

2022 Topics Related to Supporting Growth

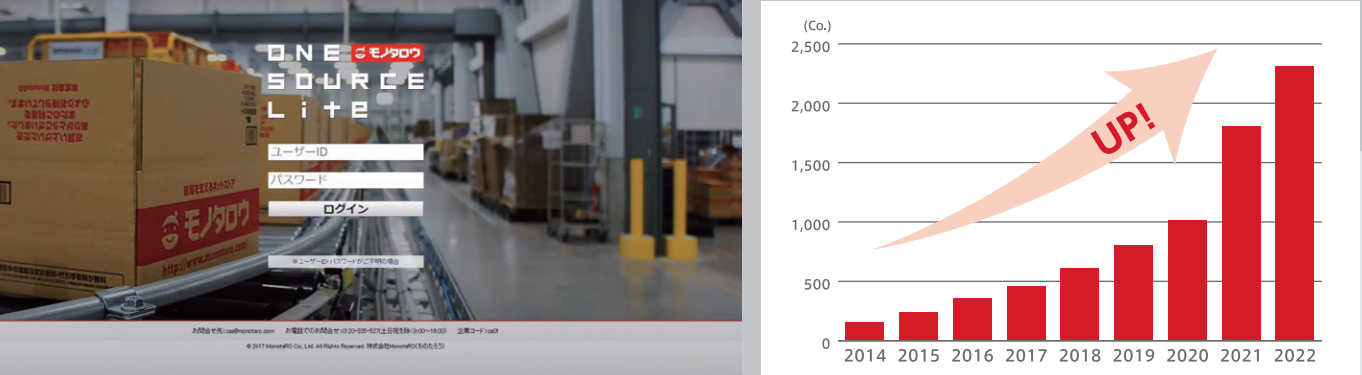
Inagawa Distribution Center started operation in April 2022

We introduced approximately 400 small automated guided vehicles (AGVs) in phase 1 to improve distribution efficiency and reduce employee workload. We continue to contribute to improved customer convenience by boosting our technologies and operational capabilities, such as the use of AGVs, automatic cargo assortment devices, and system-based delivery category selection automation. After the start of phase 2 in 2023, the Center will become our biggest base, with the capacity to stock a total of 600,000 items and to ship 180,000 lines a day. Together with the Kasama DC (started in 2017) in Ibaraki Prefecture and the Ibaraki Chuo SC (started in 2021), which are already operating, we will be able to deliver even more products promptly to our customers.



Purchasing solutions business for major corporations: More than 2,000 companies registered

We provide ONE SOURCE Lite, MonotaRO's proprietary purchasing management system, and work on the linkage with purchasing management systems already used by major corporate customers. Procurement of MRO products, which had been ordered piecemeal at our customers' domestic bases, is now able to be managed and visualized on a company-wide basis by introducing our solutions, helping increase purchasing efficiency and strengthen governance. MonotaRO's strength is our range of 19 million products and our prompt delivery system, which allows for bulk purchases of a wide variety of small-lot product groups. With ONE SOURCE Lite, we provide approval flow functions and analysis reports/consulting. Also, we provide full-featured support, for example, a call center that understands the rules and approval flows for each customer. (No charges apply for set-up costs or operation costs)



No. of products handled: Exceeded 19 million

In the MRO products market, which is considered high-variety and small-lot, we even handle long tail items which are considered to be low frequency of use, replacement parts, or optional parts. That is why we can help our customers reduce the cost and time to find their MRO products, increasing their time value. We are currently rolling out products covering 23 categories and also focus on developing our private brand products. With about 510,000 items in stock, we are working on supply chain management and sales promotions that utilize data science.



Sustainability initiatives

The electricity used at the Ibaraki Kasama DC and Ibaraki Chuo SC, our two distribution bases, in July 2022 were switched to renewable energy with practically zero carbon dioxide emissions. In October 2022, we launched the Ecology Products page to promote our customers' environmentally friendly initiatives. We are also working on measures for reducing waste, diversity, and inclusion. See our Sustainability page for details. <https://corp.monotaro.com/ir/sustainability/index.html>



Company Information

Outline (as of December 31, 2022)

