




Quarter 3, FY2020
(Jan. to Sep. 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 Sep. 2020)	
Number of Customers	<ul style="list-style-type: none">• More than 5.1 million	
Capital Stock	<ul style="list-style-type: none">• 1.99 billion JPY or 18.8 million USD (USD1=JPY105.80)	
Number of Employees	<ul style="list-style-type: none">• 2,527 including 669 regular employees (as of Sep. 30, 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; 590 thousand items are available for same day shipment.
- 471 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

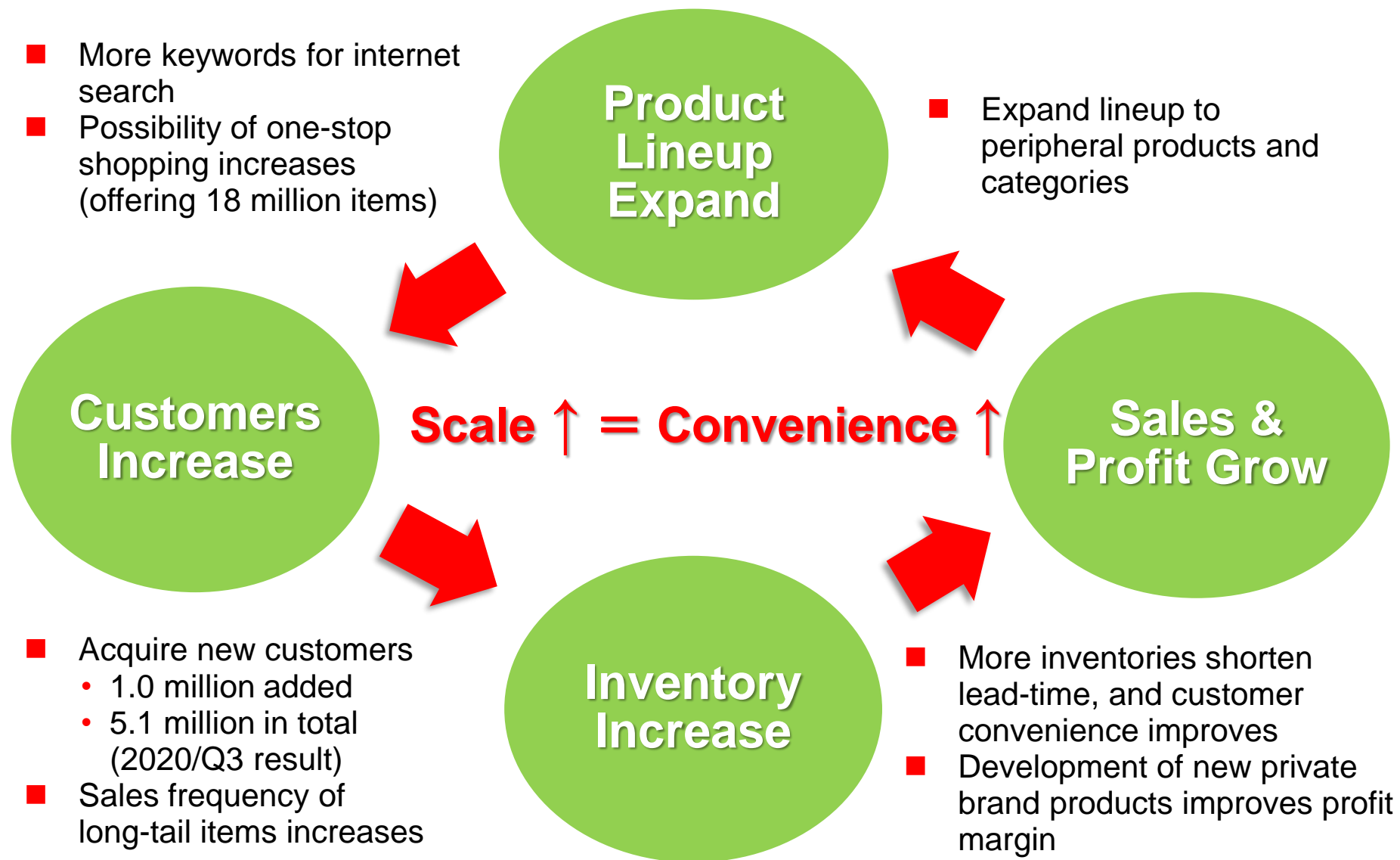
- Promotions optimized by industry categories for more effectiveness and efficiency



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-consolidated) 2020Q3 Financial Result P/L Outline

- Sales: 110,848 million JPY (YonY +19.1%, A/F +0.7%)
 - vs. 2019Q1-3 Result
 - monotaro.com: Due to COVID-19, average order amount of main three industries customers (manufacturing, construction, automotive maintenance) dropped; however, customer acquisition including general individual customers increased and demand of COVID-19 related products increased. Sales grew from last year.
 - Large Corporation Business: Number and usage of large corporation customers increased from last year (+339 corp.), and hence high growth rate was maintained.
 - vs. 2020Q1-3 Plan
 - monotaro.com: Higher than plan due to increase in number of general individual customers and to increase in demand of COVID-19 related products.
 - Large Corporation Business: Lower than plan since COVID-19 negatively affected customers' business activities.

Jan. – Sep. 2019 Result				Jan. – Sep. 2020 Plan			Jan. – Sep. 2020 Result				
No.Corp.	Million JPY	YonY	/Total Sales	Million JPY	YonY	/Total Sales	No.Corp.	Million JPY	YonY	vs Plan	/Total Sales
755	14,400	+51.5%	15.5%	19,700	+36.8%	17.9%	1,094	18,500	+29.0%	△5.7%	16.8%

- Gross Profit: 31,723 million JPY (Sales Ratio 28.6%, YonY +19.3%, A/F +0.2%)
 - Sales ratio (GP%) stayed at last year level.
Product GP% increased (+0.5 pt.: due to improved product mix) and consulting/royalty earnings from overseas improved; however, delivery cost ratio grew (△0.6 pt.: due to delivery charge hike in July last year and to increase of general individual customers' usage).
 - Sales ratio (GP%) △0.1 pt. from plan.
Product GP% increased (+0.2 pt.: due to sales increase of imported products and to decrease in sales ratio of large corporation business) and consulting/royalty earnings from overseas increased; however, delivery cost ratio grew (△0.5 pt.: due to increase of general individual customers' usage).

