

**monotaro**

**Quarter 2, FY2022**  
**(Jan. to Jun. 2022)**

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**MonotaRO Co., Ltd.**  
**[www.monotaro.com](http://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 18 mil. SKU including 610 thou. SKU available for same-day shipment and 494 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 Jun. 30, 2022)

	Regular employee		Part-time and temporary employee		Total	
Head Office, etc. (MonotaRO JPN)	990	(518)	431	(389)	1,421	(907)
Distribution Center (MonotaRO JPN)	200	(142)	1,730	(1,638)	1,930	(1,780)
Total (MonotaRO JPN)	1,190	(660)	2,161	(2,027)	3,351	(2,687)

## ■ 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.



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

# (Non-consol.) 2022Q2 Financial Result P/L Outline 1/3

	2021 Jan. – Jun. Result		2022 Jan. – Jun. Plan		2022 Jan. – Jun. Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	88,448		104,617		105,653		+19.5%	+1.0%
Large Corp.	17,114	19.4%	23,227	22.2%	23,636	22.4%	+38.1%	+1.8%
Gross Profit	25,664	29.0%	29,794	28.5%	30,708	29.1%	+19.7%	+3.1%
SG&A Exp.	13,592	15.4%	17,756	17.0%	17,167	16.2%	+26.3%	△3.3%
Operating Income	12,071	13.6%	12,037	11.5%	13,540	12.8%	+12.2%	+12.5%
Current Income	12,120	13.7%	12,028	11.5%	13,690	13.0%	+13.0%	+13.8%
Net Income (Tax Rate)	8,401 (30.6%)	9.5%	8,349 (30.6%)	8.0%	9,493 (30.6%)	9.0%	+13.0%	+13.7%

# (Non-consol.) 2022Q2 Financial Result P/L Outline 2/3 vs. Last Year

	2021 Jan. – Jun. Result (A)		2022 Jan. – Jun. Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	88,448	—	105,653	—	Amount (mil.JPY)	+17,204	<ul style="list-style-type: none"> <li>Both sales of monotaro.com and Large Corp. Business grew due to increases in order amount and customer number (acquired 636 thou. accounts so far this year and 7,416 thou. Accounts in total as of Jun. 2022).</li> <li>Large Corp. Business kept high growth from last year (+38.1%).</li> </ul>
					YonY	+19.5%	
					Sales Ratio	—	
Gross Profit	25,664	29.0%	30,708	29.1%	Amount (mil.JPY)	+5,044	<ul style="list-style-type: none"> <li>Product GP ratio decreased (<math>\Delta</math>0.5pt.: sales share of Large Corp. Business increased, product GP% and sales share of PB/imported product decreased).</li> <li>Product GP% in 2022Q2 (Apr.- Jun.) increased from 2022Q1 (Jan.- Mar.) by adjusting sales prices in response to higher purchase prices, changing sales prices in low product GP% categories, reviewing campaign days &amp; timing, and Royalty income increased.</li> <li>Delivery Cost ratio improved (+0.4pt.: due to increase in order per box).</li> </ul>
					YonY	+19.7%	
					Sales Ratio	+0.1%	
SG&A Exp.	13,592	15.4%	17,167	16.2%	Amount (mil.JPY)	+3,575	<ul style="list-style-type: none"> <li>Depreciation Exp. ratio increased (+0.4pt.: due to launches of Order Management System and Inagawa DC this year and Ibaraki Chuo SC in Mar. 2021).</li> <li>Other cost ratio increased (+0.4pt.: Inagawa DC launch preparation costs and increase in system usage cost, etc.).</li> <li>Facility Rent Expense ratio increased (+0.2pt.: due to launch of Inagawa DC, etc.).</li> <li>Outsourcing Expense ratio increased (+0.1pt.: increase in R&amp;D outsourcing for automation system of next and subsequent distribution centers).</li> <li>Mailing Exp. ratio decreased (<math>\Delta</math>0.1pt.: due mainly to decrease in catalog shipping cost ratio).</li> </ul>
					YonY	+26.3%	
					Sales Ratio	+0.8%	
Operating Income	12,071	13.6%	13,540	12.8%	Amount (mil.JPY)	+1,469	<ul style="list-style-type: none"> <li>Declined in Operating Income ratio due mainly to increase in SG&amp;A Expense ratio.</li> </ul>
					YonY	+12.2%	
					Sales Ratio	$\Delta$ 0.8%	
Net Income (Tax Rate)	8,401 (30.6%)	9.5%	9,493 (30.6%)	9.0%	Amount (mil.JPY)	+1,092	<ul style="list-style-type: none"> <li>Due mainly to decline in Operating Income ratio (<math>\Delta</math>0.8 pt.).</li> </ul>
					YonY	+13.0%	
					Sales Ratio	$\Delta$ 0.5%	

# (Non-consol.) 2022Q2 Financial Result P/L Outline 3/3 vs. Plan

	2022 Jan. – Jun. Plan (A)		2022 Jan. – Jun. Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	104,617	—	105,653	—	Amount (mil.JPY)	+1,035	<ul style="list-style-type: none"> <li>monotaro.com: Grew slightly beyond plan. Existing customers in manufacturing segment led total growth.</li> <li>Large Corp. Business: Grew beyond plan.</li> <li>Royalty income: Amount received in foreign currency increased, and JPY depreciation contributed as well.</li> </ul>
					vs Plan	+1.0%	
					Sales Ratio	—	
Gross Profit	29,794	28.5%	30,708	29.1%	Amount (mil.JPY)	+913	<ul style="list-style-type: none"> <li>Product GP ratio increased (+0.2pt.: GP% of domestic products increased).</li> <li>Royalty income increased.</li> <li>Delivery Cost ratio improved (+0.3pt.: due to increase in sales per box).</li> </ul>
					vs Plan	+3.1%	
					Sales Ratio	+0.6%	
SG&A Exp.	17,756	17.0%	17,167	16.2%	Amount (mil.JPY)	△589	<ul style="list-style-type: none"> <li>Other Expense ratio decreased (△0.2pt.: decreases in machinery maintenance costs for Kasama DC and in equipment cost for Ibaraki Chuo SC, etc.).</li> <li>Mailing Expense ratio decreased (△0.1pt.: decrease in mailing postage cost due to decrease in paper document sent to customers).</li> <li>Facility Rent Expense ratio decreased (△0.1pt: terms of external warehouse contracts changed, etc.).</li> <li>Depreciation Expense ratio decreased (△0.1pt.: delay in launch of PIM, etc.).</li> <li>Ad. &amp; Promotion Expense ratio decreased (△0.1pt.: decreased in listing advertisement cost).</li> <li>Outsourcing Expense ratio decreased (△0.1pt: decrease in consultant fees, etc.).</li> </ul>
					vs Plan	△3.3%	
					Sales Ratio	△0.8%	
Expense delayed to later quarters: about 150 mil. JPY							
Operating Income	12,037	11.5%	13,540	12.8%	Amount (mil.JPY)	+1,502	<ul style="list-style-type: none"> <li>SG&amp;A ratio improved and Operating Income ratio improved.</li> </ul>
					vs Plan	+12.5%	
					Sales Ratio	+1.3%	
Net Income (Tax Rate)	8,349 (30.6%)	8.0%	9,493 (30.6%)	9.0%	Amount (mil.JPY)	+1,144	<ul style="list-style-type: none"> <li>Increase in Net Income ratio due to higher Operating Income ratio (+1.3pt).</li> </ul>
					vs Plan	+13.7%	
					Sales Ratio	+1.0%	

# (Non-consol.) Operating Income Change Factors

Op. Income  
(Jan.- Jun. 2021)

12,071 mil. JPY

Sales increased

+2,348 mil. JPY

- Sales of monotaro.com and Large Corp. Business grew due to increases in order amount and customer.
- Large Corp. Business kept high growth from last year.

+52 mil. JPY

- Product GP% decreased (sales share of Large Corp. Bus. increased, product GP% and sales share of PB/imported product decreased).
  - Product GP%, 2022Q2 (Apr.- Jun.) increased from 2022Q1 (Jan.- Mar.)
- Royalty income increased.
- Delivery Cost ratio improved (due to increase in order per box).

△931 mil. JPY

- SG&A ratio increased due mainly to expenses associated with launch of Inagawa DC.

△393 mil. JPY

- Depreciation Expense ratio increased due to launches of Inagawa DC (Apr. 2022), Order Management System (Jan. 2022), and Ibaraki Chuo SC (Mar. 2021).

△371 mil. JPY

- Other Expense ratio increased due mainly to preparation cost for launching Inagawa DC, etc.

△281 mil. JPY

- Facility Rent Expense ratio increased due to launch of Inagawa DC.

△78 mil. JPY

- Increase in R&D outsourcing for automation system of next and subsequent distribution centers.

