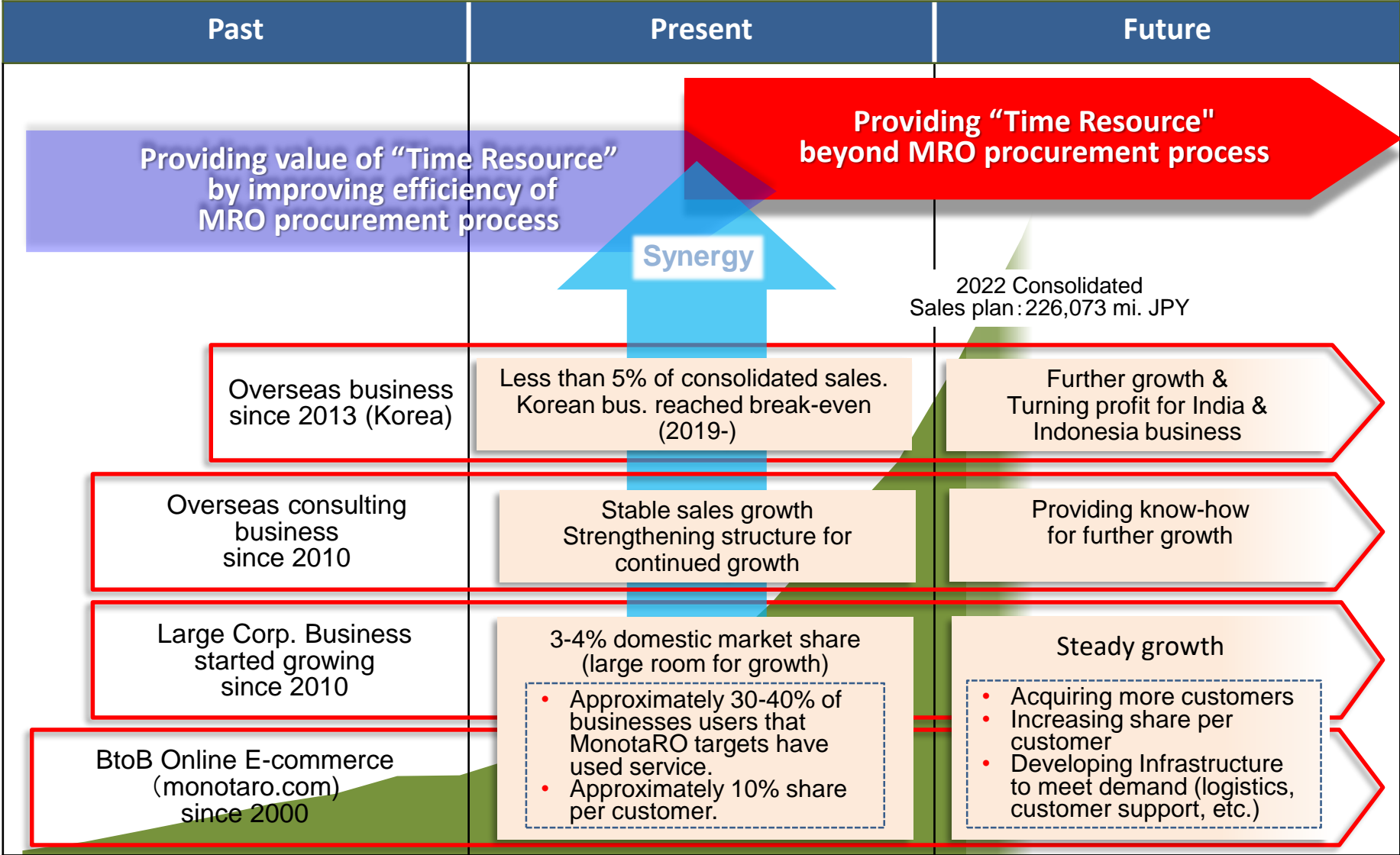
Company Name	INDIAMART INTERMESH LIMITED
Established	September 1999
Location	New Delhi, India
Representative	Dinesh Chandra Agarwal
Capital	305 million INR
URL	https://investor.indiamart.com/index_im.htm
Business Outline	Largest marketplace for business users in India Listed on National Stock Exchange of India (NSE) and on Bombay Stock Exchange (BSE)

Capital Structure of IB MONOTARO (after IndiaMART's capital participation)

	Shareholding Ratio
MonotaRO Co.,Ltd.	51.6%
INDIAMART INTERMESH LIMITED	26.0%
Emtex Engineering Private Limited	22.4%
Total	100.0%