7-2. (Non-consolidated) 2020Q3 Financial Result P/L Outline

- SG&A Expense: 16,945 million JPY (Sales Ratio 15.3%, YonY +14.3%, A/F Δ 2.7%)
 - Sales ratio (SG&A%) Δ 0.6 pt. from last year.
Outsourcing Expense ratio increased (+0.5 pt.: due to projects of new IT systems and to increase in logistic temp-staff related cost to handle orders from increased general individual customers). However, Advertising Expense ratio decreased (Δ 0.8 pt.: due to decrease of TV ad. and to difference of catalog issue month) and to Sales increase.
 - Sales ratio (SG&A%) Δ 0.5 pt. from plan.
Outsourcing Expense ratio increased (+0.3 pt.: due to increase in logistic temp-staff related cost to handle orders from increased general individual customers). However, Depreciation Expense ratio decreased (Δ 0.2 pt.: due to delay of new IT systems launch), System Usage Cost ratio decreased (Δ 0.2 pt.: same as above), Labor Expense ratio decreased (Δ 0.1 pt.: recruitment behind plan), Travel Cost ratio decreased (Δ 0.1 pt.), etc.
- Operating Income: 14,777 million JPY (Sales Ratio 13.3%, YonY +25.6%, A/F +3.7%)
- Net Income: 9,915 million JPY (Sales Ratio 8.9%, YonY +23.6%, A/F +0.4%)
 - Sales ratio +0.3 pt. from last year.
Operating Income ratio increased (+0.7 pt.); however, due to Extraordinary Loss (523 million JPY: impairment loss incurred due to liquidation of Zoro Shanghai), Net Income ratio increased just +0.3 pt. from last year.
 - Sales ratio Δ 0.1 pt. from plan.
Operating Income ratio increased (+0.4 pt.); however, Extraordinary Loss resulted in decrease in ratio of Net Income from plan.

7-3. (Non-consolidated) 2020Q3 Financial Result P/L Outline

	Jan. – Sep. 2019 Result		Jan. – Sep. 2020 Plan		Jan. – Sep. 2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	93,070		110,123		110,848		+19.1%	+0.7%
Gross Profit	26,594	28.6%	31,659	28.7%	31,723	28.6%	+19.3%	+0.2%
SG&A Exp.	14,824	15.9%	17,407	15.8%	16,945	15.3%	+14.3%	△2.7%
Operating Income	11,769	12.6%	14,252	12.9%	14,777	13.3%	+25.6%	+3.7%
Current Income	11,787	12.7%	14,228	12.9%	14,803	13.4%	+25.6%	+4.0%
Net Income (Tax Rate)	8,020 (30.6%)	8.6%	9,875 (30.6%)	9.0%	9,915 (30.6%)	8.9%	+23.6%	+0.4%

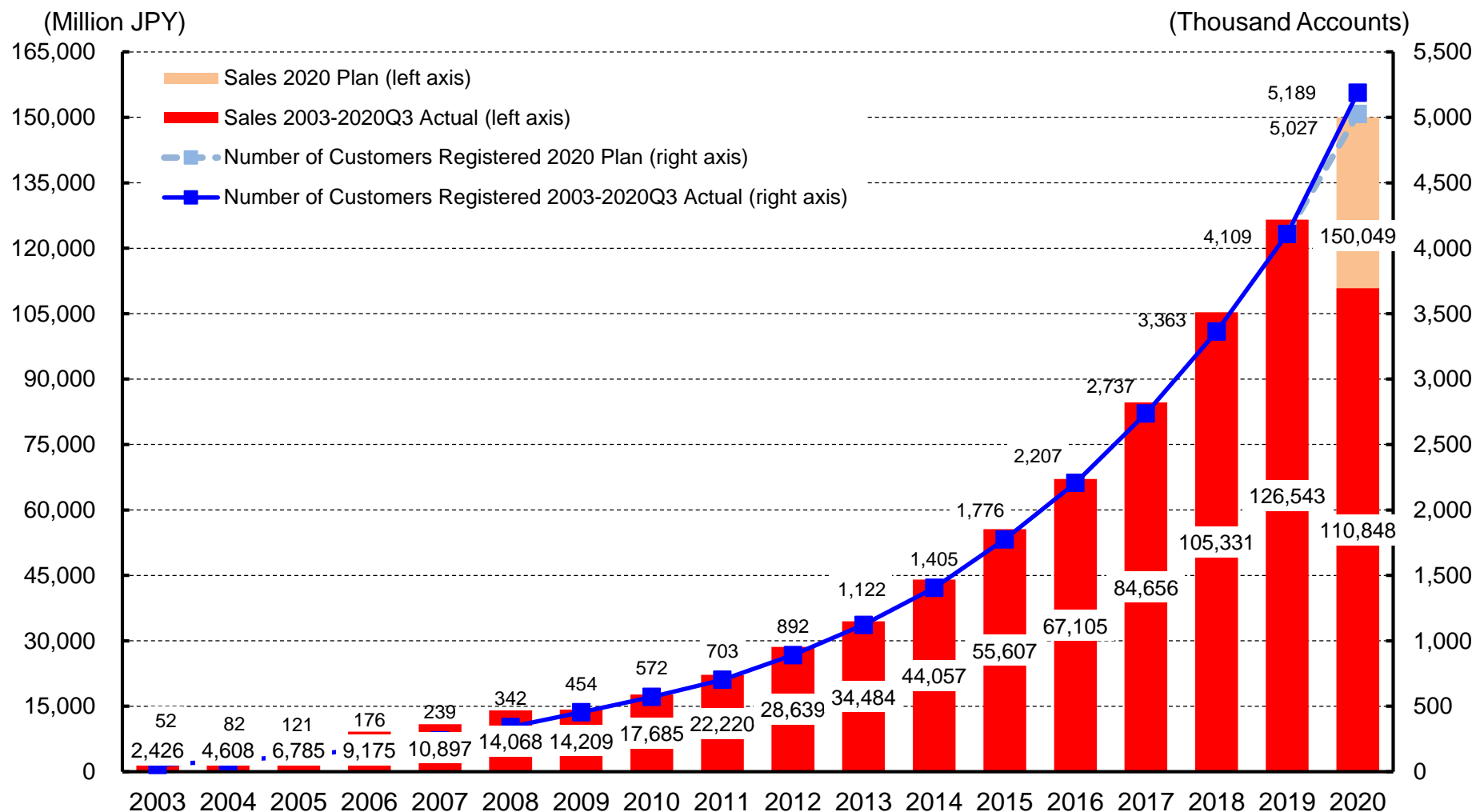
7-4. (Non-consolidated) 2020Q3 Financial Result B/S Outline