Company Name MonotaRO Co., Ltd.
Headquarters Liber Bldg. 3F, 2-183 Takeyacho, Amagasaki, Hyogo (Scheduled to move to the Umeda area of Osaka in 2023)
Tokyo Office Akasaka Nakanishi Bldg. 4F, 4-1-33 Akasaka, Minato-ku, Tokyo
Umeda Satellite Office .. Hilton Plaza West Office Tower 13F, 2-2-2 Umeda, Kita-ku, Osaka, Osaka
Nagoya Office Nishiyana Park Bldg. 7F, 4-13-7 Meieki, Nakamura-ku, Nagoya, Aichi
Distribution Centers .. Kasama DC: 1877-3 Tairamachi, Kasama, Ibaraki
Ibaraki Chuo SC: 3-8 Chuokogyodanchi, Ibaraki-machi, Higashiibaraki-gun, Ibaraki
Inagawa DC: Prologis Park Inagawa 1, 101-1 Kotani, Sashikumi, Inagawa-cho, Kawabe-gun, Hyogo
Founded October 2000
Capital 2,039,000,000 yen
Parent company W.W.Grainger, Inc.
Employees 3,259 employees (consolidated, part-time/temporary employees included)
Business Online MRO products store

[Subsidiaries]

Company Name NAVIMRO Co., Ltd. 100% (wholly-owned subsidiary)
Headquarters Seoul, South Korea
Founded January 2013
Capital 17,000 million won
Business Internet MRO product sales in South Korea
Company Name PT MONOTARO INDONESIA
Investment Ratio MonotaRO 51.0%
Headquarters Jakarta, Indonesia
Entered Market October 2016
Capital 296,111 million rupiah
Business Internet MRO product sales in Indonesia
Company Name IB MONOTARO PRIVATE LIMITED
Investment Ratio MonotaRO 51.6%
Headquarters New Delhi, India
Entered Market September 2020
Capital 31 million rupees
Primary Business Internet MRO product sales in India

History

2000 October ... Established by Sumitomo Co., Ltd. and W.W. Grainger Inc. "MonotaRO.com" website opened URL: <https://www.monotaro.com/> Test operation started, limited to 40 companies in the Kinki and Tokai regions
2001 November ... MRO products procurement site opened nationwide. Began full-scale business
2002 March ... Opened Distribution Center in Higashiosaka (integrated into Amagasaki DC in 2007)
2004 July ... Launched private brand "MonotaRO"
2006 February ... The Company was renamed from Sumisho Grainger Co., Ltd. to MonotaRO Co., Ltd.
June ... "IHC, MonotaRO" B2C site opened (integrated into "MonotaRO.com" in September 2020)
December ... Listed on the TSE Mothers market
2007 January ... Opened Distribution Center in Amagasaki, Hyogo (24,000 m², merged with Amagasaki DC in 2014)
2008 March ... Relocated headquarters to Amagasaki, Hyogo
May ... Entered the automotive aftermarket industry
2009 December ... Listed on the TSE First Section market
2010 April ... Started overseas export business
2012 March ... Masaya Suzuki was appointed Representative Executive Officer and President. Kinya Seto was appointed Representative Executive Officer and Chairman
2013 January ... Established a subsidiary and moved into the MRO market in South Korea
October ... Started website aimed at Southeast Asia
2014 May ... Entered agricultural materials and kitchen supplies sales business
July ... Opened Amagasaki Distribution Center in Amagasaki-shi, Hyogo (44,000 m², merged with Inagawa DC in December 2022)
2015 May ... Entered medical & nursing care supplies sales business
2016 October ... Invested in an e-commerce company and moved into the MRO market in Indonesia
2017 March ... Opened Kasama Distribution Center in Kasama-shi, Ibaraki (56,200 m²)
2018 February ... Established a subsidiary and moved into the MRO market in China (withdrew in September 2021)
August ... Opened Tokyo office in Akasaka, Minato-ku, Tokyo
November ... Awarded Porter Prize
2019 September ... Opened Nagoya office in Nagoya, Aichi
2020 September ... Moved into the MRO market in India
2021 January ... Opened Umeda Satellite Office in Kita-ku, Osaka, Osaka
February ... Opened Ibaraki Chuo Satellite Center in Higashiibaraki-gun, Ibaraki (49,000m²)
March ... Started Sustainability Project
2022 April ... Opened Inagawa Distribution Center in Kawabe-gun, Hyogo (phase 1) (approx. 194,000 m² when phase 2 starts in 2023)
April ... Moved to the TSE Prime Market
July ... Kasama DC and Ibaraki Chuo SC switched to renewable energy (practically zero carbon dioxide emissions)