2022 Plan & Strategy: Business Expansion into New Area 1/2

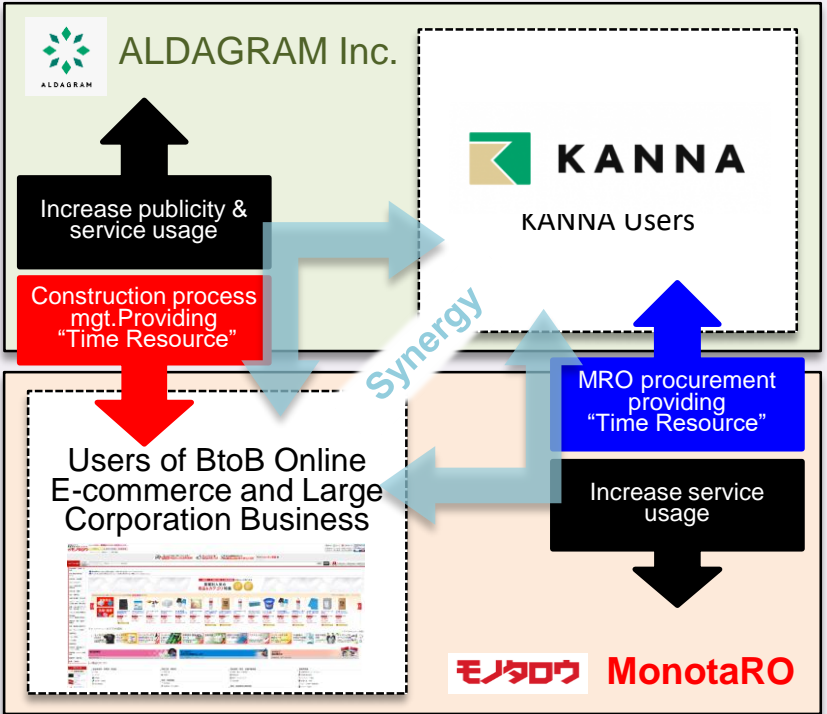
■ MonotaRO's past and future growth



2022 Plan & Strategy: Business Expansion into New Area 2/2

■ Investment in a construction process management application business

• Summary of cooperation

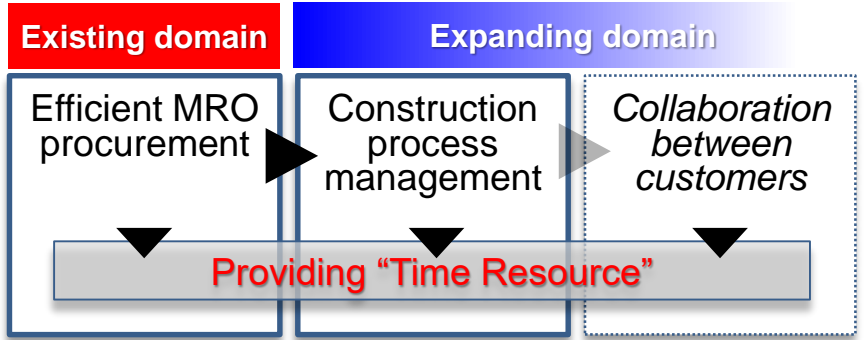


- KANNA" service to be introduced to MonotaRO's customers in construction section, and starting providing value "Time Resource" through efficient working and communication in construction process management.
- Challenging to expand provision of value in terms of effective use of "Time Resource" from procurement of indirect materials to each industry's business domain.

• Company planning to invest in : ALDAGRAM Inc.

Established	May 8, 2019
Representative	Hikaru Nagahama
Head Office	2-7-1 Nihonbashihonmachi, Chuo ku, Tokyo 103-0023 JAPAN
Number of employee	20 as of Jan. 2022
Share capital	212.35 million JPY
Business Outline	Providing construction management application

• Expanding are for providing "Time Resource"








- While expanding MonotaRO's business domain, basic principle of providing value of "Time Resource" to be maintained.