		Sep. 2019	Dec. 2019	Sep. 2020	
		Million JPY	Million JPY	Million JPY	Ratio
Assets					
	Cash	5,766	9,958	13,823	18.5%
	Accounts Receivable	14,020	14,376	16,851	22.5%
	Inventory	10,911	11,094	12,132	16.2%
	Other	4,163	4,485	4,877	6.5%
Total Current Asset		34,862	39,914	47,684	63.8%
	Tangible Fixed Asset	12,193	12,023	17,787	23.8%
	Intangible Fixed Assets	2,399	2,919	3,859	5.2%
	Other	5,498	5,748	5,412	7.2%
Total Fixed Asset		20,092	20,691	27,059	36.2%
Total Assets		54,954	60,605	74,744	

		Sep. 2019	Dec. 2019	Sep. 2020	
		Million JPY	Million JPY	Million JPY	Ratio
Liabilities					
	Accounts Payable	8,994	9,446	10,634	14.2%
	Short-term Debt & etc.	2,498	2,498	—	0.0%
	Others	5,815	7,479	8,541	11.4%
Total Current Liabilities		17,308	19,424	19,175	25.7%
Total Long term Liabilities		1,939	2,180	10,665	14.3%
Total Liabilities		19,248	21,604	29,841	39.9%
Net Assets					
Shareholder's Equity		35,656	38,955	44,840	60.0%
Others		49	44	62	0.1%
Total Net Assets		35,706	39,000	44,903	60.1%
Total Liabilities & Net Assets		54,954	60,605	74,744	

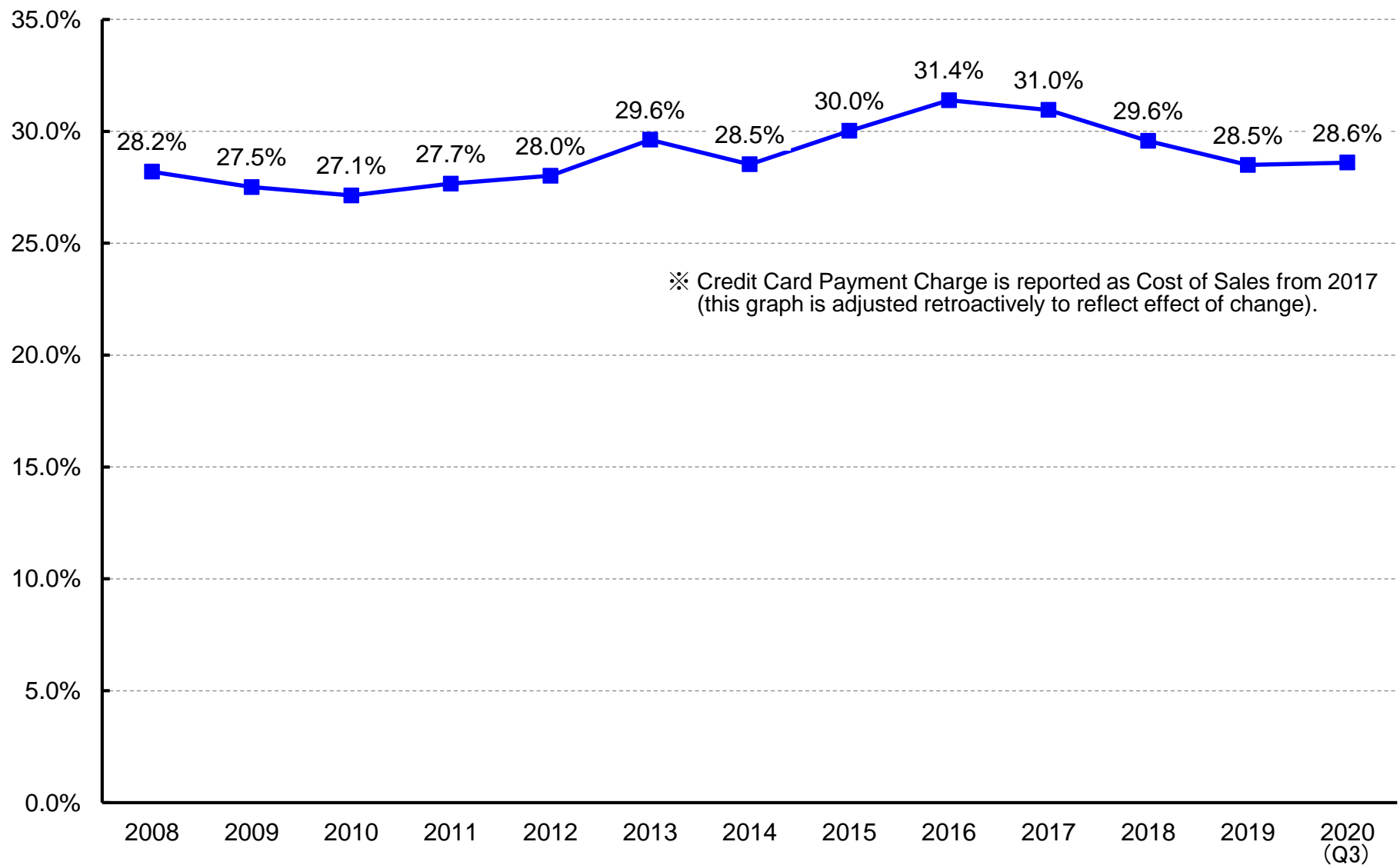
Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