Performance

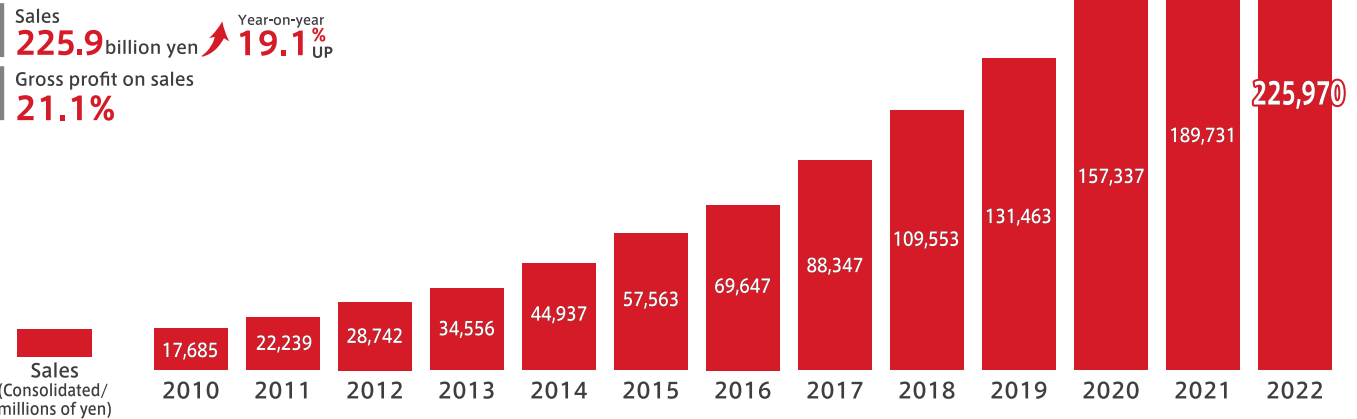
FY2022 full-year performance

Domestic site: monotaro.com

Products handled
More than **19million** items
No. of customers
More than **8million** (1.22million newly registered in 2022)

Consolidated

Sales
225.9 billion yen **19.1%** up
Gross profit on sales
21.1%



MonotaRO Co., Ltd.

monotaro.com

Corporate site: <https://corp.monotaro.com/>

Liber Bldg. 3F, 2-183 Takeyacho, Amagasaki, Hyogo, Japan 660-0876
Tel.: 06-4869-7111 (general inquiries)



Increase the value of time,achieve sustainable growth

Since our founding in 2000, MonotaRO has provided a MRO product sales e-commerce service to increase the "time value" of our customers.

We are expanding our business in Japan and also in Korea, Indonesia, and India, with a product range from industrial materials such as cutting tools and abrasives to automotive-related products, construction supplies, and office supplies. These find use in a wide variety of workplaces, mainly manufacturing plants, auto maintenance, construction, and engineering, but also agriculture, restaurants, schools, and more.

MRO products are required in a wide variety of products, and procurement frequency and quantities tend to be small. Therefore, transaction prices and delivery times differ according to the size of the company. We have reformed this traditionally opaque and imbalanced procurement transaction system. Our "service that allows all our customers to procure at a fair and reasonable price" has been highly regarded by our customers, and we continue to expand the scale of our business.

In addition to e-commerce, we are now working to provide solutions linked with procurement systems (ONE SOURCE Lite and PunchOut linkage) for major corporations. These leverage the economies of scale of our wide line-up of products that meet the needs of customers in a range of industries, the volume of data we have accumulated, and our ability to develop a rapid shipping system from an expanded number of distribution bases.

We are also using our strengths in data science to implement measures such as an advanced search system developed in-house so that our customers can quickly find what they need from our huge product range and a system that can recommend appropriate products for each customer. We will continue to enhance our services, keeping our users happy based on the power of IT to ensure our customers can work more efficiently and use their time more effectively.

Our Strengths

1. Providing convenience to more than 8 million diverse users with a line-up of over 19 million products, including more than 500,000 in stock at any one time.

2. The ability to develop low-cost yet effective and efficient sales and distribution systems by maximizing the power of data science and operations.

3. The ability to tackle the new and repeatedly test to find optimal solutions.

I would like to take this opportunity to thank all our stakeholders for their continued support and encouragement.

President and CEO Masaya Suzuki

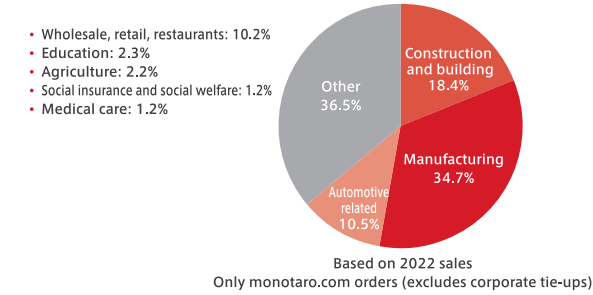


MonotaRO will continue to evolve as the power supporting manufacturing.