Sustainability (SDGs)

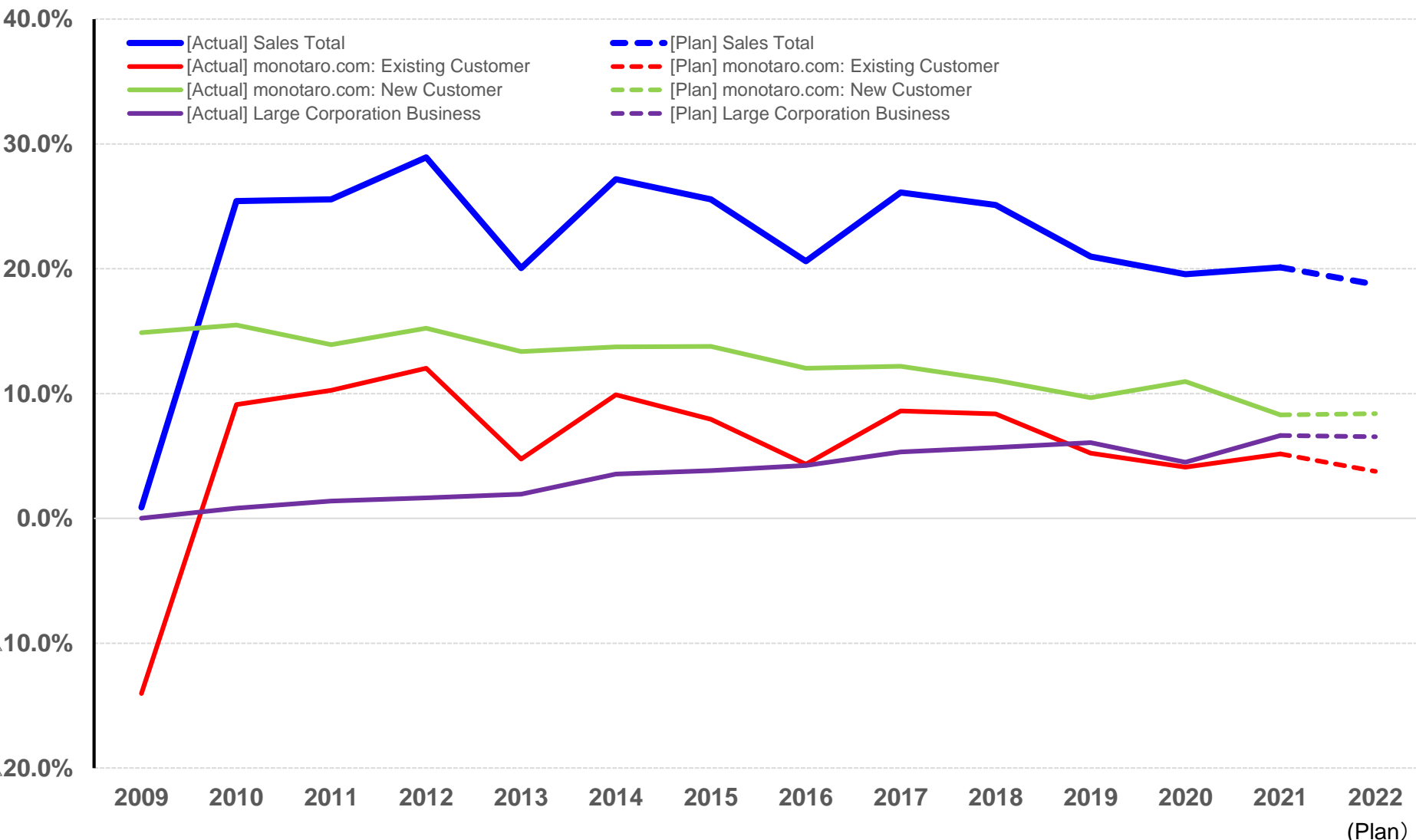
SDGs : Prioritized Action Areas (Update)

Prioritized Action Areas	Current Status	SDGs 17 Targets
<p>Reduction of CO2 emissions as measure against climate change</p>	<ul style="list-style-type: none"> Energy conservation measures <ul style="list-style-type: none"> Completed applied heat-insulating paint to Kasama DC roof to reduce temperatures inside. Optimized compressor pressure used for automatic material handling and box sealing equipment, etc. in DC (led to reducing electricity consumption). CO2 emissions survey: Completed calculation of 2020 emissions (Scope 1-3). Reviewed energy sources. Preparing roadmap. 	
<p>Realization of recycling model of resources through recycling and waste reductions</p>	<ul style="list-style-type: none"> Completed survey of total amount of internally generated waste. <ul style="list-style-type: none"> Identifying measures to improve reduction and recycling of cardboard, which has large total volume, and evaluating measures in progress. Completed identification of total volume of cardboard boxes shipped to customers. Response ongoing: <ul style="list-style-type: none"> Improving accuracy of demand forecast to control unnecessary volume purchases. Avoiding disposal of inventory through promoting in "limited stock sale" pages. Offering toner collection and product repair services. 	
<p>Responsible Sourcing and Human Rights</p>	<ul style="list-style-type: none"> Researching public guidelines. Preparing drafts. 	
<p>Diversity and Inclusion</p>	<ul style="list-style-type: none"> Establishing data on ratio of women in company, etc. Obtained ERUBOSHI certification (3 stars, Feb. 2022). Holding roundtable discussion for employees raising children. Announced maternity/paternity leave handbook throughout company. Conducting diversity and inclusion awareness survey. Current data (as of December 31, 2021) <ul style="list-style-type: none"> Percentage of male and female employees (regular employees): male 62.3%, female 37.7% Percentage of women in management positions: 17.1% Percentage of women in managerial positions: 43.7% Percentage of paid leave taken: Full-time employees: 81.6%, Part-time employees: 97.8% Percentage of employees taking maternity leave: male: 28.6%, female: 91.6% Average overtime hours worked by all employees: less than 20 hours 	
<p>Proposal and development of environment-conscious products</p>	<ul style="list-style-type: none"> Utilizing third-party certification to maintain product information. Surveying OEM manufacturers regarding their products. Conducting questionnaire survey among customers on procurement of environmentally friendly products. 	