+103 mil. JPY

- Mailing Expense ratio decreased due mainly to decrease in costs for sending catalogs to customers.

+72 mil. JPY

- Labor Expense ratio decreased due mainly to sales growth.

+16 mil. JPY

- Ad. & Promotion Expense ratio decreased due mainly to sales growth.

Increase of GP%

- Increase of SG&A Exp. Sales Ratio
- Increase of Depreciation Exp. Sales Ratio
- Increase of Other Exp. Sales Ratio
- Increase of Facility Rent Exp. Sales Ratio.
- Increase of Outsourcing Rent Exp. Sales Ratio.
- Improvement of Mailing Exp. Sales Ratio
- Improvement of Labor Exp. Sales Ratio
- Improvement of Ad. & Prom. Exp. Sales Ratio

Op. Income  
(Jan. - Jun. 2022)

13,540 mil.JPY ( YoY :+1,469 mil.JPY, +12.2%)

※ Amounts are effects on Operating Income by changes of rates, not actual amounts.

# (Non-consol.) 2022Q2 Financial Result B/S Outline

	Jun. 2021	Dec. 2021	Jun. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	8,146	10,263	4,217	4.0%
Accounts Receivable	20,694	22,346	25,420	24.1%
Inventory	13,977	14,526	16,841	16.0%
Other	5,787	6,447	7,189	6.8%
<b>Total Current Asset</b>	<b>48,605</b>	<b>53,583</b>	<b>53,669</b>	<b>51.0%</b>
Tangible Fixed Asset (*Note 1)	26,748	28,044	35,527	33.7%
Intangible Fixed Assets	5,103	5,507	6,180	5.9%
Other	7,066	8,019	9,903	9.4%
<b>Total Fixed Asset</b>	<b>38,918</b>	<b>41,571</b>	<b>51,610</b>	<b>49.0%</b>
<b>Total Assets</b>	<b>87,524</b>	<b>95,154</b>	<b>105,279</b>	

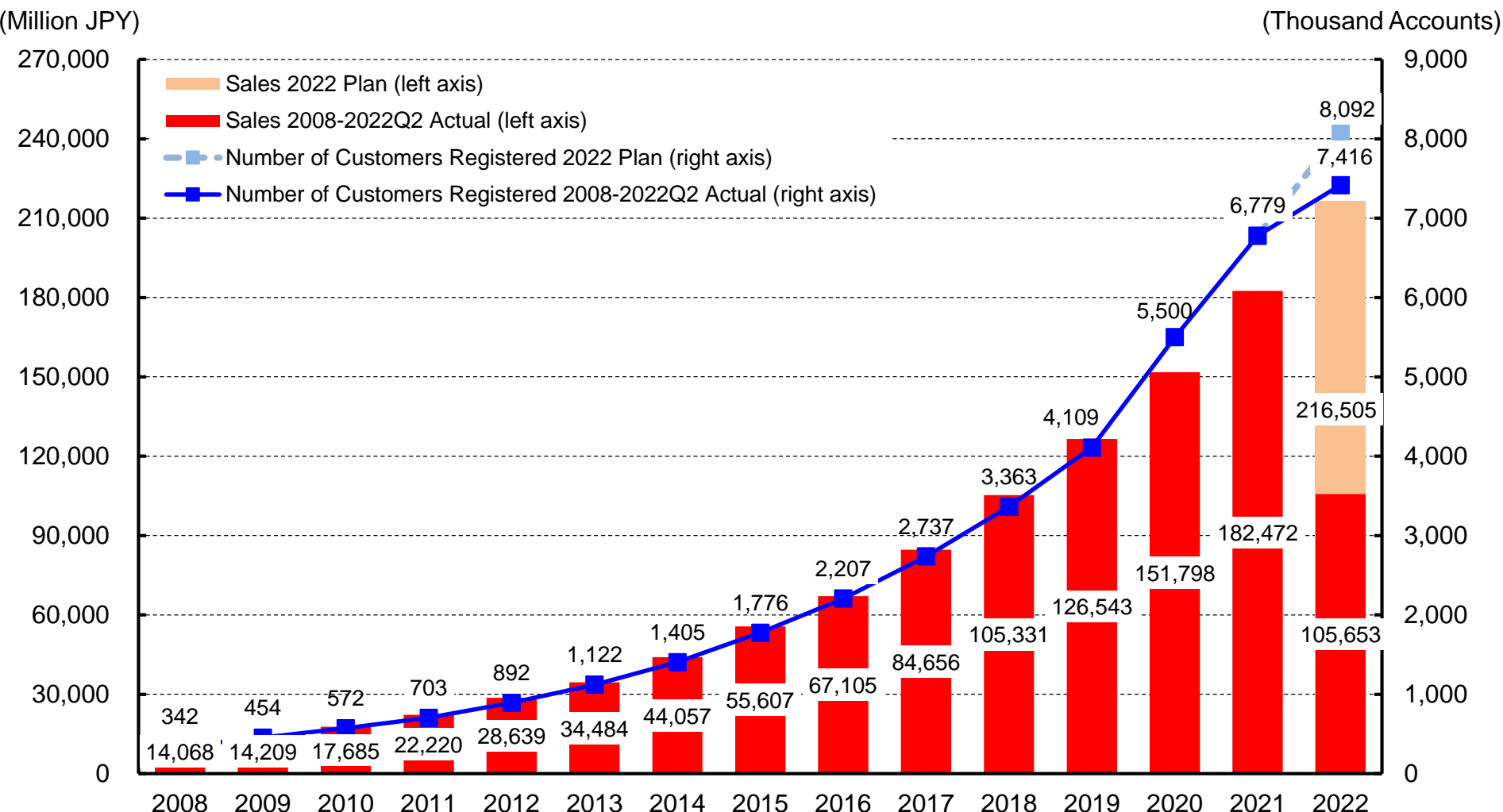
\* Note 1: Increased in Tangible Fixed Asset (after depreciation) from Jun. 2021 to Jun. 2022 by 8,700 mil. JPY includes 8,400 mil. JPY of Inagawa DC.

	Jun. 2021	Dec. 2021	Jun. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	13,540	13,969	15,986	15.2%
Short-term Debt & etc. (*Note 2)	—	—	2,250	2.1%
Others	8,457	8,882	10,337	9.8%
<b>Total Current Liabilities</b>	<b>21,997</b>	<b>22,852</b>	<b>28,573</b>	<b>27.1%</b>
<b>Total Long term Liabilities</b>	<b>11,328</b>	<b>11,641</b>	<b>9,390</b>	<b>8.9%</b>
<b>Total Liabilities</b>	<b>33,325</b>	<b>34,493</b>	<b>37,963</b>	<b>36.1%</b>
<b>Net Assets</b>				
Shareholder's Equity	54,118	60,561	67,220	63.8%
Others	80	99	95	0.1%
<b>Total Net Assets</b>	<b>54,198</b>	<b>60,661</b>	<b>67,316</b>	<b>63.9%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>87,524</b>	<b>95,154</b>	<b>105,279</b>	