Steadily increasing satisfied users in a wide range of industries nationwide

More than 8 million customers

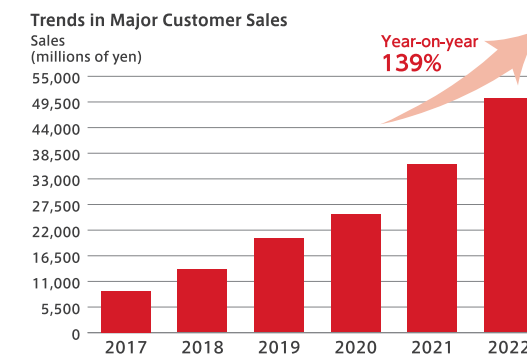
We will continue contributing to MRO product purchases that are "findable, convenient, and efficient," and continue to grow with our customers.



Our proprietary purchasing system, ONE SOURCE Lite, and PunchOut linkage

Used by more than 2,000 companies

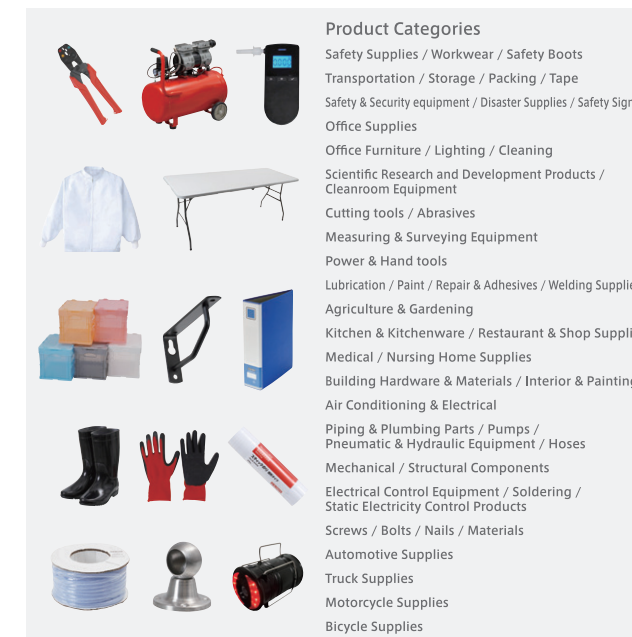
Contributing to increased efficiency and visualization of procurement systems for major corporations. We have enhanced our IT and customer center support, and in FY2022 achieved a growth of 139% year-on-year.



Provide a broad range of products cheaper and more efficiently

More than 2,000 suppliers

We do business with more than 2,000 suppliers in over ten countries, including wholesalers and manufacturers. Through increasingly sophisticated supply chains, we can procure products for our customers more quickly, accurately, and efficiently.



Supporting fine-grained needs with long tail products

More than 19 million products handled

By using the strengths of the internet and offering a variety of products that other stores do not handle due to low profitability (long tail products), we can respond to a wide range of customer needs.

Prompt delivery system to improve service

More than 500,000 products in stock

We have developed a faster delivery system to stock and ship items from our own distribution centers. We are working to improve customer convenience through same-day shipping thanks to efficient and highly mobile operations.



Detailed analysis of purchasing trends per customer

Data marketing that achieves high repeat rates

Analyze massive amounts of data from a range of perspectives, including customer order information and actions on the website.

By constructing logic and performing hypothesis testing, such as recommendations that anticipate the needs of each customer, we can achieve more precise marketing and use that information power to help our customers save effort in the purchasing process.



Introducing original products that aim for low cost and optimal quality

More than 300,000 private-brand products

The private-brand products MonotaRO designed, developed, and OEM'd are very popular due to their prices and quality, allowing our customers to reduce their purchasing costs.



We operate sales websites in six countries, mainly in Asia, with three subsidiaries.

Expansion into Overseas Markets

We leverage the expertise in e-commerce MonotaRO has developed in Japan alongside success stories using local subsidiary methods.

■Overseas Subsidiaries

- NAVIMRO (Korea)
- monotaRO.id (Indonesia)
- IB MONOTARO (India)

Each country has its own unique market background when it comes to purchasing MRO products, so our initiatives are matched to things like the local purchasing and settlement systems in each country.

■Overseas-related Services/Sites

Our website for overseas customers features a wide range of products sold from monotaRO.com, which get shipped to the customers' countries. We operate in 17 countries through six e-commerce sites, including Singapore, Malaysia, Thailand, Vietnam, the Philippines, Taiwan, Brunei, Australia, and New Zealand. The number of products handled: over 15 million. Average delivery time: approx. one week. We provide support in English and Japanese. Local companies in various industries, including overseas factories of Japanese corporations, use MonotaRO.

Provision of MonotaRO's business expertise

Consulting business for Zoro Tools

We are providing our expertise in database marketing and product development to help Zoro Tools (USA, UK), an e-commerce business run by W. W. Grainger, Inc.