Reference

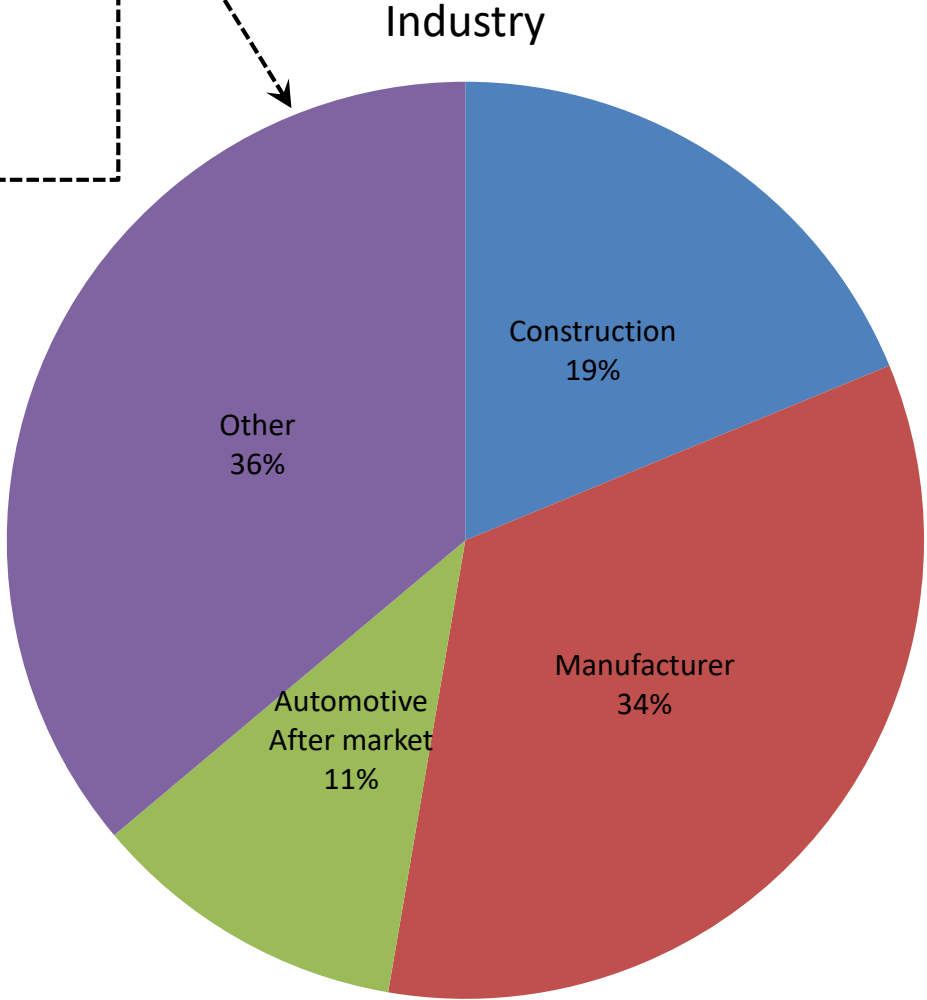
(Non-consol.) Fiscal Yr. Sales Growth (Service Channel Contribution)



* 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.