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

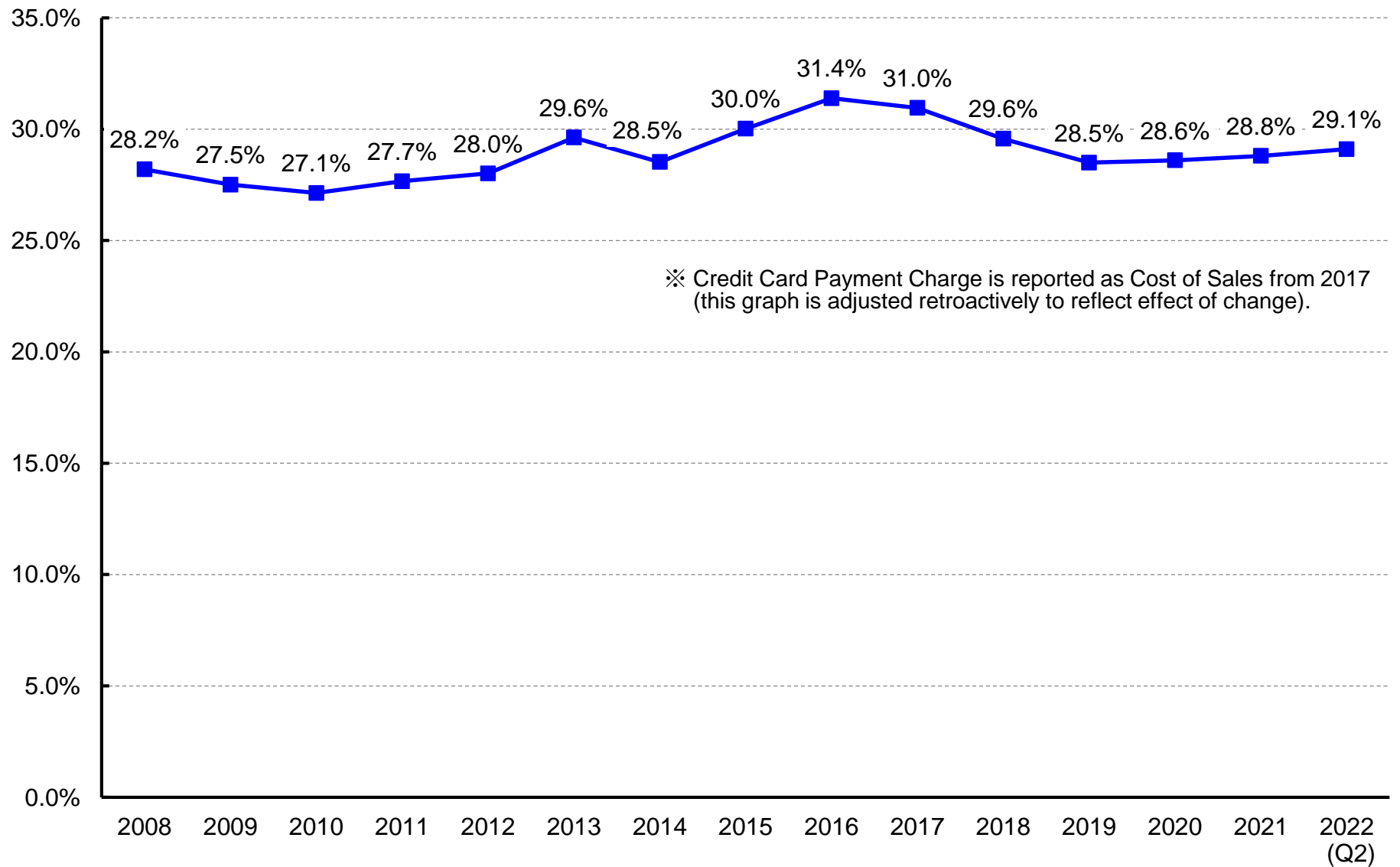


# (Non-consol.) Progress - Sales & Customer

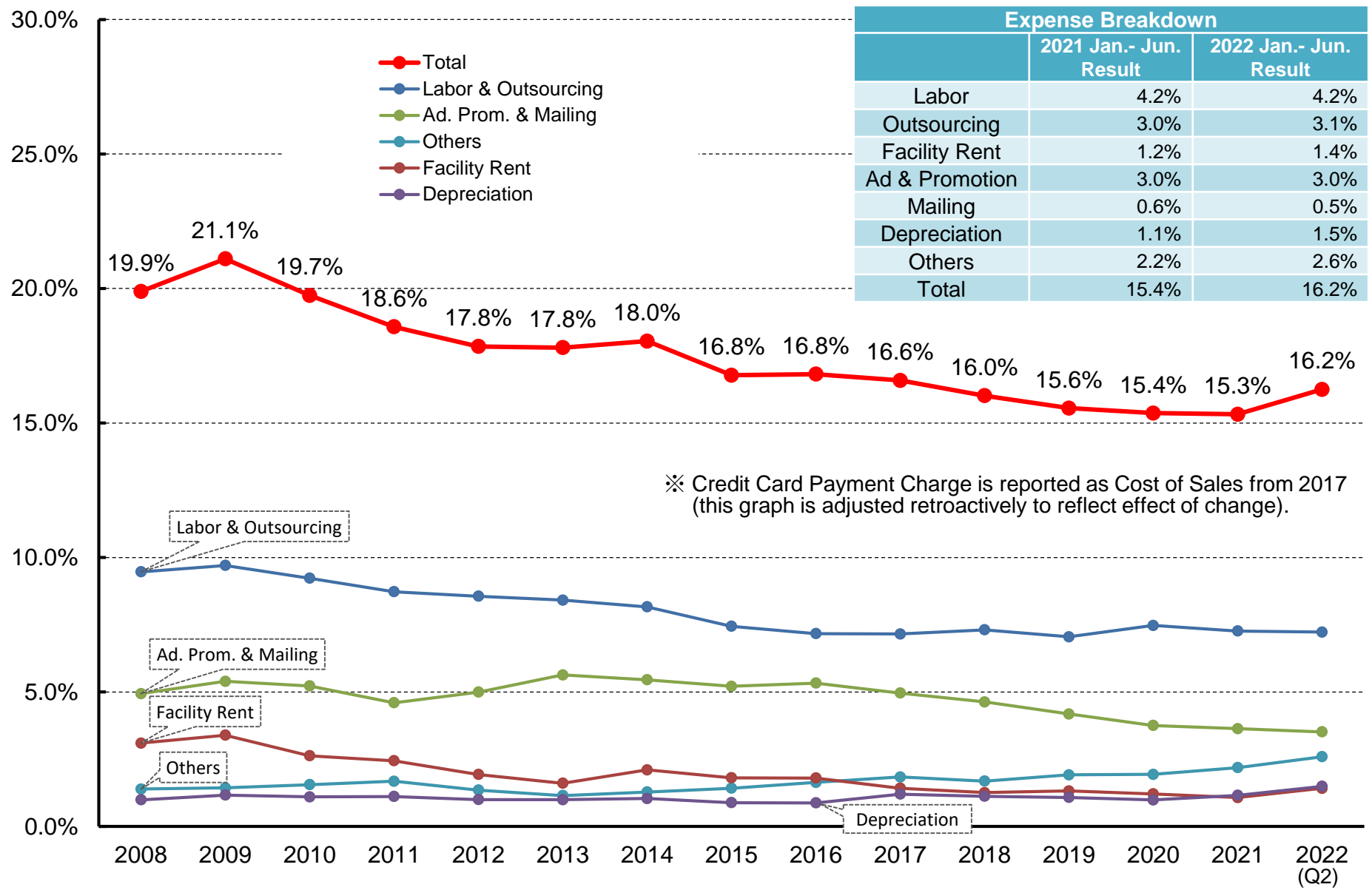


	Dec. 2021	Jun. 2022	Dec. 2022 (Plan)
Number of Customers (Registered Accounts)	6,779,319	7,416,297	8,092,319
		<b>+636,978 (vs. Dec. 2021)</b>	<b>+1,313,000 (vs. Dec. 2021)</b>

# (Non-consol.) Progress - Gross Profit Ratio



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





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

# (Consolidated) 2022Q2 Financial Result P/L Outline 1/2

	2021 Jan. – Jun. Result		2022 Jan. – Jun. Plan		2022 Jan. – Jun. Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	91,868		108,983		109,863		+19.6%	+0.8%
Gross Profit	26,399	28.7%	30,726	28.2%	31,508	28.7%	+19.4%	+2.5%
SG&A Exp.	14,501	15.8%	19,023	17.5%	18,371	16.7%	+26.7%	△3.4%
Operating Income	11,898	13.0%	11,702	10.7%	13,136	12.0%	+10.4%	+12.3%
Current Income	11,973	13.0%	11,713	10.7%	13,319	12.1%	+11.2%	+13.7%
Net Income (Tax Rate)	8,249 (31.0%)	9.0%	8,027 (31.5%)	7.4%	9,122 (31.5%)	8.3%	+10.6%	+13.6%
Net Income attributable to owners of the parent	8,344	9.1%	8,204	7.5%	9,317	8.5%	+11.7%	+13.6%

# (Consolidated) 2022Q2 Financial Result P/L Outline 2/2

## ■ NAVIMRO (South Korea)

- Sales slightly below plan but growing steadily.
- Op. Income decreased due to lower GP% as purchase prices increasing.

	2021 Jan. - Jun. Result			2022 Jan. - Jun. Plan			2022 Jan. - Jun. 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	3,150	+31.0%	+21.9%	3,740	+18.7%	+19.1%	3,640	+15.4%	△2.8%	+11.6%	△6.4%
Op.Income	90	+90.8%	+77.6%	80	△5.7%	△5.3%	70	△20.5%	△15.7%	△23.1%	△18.8%
Net Income x Share (*1)	80	+75.0%	+62.8%	80	△7.0%	△6.6%	70	△11.0%	△4.3%	△14.0%	△7.8%

## ■ MONOTARO INDONESIA (Indonesia)

- Sales exceeded plan by more than 15% (local currency) due to steady acquisition of corp. customers.
- SG&A managed in response to GP% decline, and losses at planned level. Improving supply chain to shortening delivery lead time.

	2021 Jan. - Jun. Result			2022 Jan. - Jun. Plan			2022 Jan. - Jun. 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	170	△9.4%	△10.6%	230	+32.1%	+25.5%	290	+64.4%	+24.5%	+45.3%	+15.8%
Op.Income	△140	—	—	△120	—	—	△130	—	—	—	—
Net Income x Share (*1)	△70	—	—	△60	—	—	△60	—	—	—	—

## ■ IB MONOTARO (India)

- Although sales plan not achieved, sales growth more than doubled YoY.
- Improvement of GP% (pricing strategy) and elimination of high delivery costs due to return of products from customers who choose cash on delivery (COD) before receiving products.