7-5. (Non-consolidated) Progress - Sales & Customer

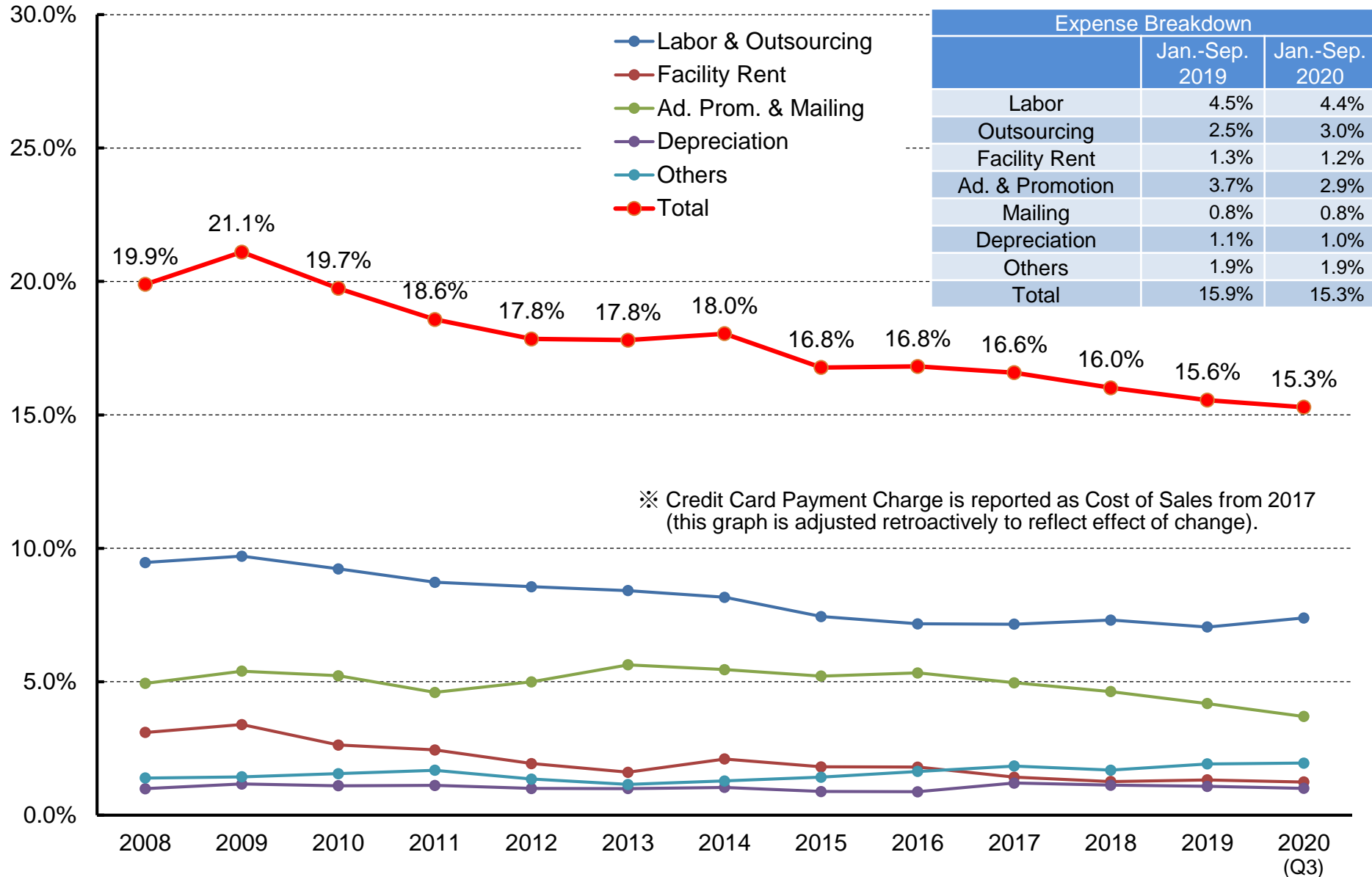


	Dec. 2019	Sep. 2020	Dec. 2020 (Plan)
Number of Customers (Registered Accounts)	4,109,701	5,189,198	5,027,701
		+1,079,497 (vs. Dec. 2019)	+918,000 (vs. Dec. 2019)

7-6. (Non-consolidated) Progress - Gross Profit



7-7. (Non-consolidated) Progress - SG&A Expense



8-1. (Consolidated) 2020Q3 Financial Result P/L Outline 1/2

	Jan. – Sep. 2019 Result		Jan. – Sep. 2020 Plan		Jan. – Sep. 2020 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	96,653		114,757		114,837		+18.8%	+0.1%
Gross Profit	27,306	28.3%	32,731	28.5%	32,601	28.4%	+19.4%	△0.4%
SG&A Exp.	16,003	16.6%	19,008	16.6%	18,233	15.9%	+13.9%	△4.1%
Operating Income	11,303	11.7%	13,723	12.0%	14,368	12.5%	+27.1%	+4.7%
Current Income	11,345	11.7%	13,736	12.0%	14,405	12.5%	+27.0%	+4.9%
Net Income (Tax Rate)	7,580 (31.8%)	7.8%	9,382 (31.7%)	8.2%	9,999 (30.3%)	8.7%	+31.9%	+6.6%
Net Income attributable to owners of the parent	7,752	8.0%	9,600	8.4%	10,191	8.9%	+31.5%	+6.2%

8-2. (Consolidated) 2020Q3 Financial Result P/L Outline 2/2

■ NAVIMRO (South Korea)

- Due to economic deterioration, sales below plan, but profit went far beyond plan by increasing sales of PB products, etc.
- Number of total items expanded about to 3.5 mil. and inventory item increased about to 45 thou.

	Jan.-Sep. 2019 Result			Jan.-Sep. 2020 Plan			Jan.-Sep. 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	3,300	+16.9%	+25.0%	3,950	+19.7%	+21.0%	3,680	+11.4%	△6.9%	+16.9%	△3.4%
Op.Income	△10	—	—	30	—	—	70	—	+85.5%	—	+92.6%
Net Income x Share(*1)	△10	—	—	40	—	—	60	—	+44.0%	—	+49.5%

■ MONOTARO INDONESIA (Indonesia)

- Sales went below plan by more than 40% due to COVID-19 lockdowns and to not achieving customer acquisition target, etc., but Op. Loss was kept within plan by controlling SG&A Expense.
- Continuing to expand product lineup and to strengthen supply chain.

	Jan.-Sep. 2019 Result			Jan.-Sep. 2020 Plan			Jan.-Sep. 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	260	+41.6%	+43.4%	510	+92.3%	+89.9%	270	+2.7%	△46.6%	+6.8%	△43.7%
Op.Income	△210	—	—	△240	—	—	△230	—	—	—	—
Net Income x Share(*1)	△90	—	—	△100	—	—	△110	—	—	—	—

■ ZORO SHANGHAI (China)

- Liquidation resolved on September 18.
- Continuing business; selling remaining inventory.

	Jan.-Sep. 2019 Result			Jan.-Sep. 2020 Plan			Jan.-Sep. 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	30	(*)2 —	(*)2 —	150	+357.6%	+366.7%	60	+102.1%	△55.8%	+109.0%	△55.2%
Op.Income	△230	—	—	△330	—	—	△190	—	—	—	—
Net Income x Share(*1)	△150	—	—	△210	—	—	△120	—	—	—	—

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

*2: Business launched in June 2018.