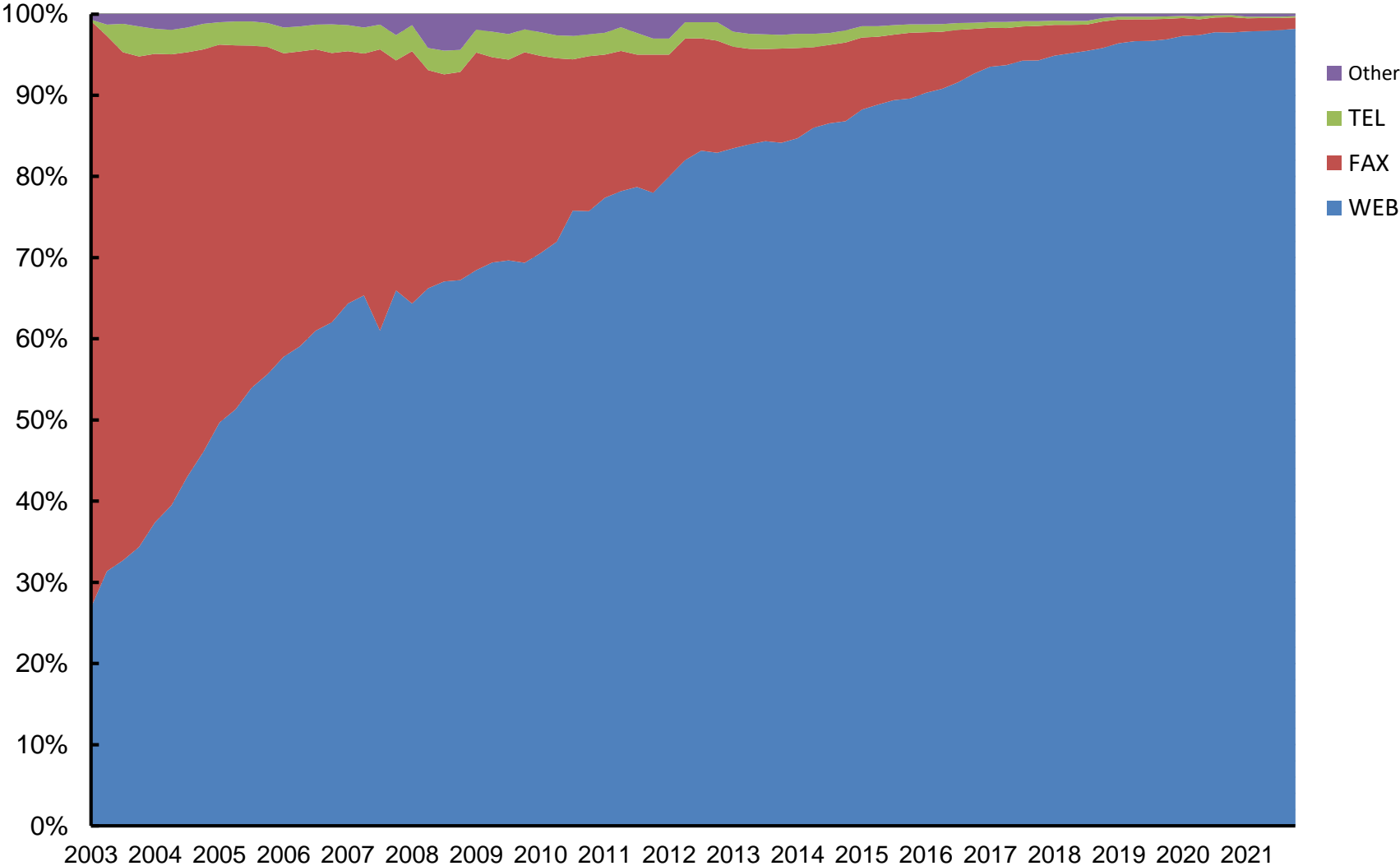
(Non-consol.) Customer Demographics

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

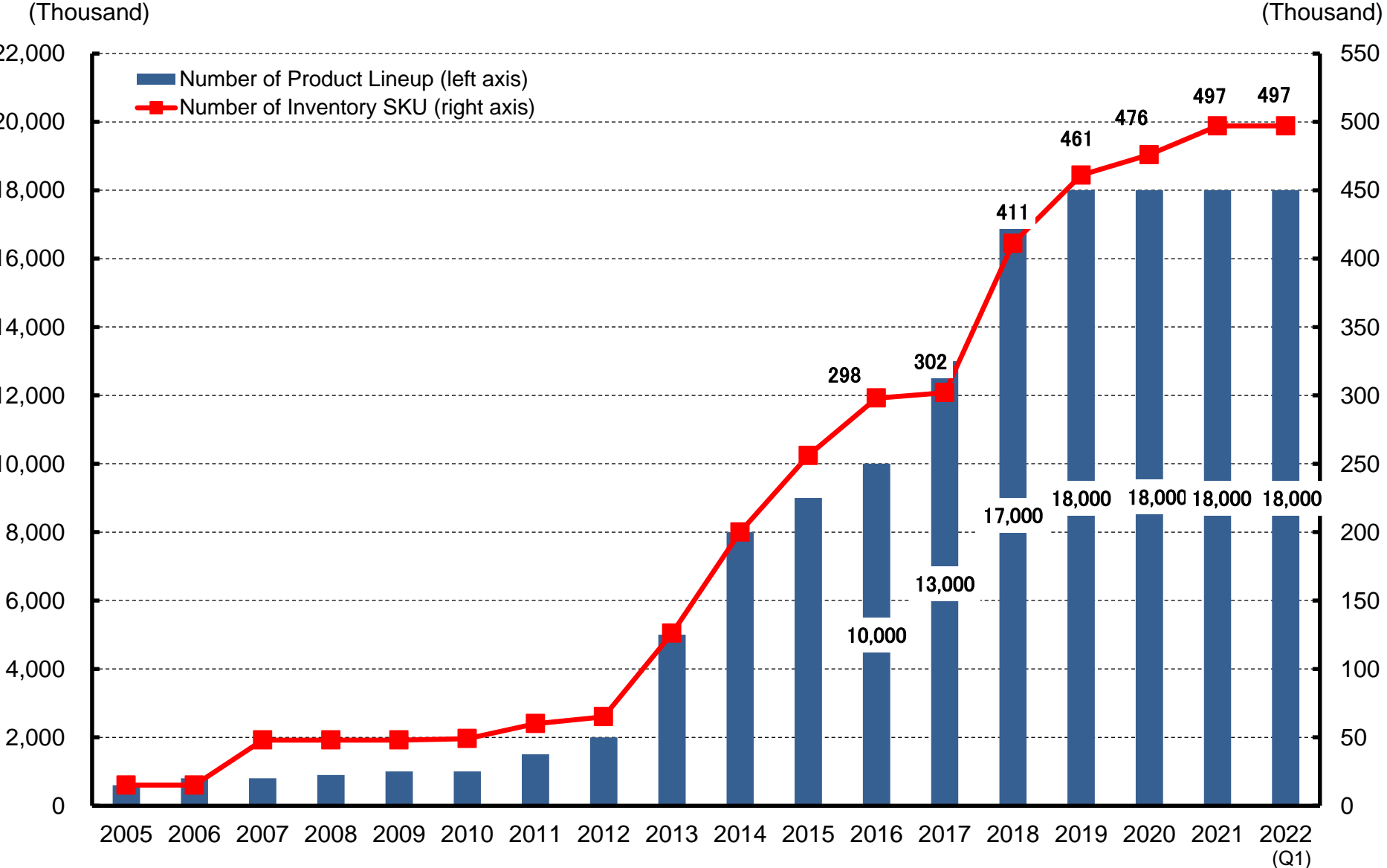


Ratio by sales amount in 2021
(Sales of monotaro.com excluding sales Large Corp. Business)