	2021 Jan. - Jun. Result			2022 Jan. - Jun. Plan			2022 Jan. - Jun. 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)	190	(*2) —	(*2) —	540	+182.4%	+171.4%	480	+152.5%	△10.6%	+127.7%	△16.1%
Sales (*3)	120	—	—	380	+198.1%	+190.2%	320	+154.9%	△14.5%	+132.8%	△19.8%
Op.Income	△80	—	—	△260	—	—	△290	—	—	—	—
Net Income x Share (*1)	△20	—	—	△120	—	—	△140	—	—	—	—

\*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) 2022Q2 Financial Result B/S Outline

	Jun. 2021	Dec. 2021	Jun. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	10,504	12,379	5,843	5.5%
Accounts Receivable	20,885	22,565	25,769	24.3%
Inventory	14,739	15,431	17,977	17.0%
Other	5,949	6,710	7,514	7.1%
<b>Total Current Asset</b>	<b>52,077</b>	<b>57,086</b>	<b>57,105</b>	<b>53.9%</b>
Tangible Fixed Asset	26,809	28,105	35,615	33.6%
Intangible Fixed Assets	5,934	6,332	7,076	6.7%
Other	3,293	4,264	6,199	5.8%
<b>Total Fixed Asset</b>	<b>36,036</b>	<b>38,702</b>	<b>48,890</b>	<b>46.1%</b>
<b>Total Assets</b>	<b>88,114</b>	<b>95,789</b>	<b>105,996</b>	

	Jun. 2021	Dec. 2021	Jun. 2022	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	14,047	14,562	16,536	15.6%
Short-term Debt & etc.	—	—	2,267	2.1%
Others	8,730	9,261	10,802	10.2%
<b>Total Current Liabilities</b>	<b>22,777</b>	<b>23,824</b>	<b>29,606</b>	<b>27.9%</b>
<b>Total Long term Liabilities</b>	<b>11,398</b>	<b>11,681</b>	<b>9,467</b>	<b>8.9%</b>
<b>Total Liabilities</b>	<b>34,176</b>	<b>35,505</b>	<b>39,074</b>	<b>36.9%</b>
<b>Net Assets</b>				
Shareholder's Equity	52,800	59,133	65,616	61.9%
Others	1,137	1,150	1,305	1.2%
<b>Total Net Assets</b>	<b>53,938</b>	<b>60,283</b>	<b>66,921</b>	<b>63.1%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>88,114</b>	<b>95,789</b>	<b>105,996</b>	

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

# (Consolidated) 2022Q2 Financial Result C/F Outline

	2021 Jan. - Jun.	2022 Jan. - Jun.
	Result	Result
	Million JPY	Million JPY
<b>Cash Flow from Operating Activity</b>		
Net Income before Tax	11,957	13,317
Depreciation	1,389	1,610
Increase or Decrease in Accounts Receivable ( $\Delta$ = increase)	$\Delta$ 2,610	$\Delta$ 3,171
Increase or Decrease in Inventory ( $\Delta$ = increase)	$\Delta$ 2,843	$\Delta$ 2,450
Increase or Decrease in Accounts Payable ( $\Delta$ = decrease)	2,387	1,924
Tax payment	$\Delta$ 4,005	$\Delta$ 3,860
Increase or Decrease in Accrued Consumption Taxes ( $\Delta$ = decrease)	$\Delta$ 1,818	$\Delta$ 253
Others	14	715
Total	4,471	7,832
<b>Cash Flow from Investing Activity</b>		
Acquisition of Tangible Assets	$\Delta$ 8,358	$\Delta$ 8,341
Acquisition of Intangible Assets	$\Delta$ 1,435	$\Delta$ 1,421
Others	(*1) $\Delta$ 1,786	(*2) $\Delta$ 1,291
Total	$\Delta$ 11,580	$\Delta$ 11,054
<b>Cash Flow from Financing Activity</b>		
Repayments of Lease Obligations	$\Delta$ 661	$\Delta$ 17
Cash Dividends Paid	$\Delta$ 2,359	$\Delta$ 2,833
Others	128	$\Delta$ 72
Total	$\Delta$ 2,892	$\Delta$ 2,923
Currency Exchange Adjustment	81	67
Net Increase or Decrease in Cash and Cash Equivalent ( $\Delta$ = decrease)	$\Delta$ 9,918	$\Delta$ 6,077
Cash and Cash Equivalent at Beginning of Period	18,767	11,068
Cash and Cash Equivalent at End of Period	8,849	4,991

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

\*2: Including cash invested in Aldagram Inc.





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# 2022 Q2 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	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%	△2.1%

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

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	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%	△3.7%
Net Income attributable to owners of the parent	17,552	9.3%	17,067	7.5%	△2.8%

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 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)

<b>New Customer Acquisition</b>	<ul style="list-style-type: none"> <li>Acquired 630 thou. new customers in 2022FH (FY2022 acquisition plan: 1.31 mil.).</li> <li>Promoting acquisition of new customers by both online (SEM, SEO) and offline (sending flyers to potential customers) measures. Since offline is possible to focus on corporate customers with high LTV to promote services, increasing weight of offline measures while considering optimization of cost allocation.</li> </ul>
<b>Expanding Existing Customers' Sales</b>	<ul style="list-style-type: none"> <li>Increasing customers' usage through efficient MRO procurement experience for customer by improving search functions, increasing number of products for sale, increasing inventory items, and shortening delivery lead time. To achieve this, carrying out new IT system launch and increasing operation level of Inagawa DC.</li> </ul>

## ■ System Connection with Large Corporations (Large Corporation Business)

- 2022Q2 cumulative Result:
  - Strong in new client acquisitions and existing client orders by combination of physical meeting and web meeting, and high growth (+38.1%) maintained in 2022Q2 cumulative.
  - Most of new customers in 2022Q2 cumulative introduced ONE SOURCE Lite.

2021 Jan. - Jun. Result			2022 Jan. - Jun. Plan			2022 Jan. - Jun. Result			
Mil. JPY	YoY	/Total Sales	Mil. JPY	YoY	/Total Sales	Mil. JPY	YoY	vs. Plan	/Total Sales
17,114	+45.7%	19.4%	23,227	+35.7%	22.2%	23,636	+38.1%	+1.8%	22.4%
		Dec. 2021 End Result			Jun. 2022 End Result				
		No. Corp.			No. Corp.	vs Dec. 2021 End	Remarks		
Total number of corporation		1,812	(*Note) 2,103		+291				
ONE SOURCE ONE SOURCE Lite		1,163	1,448		+285		765 considering		

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

# 2022 Plan & Strategy: Domestic Business 2/3

## ■ Consulting/Royalty Business

Target Business  
(Grainger's Zoro business in US & UK)

- Daily sales of Zoro US 2022Q2 cumulative grew from 2021Q2 cumulative by 23.2%.

Royalty Income

- Amount received in 2022Q2 increased from 2021Q2 and plan (received amount in foreign currency increased and JPY depreciation).

## ■ New IT Platform for Advanced Supply Chain

Order Management System  
(OMS)

- 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.

Product Information  
Management  
(PIM)

- Launched in 2022Q1, but data discrepancy with existing system occurred, and continuous operation delayed. Working on starting continuous operation in September by aligning with DC relocation schedule.
- Increase usage of service from existing customers through experience of productivity improvement for procurement operation through "Expansion of One-Stop-Shopping."

## ■ Business Area Expansion into New Area

Capital and Business  
Alliance

- On April 28, 2022, decided to enter into a capital and business alliance with Aldagram (provider of construction process management application "KANNA").
- On May 31, 2022, invested 1.5 billion JPY.

Business collaboration and  
future development

- MonotaRO recommends "KANNA" services to its "MonotaRO" users (increasing recognition of "KANNA" and productivity of "MonotaRO" users).
- Aldagram recommends "MonotaRO" service to its "KANNA" users (increasing use of "MonotaRO" and productivity of KANNA users).
- Expanding business areas through collaboration of knowledge, information, and technology possessed by both companies, etc.