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

8-3. (Consolidated) 2020Q3 Financial Result B/S Outline

	Sep. 2019	Dec. 2019	Sep. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	6,551	11,155	14,556	19.7%
Accounts Receivable	14,137	14,472	16,962	23.0%
Inventory	11,327	11,563	12,601	17.1%
Other	4,212	4,581	4,950	6.7%
Total Current Asset	36,228	41,771	49,070	66.4%
Tangible Fixed Asset	12,221	12,048	17,844	24.2%
Intangible Fixed Assets	2,560	3,084	3,963	5.4%
Other	2,754	2,787	2,999	4.1%
Total Fixed Asset	17,535	17,920	24,807	33.6%
Total Assets	53,764	59,691	73,877	

	Sep. 2019	Dec. 2019	Sep. 2020	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	9,285	9,829	11,006	14.9%
Short-term Debt & etc.	2,498	2,498	—	0.0%
Others	5,922	7,644	8,724	11.8%
Total Current Liabilities	17,706	19,973	19,731	26.7%
Total Long term Liabilities	1,983	2,205	10,718	14.5%
Total Liabilities	19,690	22,179	30,450	41.2%
Net Assets				
Shareholder's Equity	33,818	37,062	43,223	58.5%
Others	255	450	204	0.3%
Total Net Assets	34,074	37,512	43,427	58.8%
Total Liabilities & Net Assets	53,764	59,691	73,877	

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

8-4. (Consolidated) 2020Q3 Financial Result C/F Outline

		Jan. – Sep. 2019 Result	Jan. – Sep. 2020 Result
		Million JPY	Million JPY
Cash Flow from Operating Activity			
	Net Income before Tax	11,108	14,353
	Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 2,599	Δ 2,497
	Increase or Decrease in Inventory (Δ = increase)	Δ 1,379	Δ 1,060
	Increase or Decrease in Accounts Payable (Δ = decrease)	995	1,194
	Tax payment	Δ 4,947	Δ 4,804
	Others	1,107	2,124
	Total	4,284	9,309
Cash Flow from Investing Activity			
	Acquisition of Tangible Assets	Δ 984	Δ 6,389
	Acquisition of Intangible Assets	Δ 1,014	Δ 1,045
	Others	Δ 946	Δ 9
	Total	Δ 2,945	Δ 7,445
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 1,496	Δ 668
	Cash Dividends Paid	Δ 3,471	Δ 3,970
	Others	200	Δ 68
	Total	Δ 6,767	1,794
Currency Exchange Adjustment		Δ 64	Δ 47
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)		Δ 5,492	3,611
Cash and Cash Equivalent at Beginning of Period		12,040	10,746
Cash and Cash Equivalent at End of Period		6,547	14,358

9-1. 2020 Strategy & Plan: (Non-consol.) P/L Plan Outline

	2019 Result		2020 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	126,543		150,049		+18.6%
Gross Profit	36,111	28.5%	43,168	28.8%	+19.5%
SG&A Exp.	19,681	15.6%	23,917	15.9%	+21.5%
Operating Income	16,430	13.0%	19,250	12.8%	+17.2%
Current Income	16,444	13.0%	19,220	12.8%	+16.9%
Net Income (Tax Rate)	11,309 (29.9%)	8.9%	13,339 (30.6%)	8.9%	+18.0%

* No change in fiscal year plan.

9-2. (Non-consolidated) Plus/Minus Factors of 2020Q4 & 2021FY

Factor and Effect (Plus & Minus)

■ Factor and Effect (Plus & Minus)								
			Factors	ends				
				re-expands				
				• COVID-19 Infection				
				• New IT systems (PIM/OMS) go live				
			• Ibaraki Chuo SC launched					
			• Other					
P L U S	Sales	■ MRO procurement shift to online					○	○
		■ Increase in MRO procurement (economic activities improve)						○
		■ More new customer acquisition (general individuals)					○	
		■ Possibility of One Stop Shopping expands (increase in item numbers)				○		
		■ Delivery lead time shortened (expand shipping capacity, able to select efficient routes)		○	○			
		■ Increase in number of items for same day shipment (increasing inventory)		○				
		■ Increase in sales of COVID-19 related products					○	
	Sales & GP	■ Royalty increases	○					
	GP	■ Product GP ratio increases (sales ratio of large corporation business decreases)					○	
		■ Delivery cost ratio decreases (rise in ratio of local logistics service provider, lower split shipment, higher average order amount)	○			○		○
SG&A	■ Distribution-related cost ratio decreases (direct shipment increases)				○			
	■ Facility rent expense ratio decreases (external warehouse rent expense decreases after Ibaraki Chuo SC launch)		○					
	■ Travel cost ratio decreases (decrease in business trips domestic and overseas)					○	○	
M I N U S	Sales	■ Decrease in MRO procurement (economic activities decrease)					○	
	GP	■ Product GP ratio decreases (sales ratio of large corporation business increases)						○
		■ Delivery cost ratio increases (delivery tariff hike, average order amount decrease)	○				○	
	SG&A	■ Labor expense ratio increases (more people joining)	○					
		■ Welfare expense ratio increases (special support and meal allowance)					○	
		■ Distribution-related labor expense ratio increases (Ibaraki Chuo SC starts operation)		○				
		■ Depreciation expense ratio increases (new IT systems go live, Ibaraki Chuo SC launch)		○	○			
	■ System usage cost ratio increases (new IT systems go live)			○				

9-3. 2020 Strategy & Plan: (Consolidated) P/L Plan Outline

	2019 Result		2020 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	131,463		156,468		+19.0%
Gross Profit	37,095	28.2%	44,653	28.5%	+20.4%
SG&A Exp.	21,256	16.2%	26,084	16.7%	+22.7%
Operating Income	15,839	12.0%	18,569	11.9%	+17.2%
Current Income	15,887	12.1%	18,584	11.9%	+17.0%
Net Income (Tax Rate)	10,751 (30.9%)	8.2%	12,703 (31.6%)	8.1%	+18.2%
Net Income attributable to owners of the parent	10,984	8.4%	12,997	8.3%	+18.3%

* No change in fiscal year plan.

9-4. 2020 Strategy & Plan: (Overseas Subsidiary) P/L Plan Outline

■ NAVIMRO (South Korea)

- Increasing sales by expanding customer base, number of items sold, and inventory.
- Continuing to achieve profit plan up until Q3.

	2019 Result			2020 Plan		
	Amount (mil.JPY)	YoY	YoY (local Currency)	Amount (mil.JPY)	YoY	YoY (local Currency)
Sales	4,510	+13.5%	+21.8%	5,400	+19.7%	+20.5%
Op.Income	10	—	—	80	+412.6%	+415.9%
Net Income x Share(*)	20	—	—	90	+285.3%	+287.8%

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

■ MONOTARO INDONESIA (Indonesia)

- Continuing to work on expanding business by increasing corporate customers, by increasing number of items for sale and inventory, and by improving logistics.

	2019 Result			2020 Plan		
	Amount (mil.JPY)	YoY	YoY (local Currency)	Amount (mil.JPY)	YoY	YoY (local Currency)
Sales	380	+46.8%	+48.7%	750	+96.6%	+94.1%
Op.Income	△290	—	—	△310	—	—
Net Income x Share(*)	△130	—	—	△140	—	—

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

■ ZORO SHANGHAI (China)

- Liquidation resolved on September 18.
- Liquidation in progress.