(Non-consol.) Internet PO Ratio



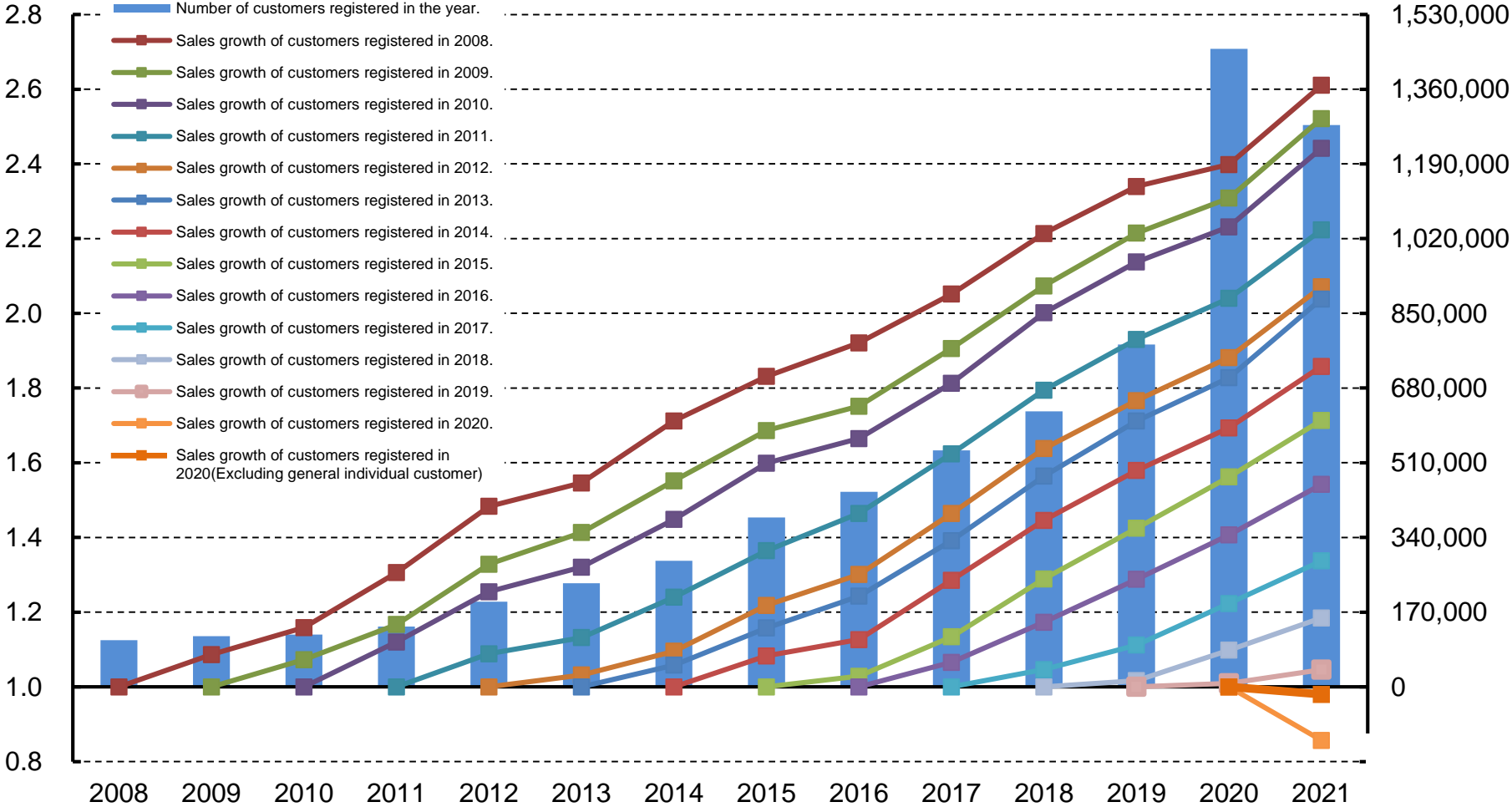
(Non-consol.) Product Lineup & Inventory