# 2022 Plan & Strategy: Domestic Business 3/3

## ■ Measures Taken for Risks (Updates)

Environment	Impact on Business in Future (Risk)		Measures Taken	Current Status
Deterioration of international situation	Slowdown of domestic corporate economic activity	Slowdown demand of indirect materials	Lower sales	<ul style="list-style-type: none"> <li>Continuing to implement measures to acquire new customers and increase existing customers' usage (implementing online &amp; offline measures to acquire customers and improving convenience and through experience of improvement to increase usage of service).</li> <li>Continuing to flexibly change ports and increasing inventory levels of products with high risk of procurement.</li> </ul>
Re-expansion of COVID-19 impact	Out of stock (Suppliers' stock /Company's stock)	Losing sales opportunity		
	Surging procurement costs (Imported goods)	Lower GP rate	Lower profit %	<ul style="list-style-type: none"> <li>Improving efficiency of container loading, etc.</li> <li>Transportation costs of imported products are rising (continuation of response measures).</li> <li>Although our purchase prices are increasing, GP% is maintained by implementing measures mentioned on left.</li> </ul>
Japanese Yen depreciation	Increase purchase price			
Surging raw material and oil prices	Increase delivery cost			
	Increase prices and labor costs			
			<ul style="list-style-type: none"> <li>Not received any requests from delivery companies on delivery charge review.</li> <li>Working to control SG&amp;A expenses by implementing measures mentioned on left while salaries and outsourcing costs are rising</li> </ul>	

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

## ■ FY2022 Distribution-related cost result

### • Distribution-related Cost (Total cost)

	2021 Result (Jan.-Jun.)		2022 Plan (Jan.-Jun.)		2022 Result (Jan.-Jun.)			
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YonY	vs Plan
Sales (non-consol.)	88,448	—	104,617	—	105,653	—	+19.5%	+1.0%
Depreciation	674	0.8%	1,061	1.0%	1,044	1.0%	+55.0%	△1.6%
Labor & Outsourcing	3,177	3.6%	3,942	3.8%	3,827	3.6%	+20.5%	△2.9%
Facility rent	863	1.0%	1,439	1.4%	1,323	1.3%	+53.2%	△8.1%
Other	1,094	1.2%	1,676	1.6%	1,530	1.4%	+39.8%	△8.7%
Total	5,809	6.6%	8,119	7.8%	7,726	7.3%	+33.0%	△4.8%

### • Distribution-related Cost (Normal cost)

	2021 Result (Jan.-Jun.)		2022 Plan (Jan.-Jun.)		2022 Result (Jan.-Jun.)			
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YonY	vs Plan
Sales (non-consol.)	88,448	—	104,617	—	105,653	—	+19.5%	+1.0%
Depreciation	674	0.8%	1,028	1.0%	1,011	1.0%	+50.1%	△1.6%
Labor & Outsourcing	3,177	3.6%	3,842	3.7%	3,736	3.5%	+17.6%	△2.7%
Facility rent	863	1.0%	813	0.8%	752	0.7%	△13.0%	△7.5%
Other	1,094	1.2%	1,459	1.4%	1,337	1.3%	+22.2%	△8.3%
Total	5,809	6.6%	7,143	6.8%	6,838	6.5%	+17.7%	△4.3%

### • Distribution-related Cost (One-time cost)

	2021 Result (Jan.-Jun.)		2022 Plan (Jan.-Jun.)		2022 Result (Jan.-Jun.)			
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YonY	vs Plan
Sales (non-consol.)	—	—	104,617	—	105,653	—	—	+1.0%
Depreciation	—	—	32	0.0%	33	0.0%	—	+0.3%
Labor & Outsourcing	—	—	100	0.1%	90	0.1%	—	△9.8%
Facility rent	—	—	626	0.6%	571	0.5%	—	△8.7%
Other	—	—	216	0.2%	192	0.2%	—	△11.0%
Total	—	—	976	0.9%	887	0.8%	—	△9.0%



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

- **Distribution-related Cost (Normal cost) sales ratio 2022 Jan.- Jun. actual : 6.5%**
  - 0.1pt. lower than last year result.
    - Labor & Outsourcing expense ratios decreased (due to increase in sales per order)
    - Facility rent expense ratio decreased (due to review of rent contracts for external warehouses, etc.)
    - Depreciation expense ratio increased (due mainly to launches of Ibaraki Chuo SC in Mar. 2021 and Inagawa DC in Apr. 2022)
    - Other expense ratio increased (due to increases in facility maintenance cost and packing material cost of Kasama DC and Ibaraki Chuo SC, etc.)
  - 0.3pt. lower than plan.
    - Labor & Outsourcing expense ratios decreased (due to increase in 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 outside warehouses, etc.)
    - Other expense ratio decreased (due to delay in purchase of equipment and facility maintenance, etc.)
- **Distribution-related Cost (One-time cost) sales ratio 2022 Jan.- Jun. actual : 0.8%**
  - 0.1pt. lower than plan.
    - Facility rent expense ratio decreased (due to review of rent schedule for outside warehouses in Kansai area, etc.)
    - Other expense decreased (due to delay of purchase of equipment for Inagawa DC, etc.)
- **Second Half of 2022**
  - Normal cost
    - While sales per order are expected to continue to improve from plan, hourly wage increases for DCs' employees are planned. Labor and outsourcing cost ratios for Second Half are expected to be almost in line with plan.
  - One-time cost
    - Purchase of equipment for Inagawa DC, delayed from First Half, is expected to be incurred in Second Half.
  - Distribution-related cost total
    - Distribution-related cost ratio to sales in Second Half is expected to be level of initial plan.

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

## ■ FY2022 Distribution-related cost plan

### • 2022FY total

	2021 Result		2022 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YoY
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%
Other	2,193	1.2%	3,363	1.6%	+53.3%
Total	11,792	6.5%	17,291	8.0%	+46.6%

### • 1stH & 2ndH (Distribution-related cost total)

	2022 Jan. - Jun Plan			2022 Jul. - Dec Plan		
	Amount (mil.JPY)	Sales Ratio	YoY	Amount (mil.JPY)	Sales Ratio	YoY
Sales (Non-consol.)	104,617		+18.3%	111,888		+19.0%
Depreciation	1,061	1.0%	+57.5%	1,356	1.2%	+72.8%
Labor & Outsourcing	3,942	3.8%	+24.5%	4,225	3.8%	+27.3%
Facility rent	1,439	1.4%	+66.6%	1,901	1.7%	+141.2%
Other	1,676	1.6%	+53.1%	1,687	1.5%	+53.5%
Total	8,119	7.8%	+40.0%	9,171	8.2%	+53.1%

### • 1stH & 2ndH (One-time cost)

	2022 Jan. - Jun Plan			2022 Jul. - Dec Plan		
	Amount (mil.JPY)	Sales Ratio	YoY	Amount (mil.JPY)	Sales Ratio	YoY
Sales (Non-consol.)	104,617		+18.3%	111,888		+19.0%
Depreciation	32	0.0%	—	65	0.1%	—
Labor & Outsourcing	100	0.1%	—	225	0.2%	—
Facility rent	626	0.6%	—	451	0.4%	—
Other	216	0.2%	—	364	0.3%	—
Total	976	0.9%	—	1,107	1.0%	—

# 2022 Plan & Strategy: Distribution 4/4 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 <sup>2</sup>	Under planning
Inventory Capa.		Total 600K SKU	Under planning
Start Operation		<b>Phase 1 Launched Apr. 2022</b>	<b>Phase 2 Plan 2023Q2</b>
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			



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# Sustainability (SDGs)