9-5. 2020 Strategy & Plan: Domestic Business (1)

■ BtoB Online E-commerce (monotaro.com)

- Expanding Customer Base and Improving Customer Lifetime Value
 - New customer acquisition exceeded plan (918 thou.), and largely contributed by increase in registration of general individuals.
 - Usage trend of general individual customers stays low in amount per order and in repeat rate. MonotaRO continues to focus on BtoB business for improving customer lifetime value.
 - Optimizing marketing resource allocation based upon customer lifetime value inferred by product search/purchase behavior trends, etc. for improving customer lifetime value.
- Expanding Existing Customers' Sales
 - Improving "One stop shopping" by introducing Product Information Management System (PIM).
 - Reducing "Time to find product" by optimizing product search and recommendation functions for each customer attribute.
 - Reducing "Time to wait for product arrival" by introducing system such as Order Management System (OMS) and by developing logistic bases.

■ System Connection with Large Corporations

• Contract Result

	Dec. 2019 End Result	Sep. 2020 End Result		
	No. Corp.	No. Corp.	vs Dec. 2019 End	Remarks
Total number of corporations	817	1,094	+277	
One Source	14	14	+0	2 considering
One Source Lite	363	554	+191	368 considering

- Sales Base and Progress of Sales Target
 - 2020Q1-3 sales below plan due to decreased business activity caused by COVID-19. Demand gradually improving, but monthly situation goes back and forth.

9-5. 2020 Strategy & Plan: Domestic Business (2)

■ Consulting/Royalty Business

- Grainger's Zoro business (US, UK, Germany) continuing to strengthen its business by using SG&A expenses with investment prospect. Profit is improving since Q2 by optimizing promotions.
- Amount of royalty in 2020Q1-3 increased from last year and plan.

■ 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 recruit data-scientists and IT engineers.

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

- Product Information Management System (PIM)
 - Launched for testing (expected to go live in 2021Q1)
 - Expanding possibility of “One stop shopping” through efficient additions of new product information and minimizing cost as well.
 - Preparing product information in multi-languages for international business in future.
- Order Management System (OMS)
 - Launched for testing (expected to go live in 2021Q1)
 - Having function of selecting optimal shipment methods based upon various situations. By introducing this system, reducing “Time to wait for product arrival” and minimizing distribution related costs by leveling shipment operations and by reducing splits of shipments.

9-6. 2020 Strategy & Plan: Overseas Business (1) India 1/2

■ Investment in E-Commerce Business of MRO Products in India

- On September 18, 2020, MonotaRO resolved to invest in newly established company IB MONOTARO, with E-Commerce business unit separated and transferred from Emtex Engineering Private Limited (Emtex), a local retailer of MRO product in India.
- MonotaRO invests 15 million USD to own 50.61% of share (IB MONOTARO becomes consolidated subsidiary of MonotaRO) by acquiring shares through private placement offered and by subscribing to the compulsory convertible debenture issued by IB MONOTARO.
- MonotaRO is going to develop MRO service in India, which is expected to grow in future, by utilizing Emtex's E-Commerce business model and MonotaRO's knowledge obtained in Japanese and overseas business.
- Working to finalize necessary contracts related to this investment.
- Becoming consolidated subsidiary of MonotaRO end of 2020 (B/S only).

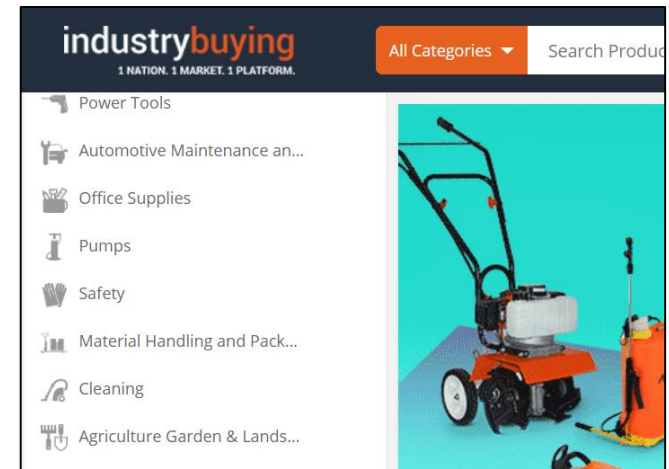
■ MonotaRO's understanding of Indian MRO market

- Market is growing (crude steel production and automobile industry size are world-class). After conducting test marketing in India, MonotaRO recognized potentials in market and in needs for online search.
- Business model (new customer acquisition and existing customer's usage expansion), which MonotaRO has cultivated, is rolled out in India. MonotaRO utilizes its knowhow to increase traffic from search engines for acquiring new customers, etc.

9-6. 2020 Strategy & Plan: Overseas Business (1) India 2/2

■ Business Overview

- IB MONOTARO will start business by utilizing existing infrastructure of Emtex such as system, procurement, delivery, etc. and to continue to use Emtex's Website "industrybuying.com."
- Considering Indian MRO distribution structure, MonotaRO aims to develop same business model, with which MonotaRO has been providing service mainly to small & mid sized enterprises in Japan.



■ Business Plan

- Planning to attain fiscal break-even in 2026.
- Impact of COVID-19 in India is large, but effect on Emtex's E-Commerce is limited.

■ Subsidiary Overview

Company Name	IB MONOTARO PRIVATE LIMITED
Date of Establishment	July 2020
Location	New Delhi, India
Description of Business	E-Commerce of indirect materials for factories
Capital	INR 100 thou. (at establ. about JPY 142 thou.)
Ownership Ratio (after exercising conversion rights of compulsory convertible debenture and after fully-diluted share basis)	50.61%
Acquisition Date	September 2020



India

9-6. 2020 Strategy & Plan: Overseas Business (2) China

Reason for Liquidation

- ZORO Shanghai (ZSH) was established in Feb.2018 and started operation mainly in Shanghai area in Jun.2018.
- However, since then, performance continued to be below original business plan. Though operating loss stayed within plan, ZSH continued to face difficulty in new customer acquisition required for sales growth.
- With China's unique business environment behind, MonotaRO's method of customer acquisition (SEM, SEO, etc.) did not work and measures of customer acquisition could not be established.
- Since there was no prospect of turnaround in future, decision of liquidation was made.

2020 P/L Plan

	2019 Result			2020 Plan		
	Amount (mil.JPY)	YonY	YonY (local Currency)	Amount (mil.JPY)	YonY	YonY (local Currency)
Sales	60	(*2) —	(*2) —	250	+317.5%	+322.8%
Op.Income	△320	—	—	△450	—	—
Net Income x Share (*1)	△210	—	—	△300	—	—

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

*2: Business launched in June 2018.

Total Investment: 596 million JPY

Loss caused by Liquidation

	Result		Forecast
	Established - 2019FY (mil.JPY)	2020Q1-Q3 (mil.JPY)	2020Q4 - Onwards (mil.JPY)
MonotaRO (non-con.)	—	△523	Maximum △73
MonotaRO (con.: owned)	△330	△159	Maximum △106

- No change in consolidated fiscal year plan, due to minor impact.