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

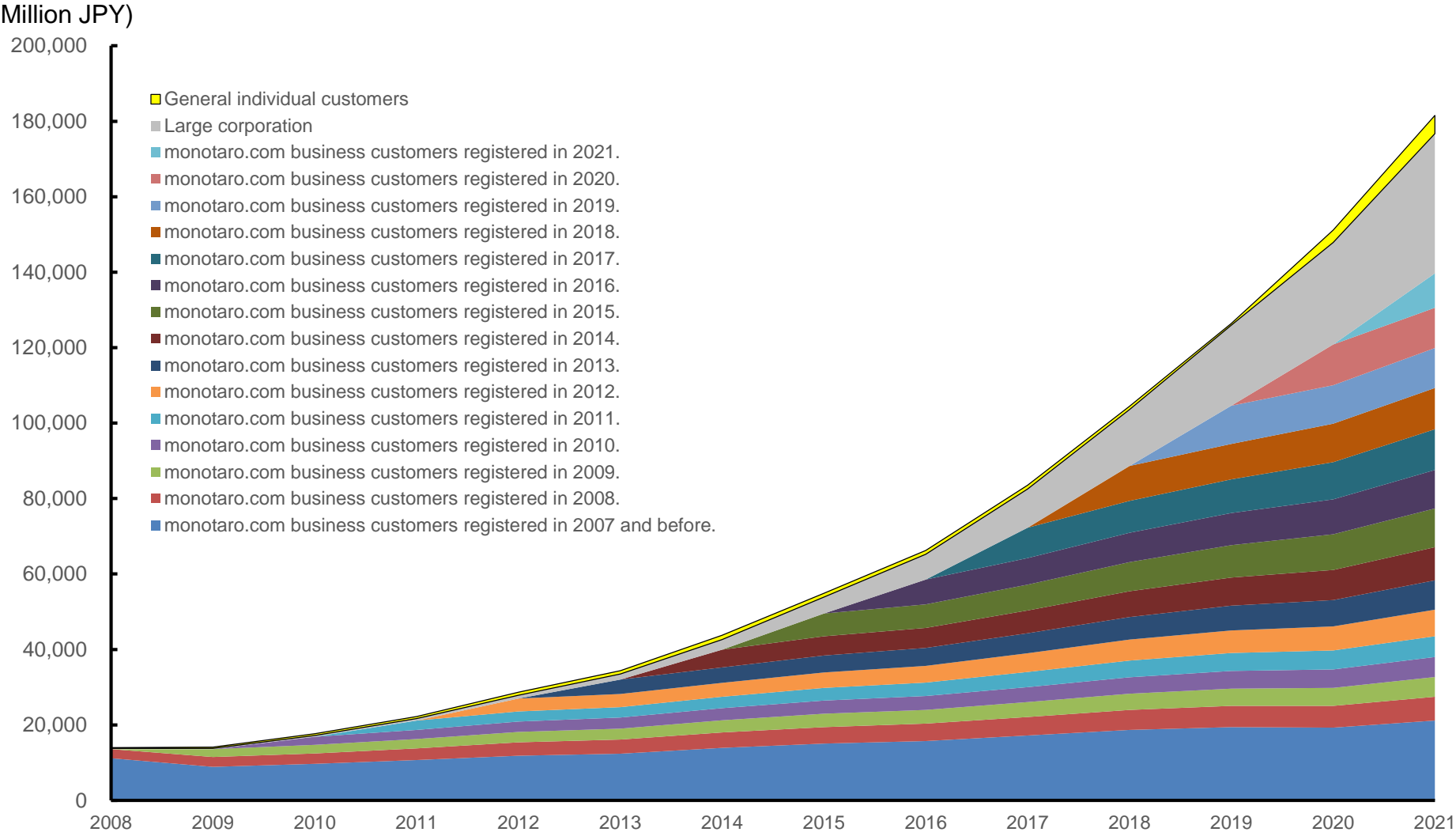
(Growth Rate of Sales)