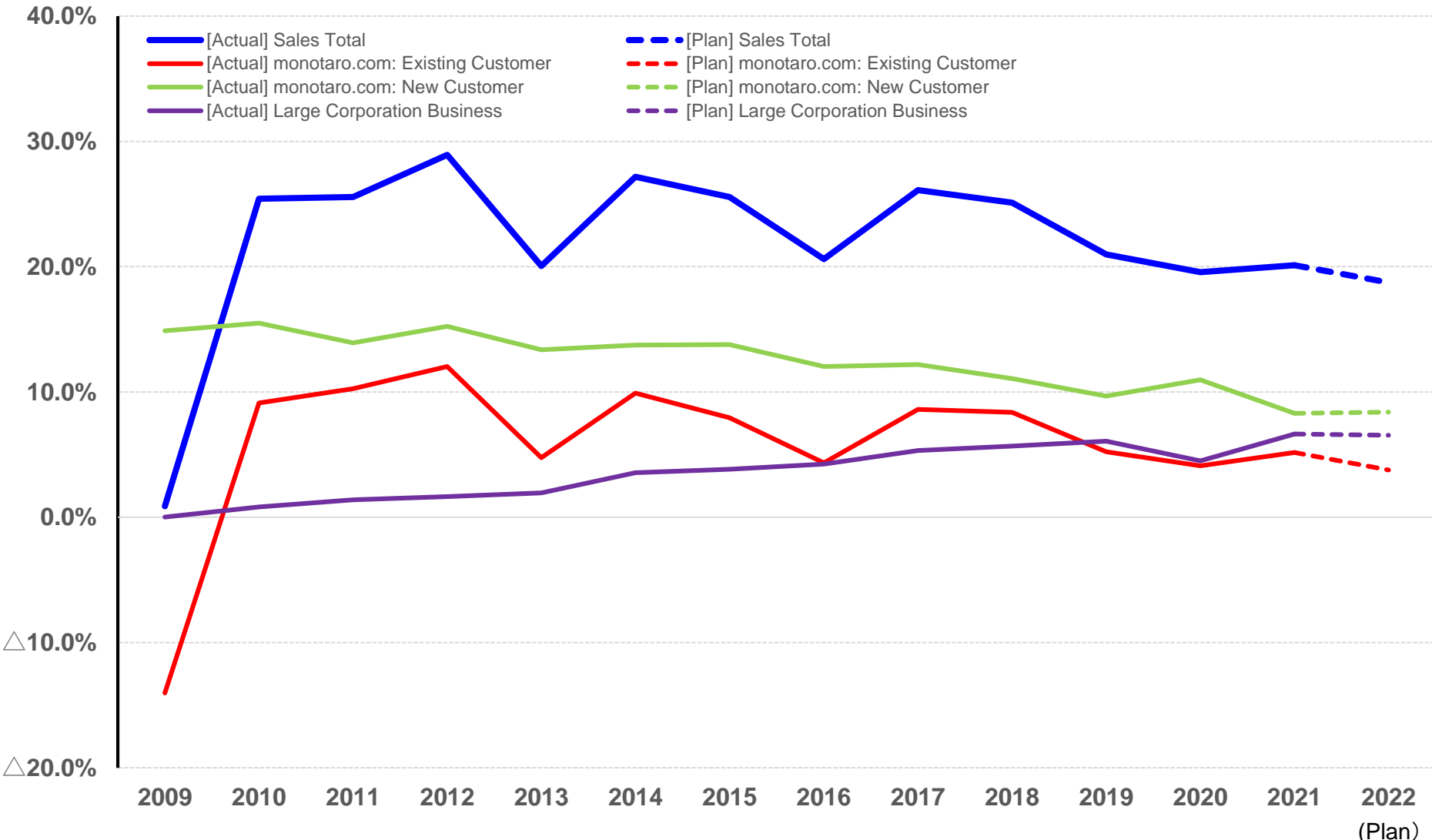
# SDGs : Prioritized Action Areas (Update)

Prioritized Action Areas	Current Status	SDGs 17 Targets
<p><b>Reduction of CO2 emissions as measure against climate change</b></p>	<ul style="list-style-type: none"> <li>• CO2 emissions survey: Completed calculation of 2020 emissions (Scope 1-3).</li> <li>• Introduced renewable energy (Kasama DC and Ibaraki Chuo SC).</li> <li>• Preparing roadmap.</li> </ul>	
<p><b>Realization of recycling model of resources through recycling and waste reductions</b></p>	<ul style="list-style-type: none"> <li>• Completed survey of total amount of internally generated waste.                             <ul style="list-style-type: none"> <li>- Identifying measures to improve reduction and recycling of cardboard, which has large total volume, and evaluating measures in progress.</li> </ul> </li> <li>• Completed identification of total volume of cardboard boxes shipped to customers.</li> <li>• Response ongoing:                             <ul style="list-style-type: none"> <li>- Improving accuracy of demand forecast to control unnecessary volume purchases.</li> <li>- Avoiding disposal of inventory through promoting in "limited stock sale" pages.</li> <li>- Offering toner collection and product repair services.</li> </ul> </li> </ul>	
<p><b>Responsible Sourcing and Human Rights</b></p>	<ul style="list-style-type: none"> <li>• Researching public guidelines.</li> <li>• Preparing drafts.</li> </ul>	
<p><b>Diversity and Inclusion</b></p>	<ul style="list-style-type: none"> <li>• Introduce “MoRE!” as slogan for Diversity and Inclusion.</li> <li>• Obtained ERUBOSHI certification (3 stars, Feb. 2022).</li> <li>• Held roundtable discussion for employees raising children.</li> <li>• Announced maternity/paternity leave handbook throughout company.</li> <li>• Conducted Diversity and Inclusion awareness survey.</li> <li>• Implemented hourly paid leave system.</li> </ul> <div style="border: 1px dashed red; padding: 5px; margin-top: 10px;"> <p>Current data (as of June 30, 2022)</p> <ul style="list-style-type: none"> <li>✓ Percentage of male and female employees (regular employees): male 62.4%, female 37.6%</li> <li>✓ Percentage of women in management positions: 15.6%</li> <li>✓ Percentage of women in chief positions: 42.9%</li> <li>✓ Percentage of paid leave taken: Full-time employees: 81.6%, Part-time employees: 97.8%</li> <li>✓ Percentage of employees taking maternity leave: male: 33.3%, female: 100.0%</li> <li>✓ Average overtime hours per month worked by all employees: 16.4 hours</li> </ul> </div>	
<p><b>Proposal and development of environment-conscious products</b></p>	<ul style="list-style-type: none"> <li>• Utilizing third-party certification to maintain product information.</li> <li>• Surveying OEM manufacturers regarding their products.</li> <li>• Conducting questionnaire survey among customers on procurement of environmentally friendly products.</li> </ul>	



## Reference

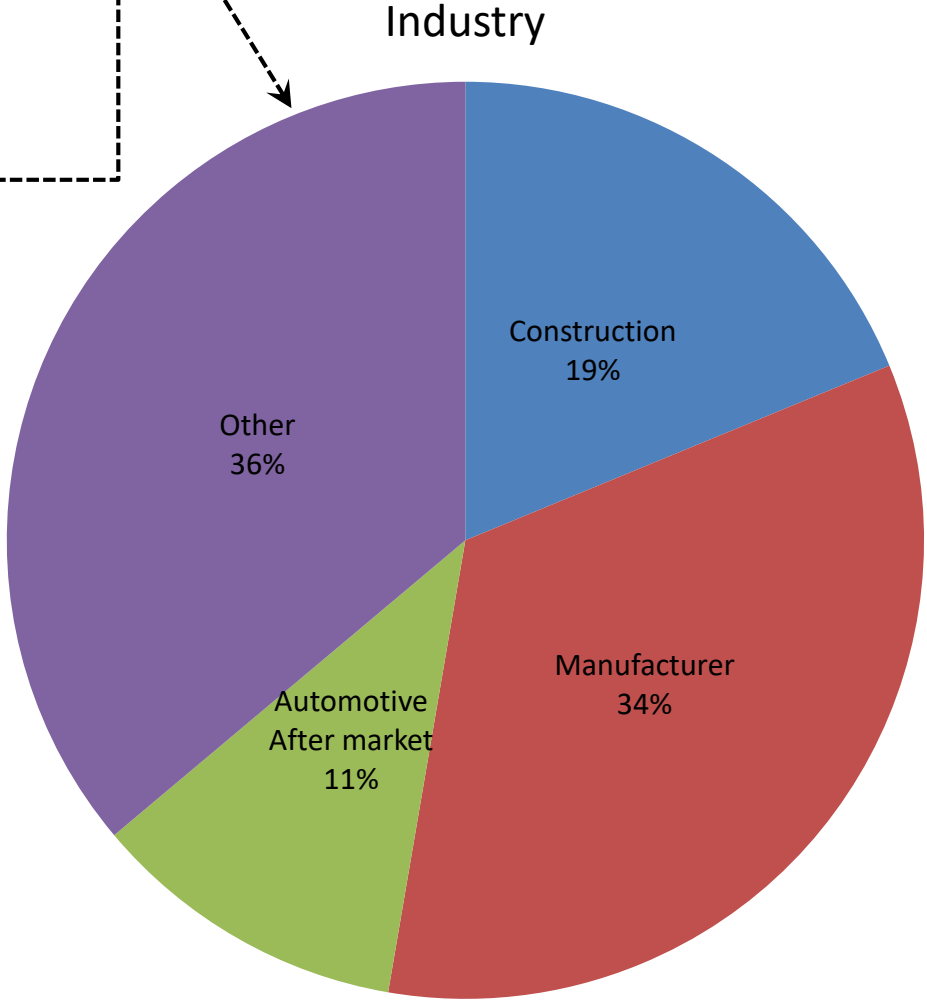
# (Non-consol.) Fiscal Yr. Sales Growth (Service Channel Contribution)