9-7. 2020 Strategy & Plan: Logistics (1)

■ Distribution-related Cost Ratio 2020Q1-3 Result: 6.1 %

- Number of general individual customers increased, which resulted in increase in number of items processed at distribution centers. Sales ratios of Labor and Outsourcing Expenses related to distribution therefore increased from last year and plan.

Distribution-related Cost ratio stayed at last year level and increased from plan by 0.2 pt.

■ Inventory

- As of Sep. 30, 2020: 471 thou. items.
- Plan at Dec. 31, 2020: 480 thou. items.





■ Delivery Status

- Shipment ratio of Kasama DC is mostly in line with plan.

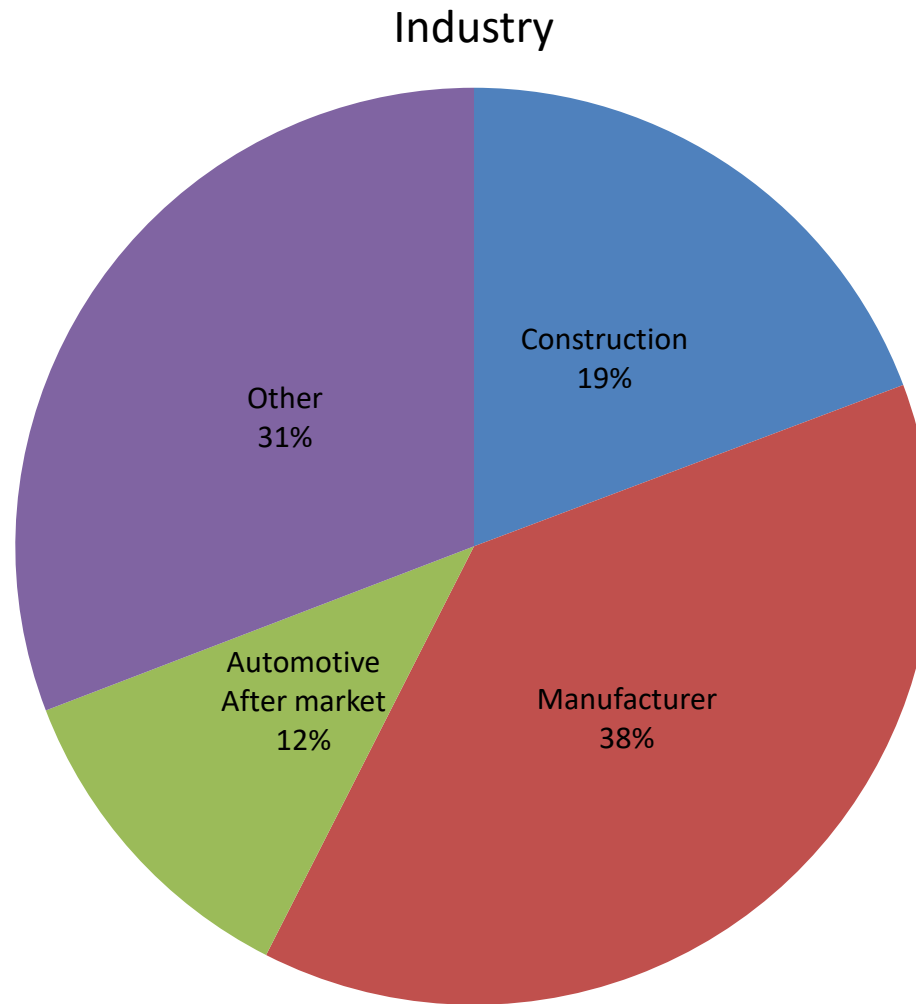
	Jan.-Sep. 2019 Result		Jan.-Sep. 2020 Plan		Jan.-Sep. 2020 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non Consolidated)	93,070		110,123		110,848		+19.1%	+0.7%
Depreciation	611	0.7%	698	0.6%	676	0.6%	+10.6%	△3.1%
Labor & Outsourcing	3,065	3.3%	3,545	3.2%	3,774	3.4%	+23.1%	+6.4%
Facility Rent	1,095	1.2%	1,228	1.1%	1,236	1.1%	+12.9%	+0.6%
Others	900	1.0%	1,038	0.9%	1,070	1.0%	+18.8%	+3.0%
Total	5,673	6.1%	6,511	5.9%	6,757	6.1%	+19.1%	+3.8%

9-7. 2020 Strategy & Plan: Logistics (2)