(Number of Registered Customers)



* 1: Bar chart (right axis) shows number of 'monotaro.com' customers registered in each year.
 * 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 2021 (large corporate sales not included).

(Non-consol.) Sales Trend by Registered Year

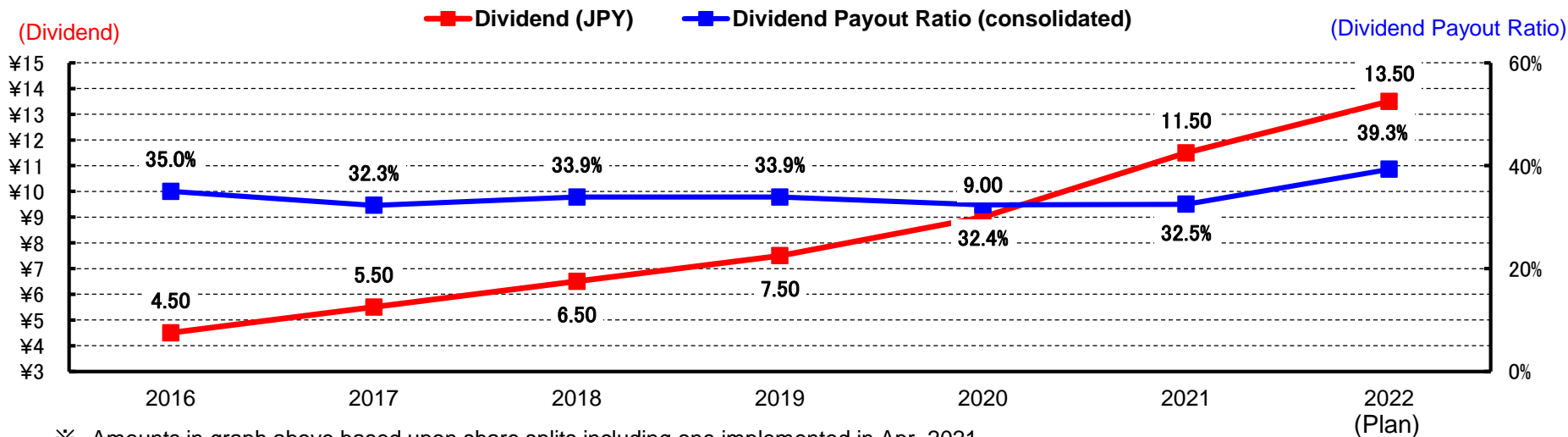


* 1: Sales of 'monotaro.com business customers' are sales of monotaro.com's business customers organized retroactively for each registration year based upon updated customer status at the end of 2021.
 * 2: Sales of 'Large corporation' is total sales of large corporation customers based upon updated 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, 7.00 JPY/share fiscal year end).



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

■ 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)



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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