\* 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

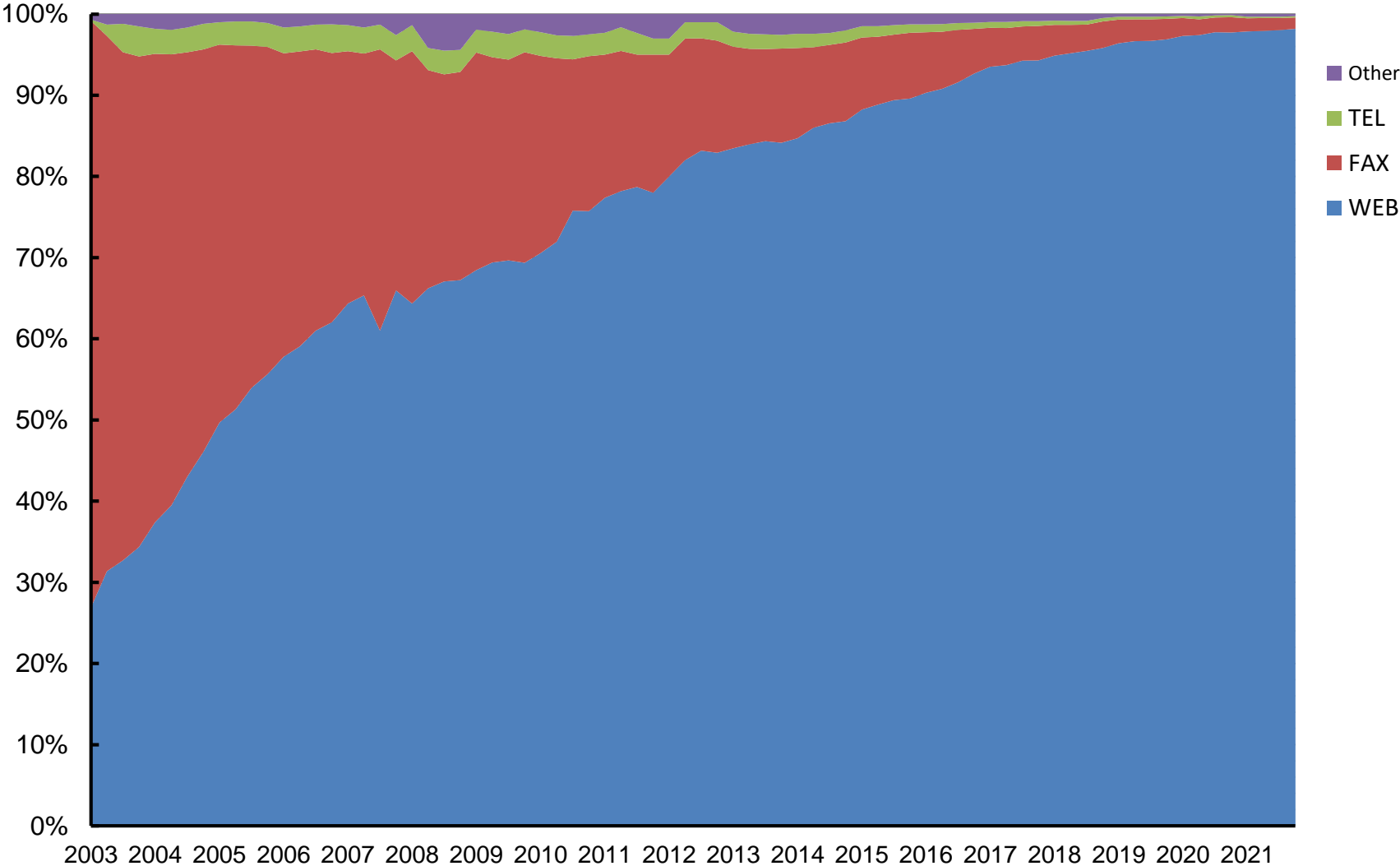
- Wholesale, Retail, Restaurant: 9%
- Agriculture: 2%
- Education: 2%
- Medical: 1%
- Social security/welfare: 1%



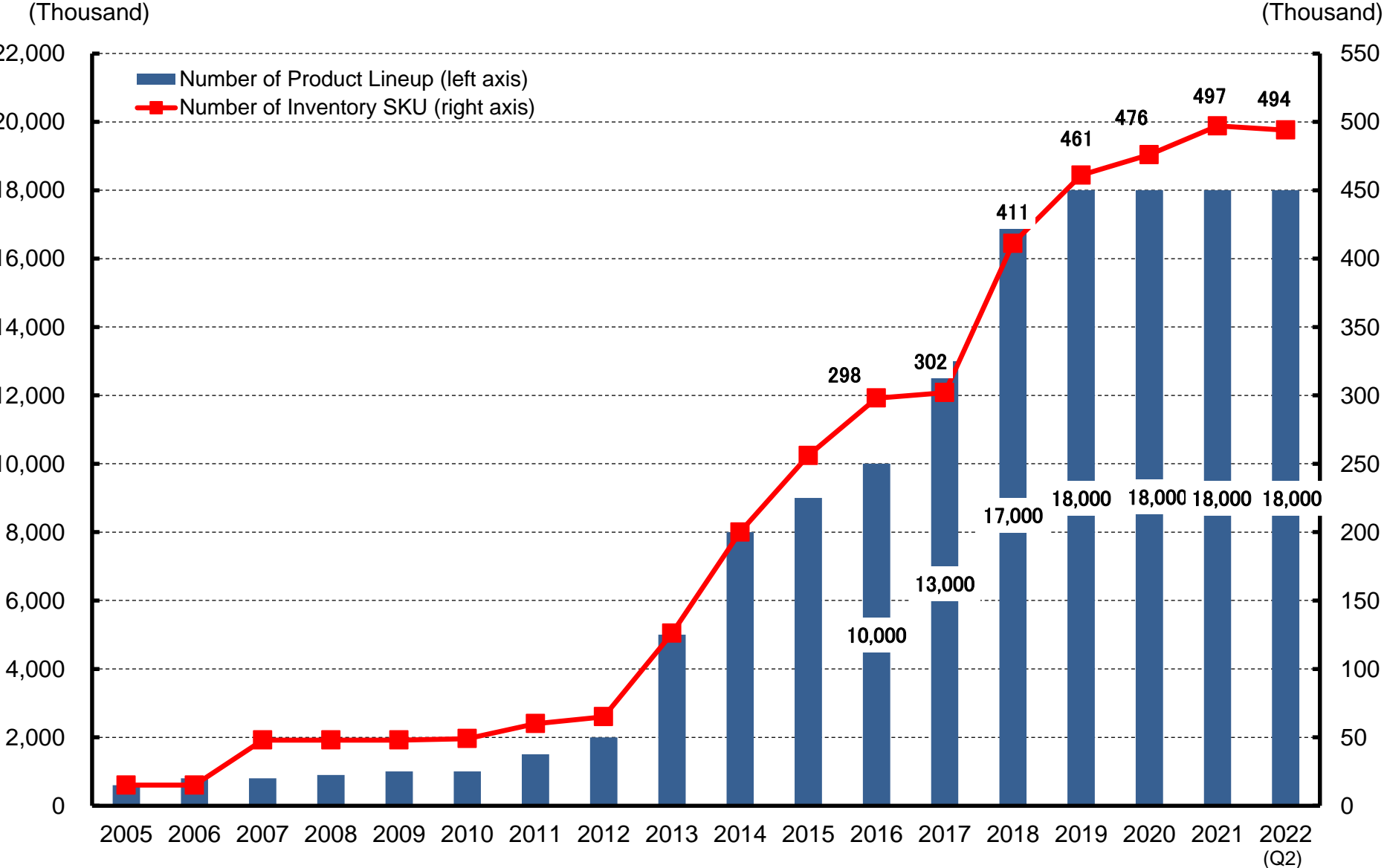
Ratio by sales amount in 2021  
(Sales of monotaro.com excluding sales Large Corp. Business)



# (Non-consol.) Internet PO Ratio



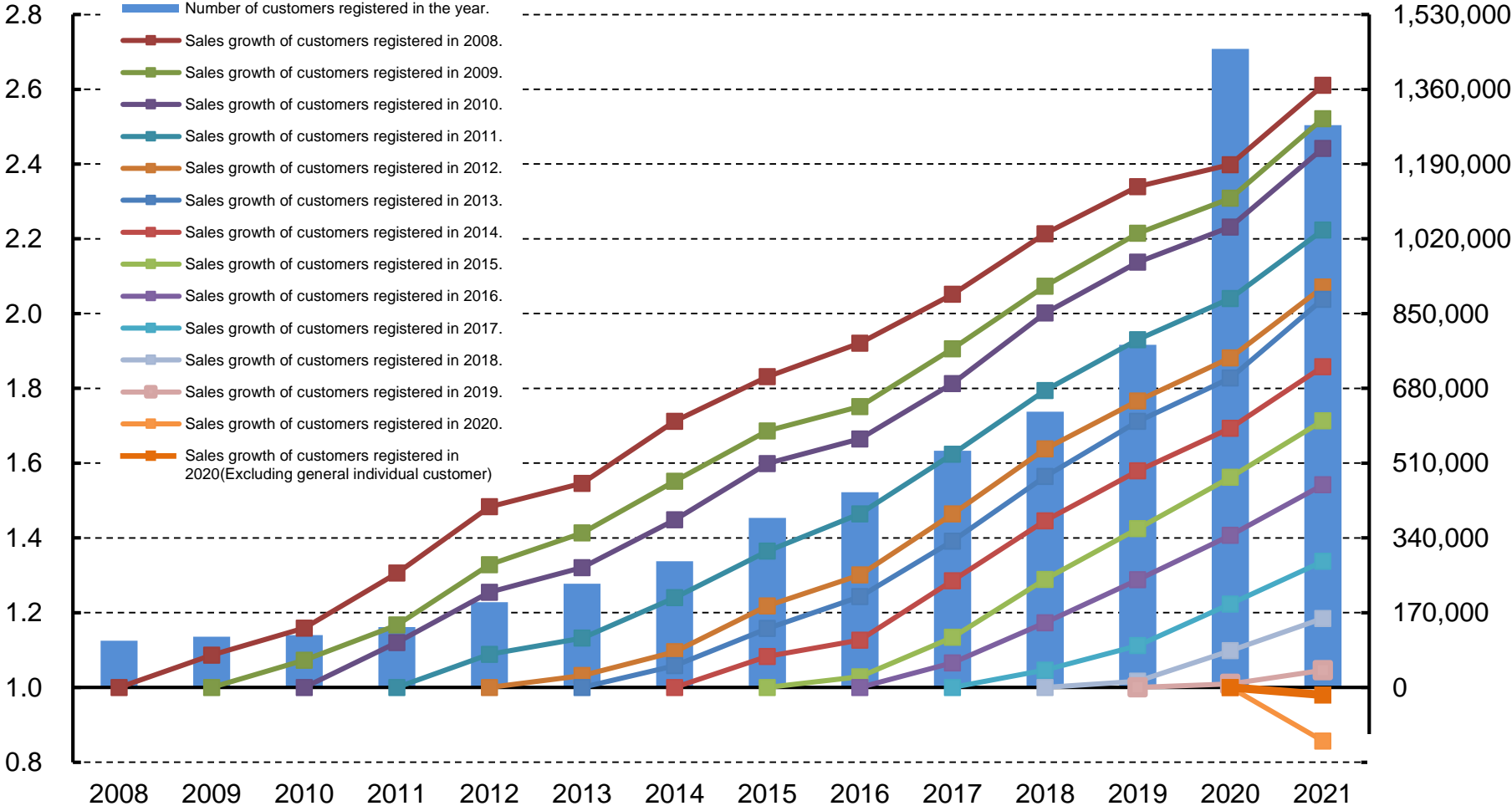
# (Non-consol.) Product Lineup & Inventory



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

(Growth Rate of Sales)

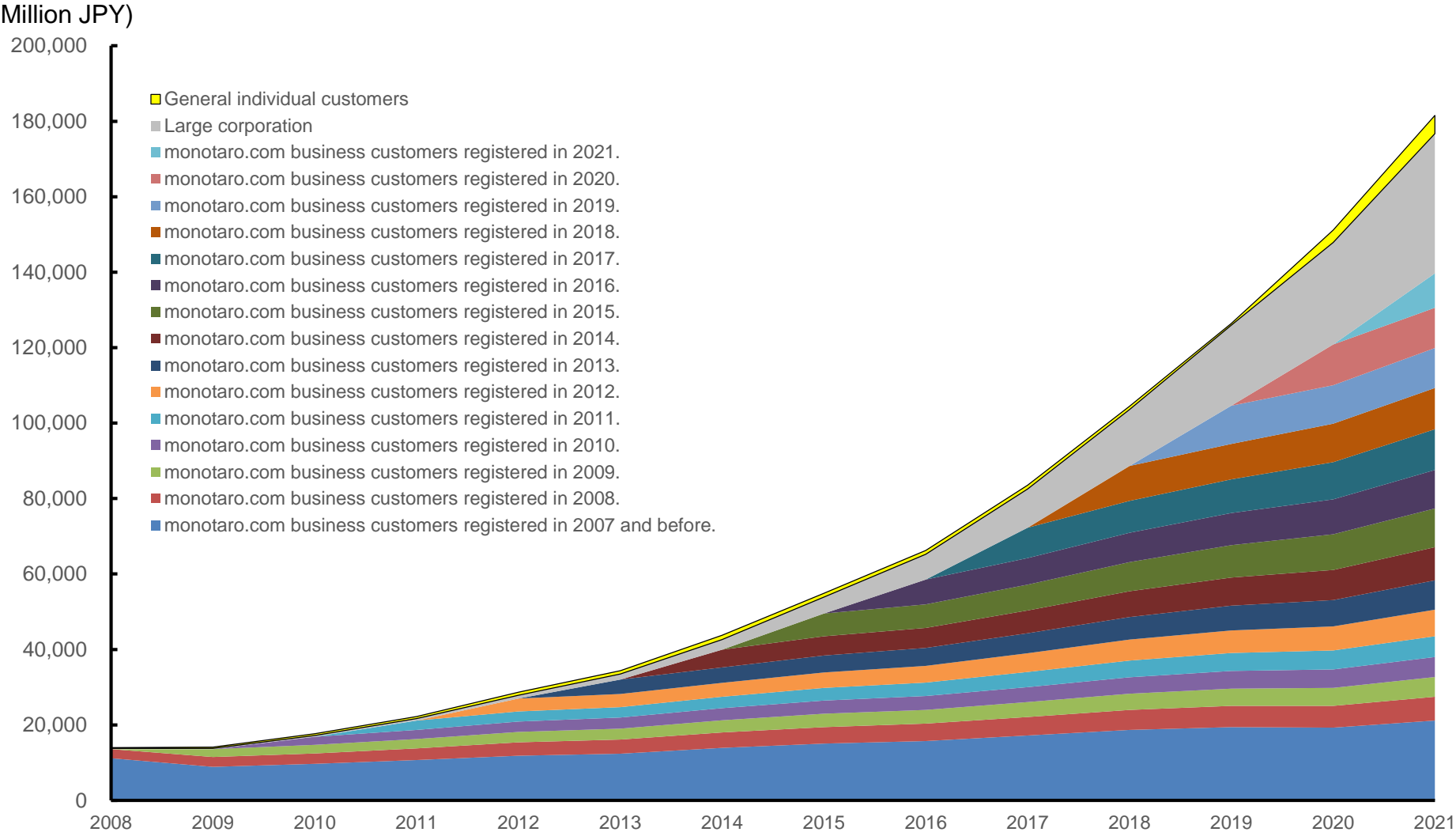
(Number of Registered Customers)



\* 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

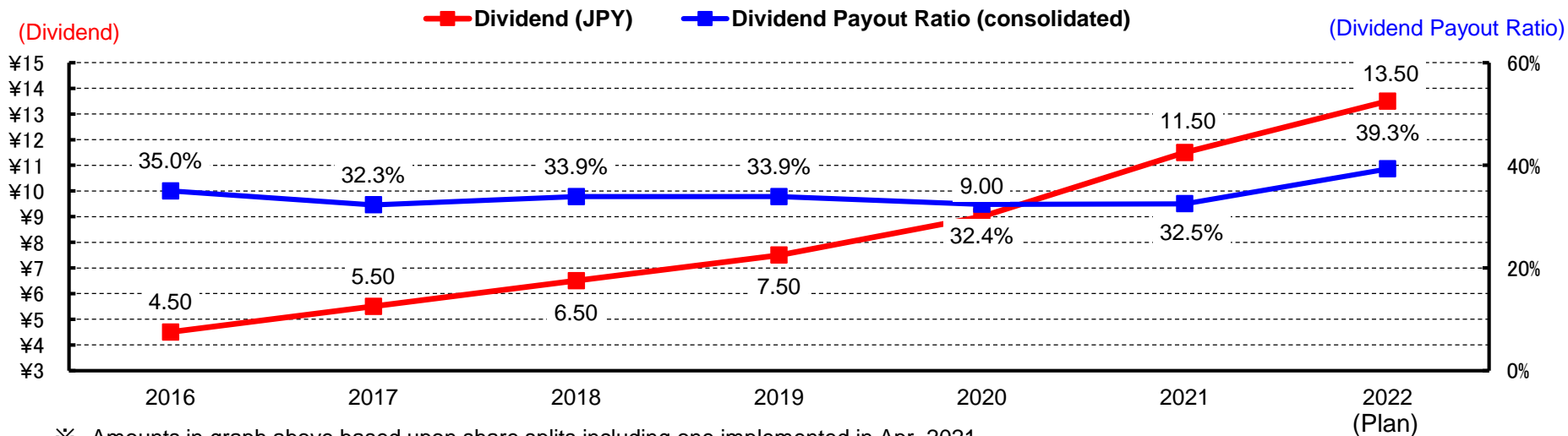


\* 1: Sales of 'monotaro.com business customers' are sales of monotaro.com's business customers organized retroactively for each registration year based upon updated customer status at the end of 2021.  
 \* 2: Sales of 'Large corporation' is total sales of large corporation customers based upon updated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



## ■ 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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