■ New Distribution Base Expansion Update

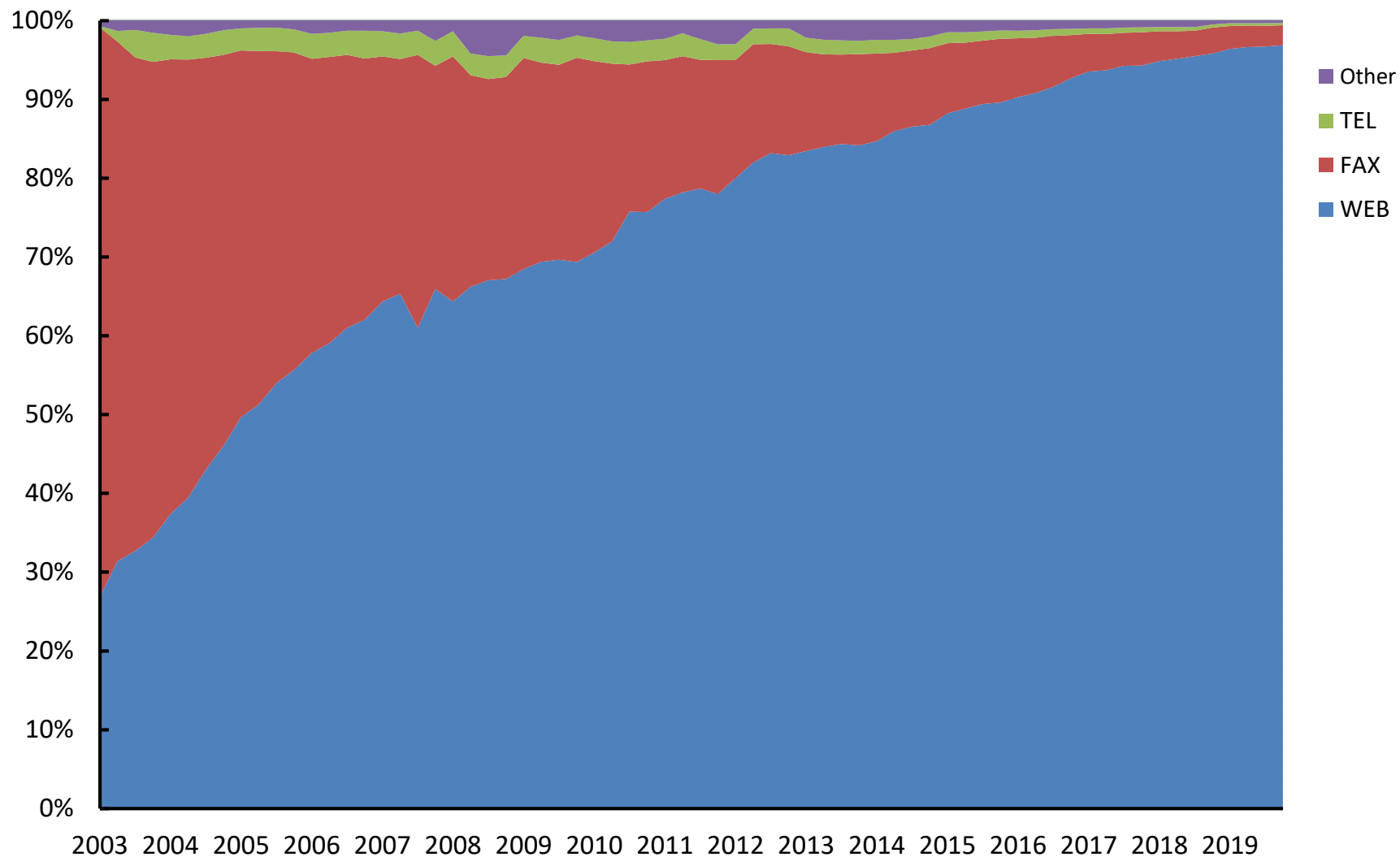
Name (tentative)		Ibaraki Chuo SC	Inagawa DC	
Address		Ibaraki-machi, Higashi Ibaraki-gun, Ibaraki Prefecture	Inagawa-cho, Kawabe-gun, Hyogo Prefecture	
Floor Size		About 49,000㎡	Total about 162,000㎡	
Inventory Capa.		20K-30K SKU, high demand products	Total 500K SKU	
Start Operation		Plan Apr. 2021	Phase 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.)	
			_____	Ph.2: 1 Floor added: about 4.5 bil. JPY (2022-2031including common service exp.)
	Facility	About 1.8 bil. JPY	About 7.4 bil. JPY (under examining)	_____
			_____	About 6.6 bil. JPY (under examining)
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		Exterior, interior under construction	Building under construction	
Picture		<div> Completion Image</div> <div> Progress Status</div>	<div> Completion Image</div> <div> Progress Status</div>	

Ref. 1. Customer Demographics

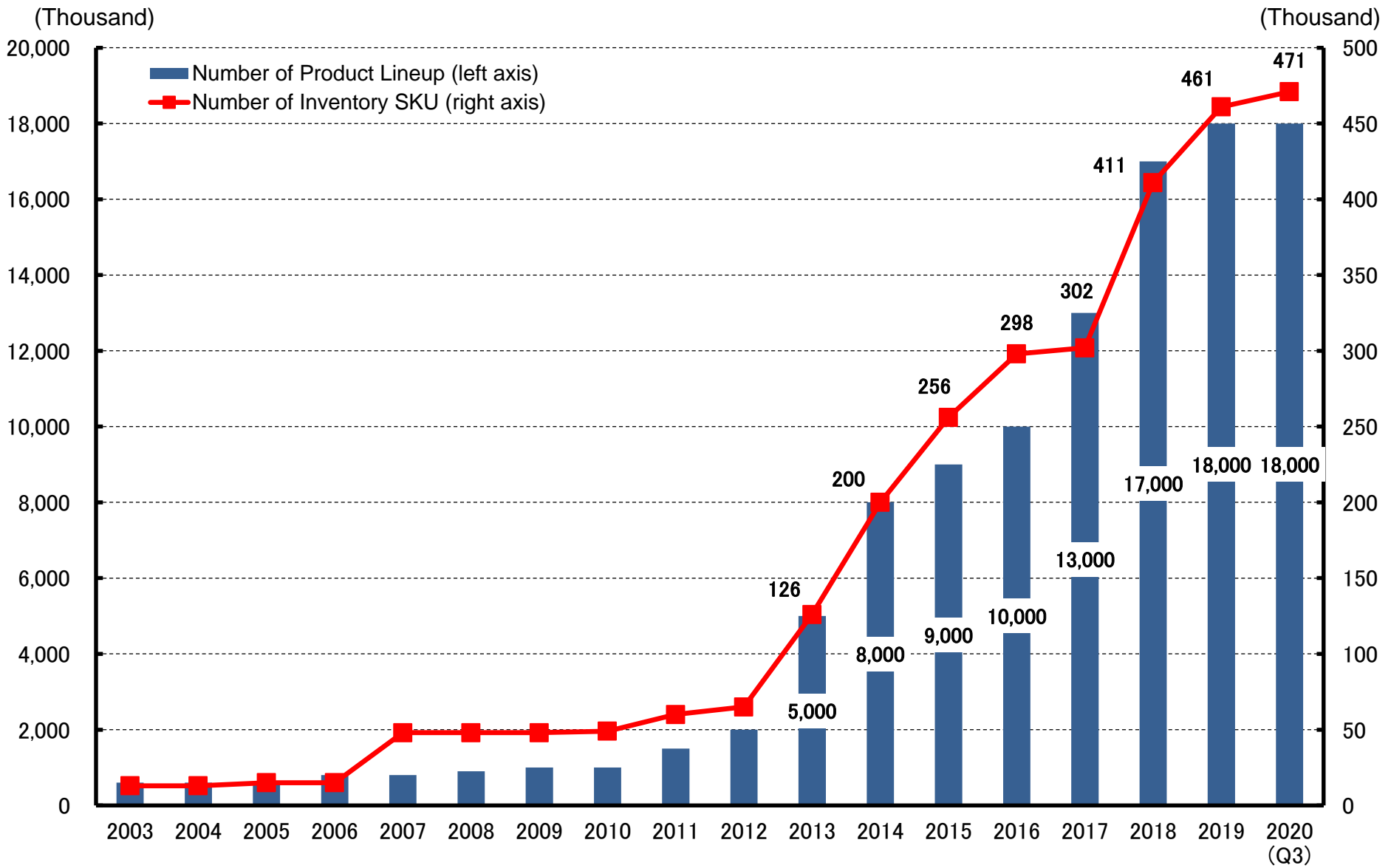


Ratio by sales amount in 2019
(Sales through Shopping website-excluding sales through API connection)

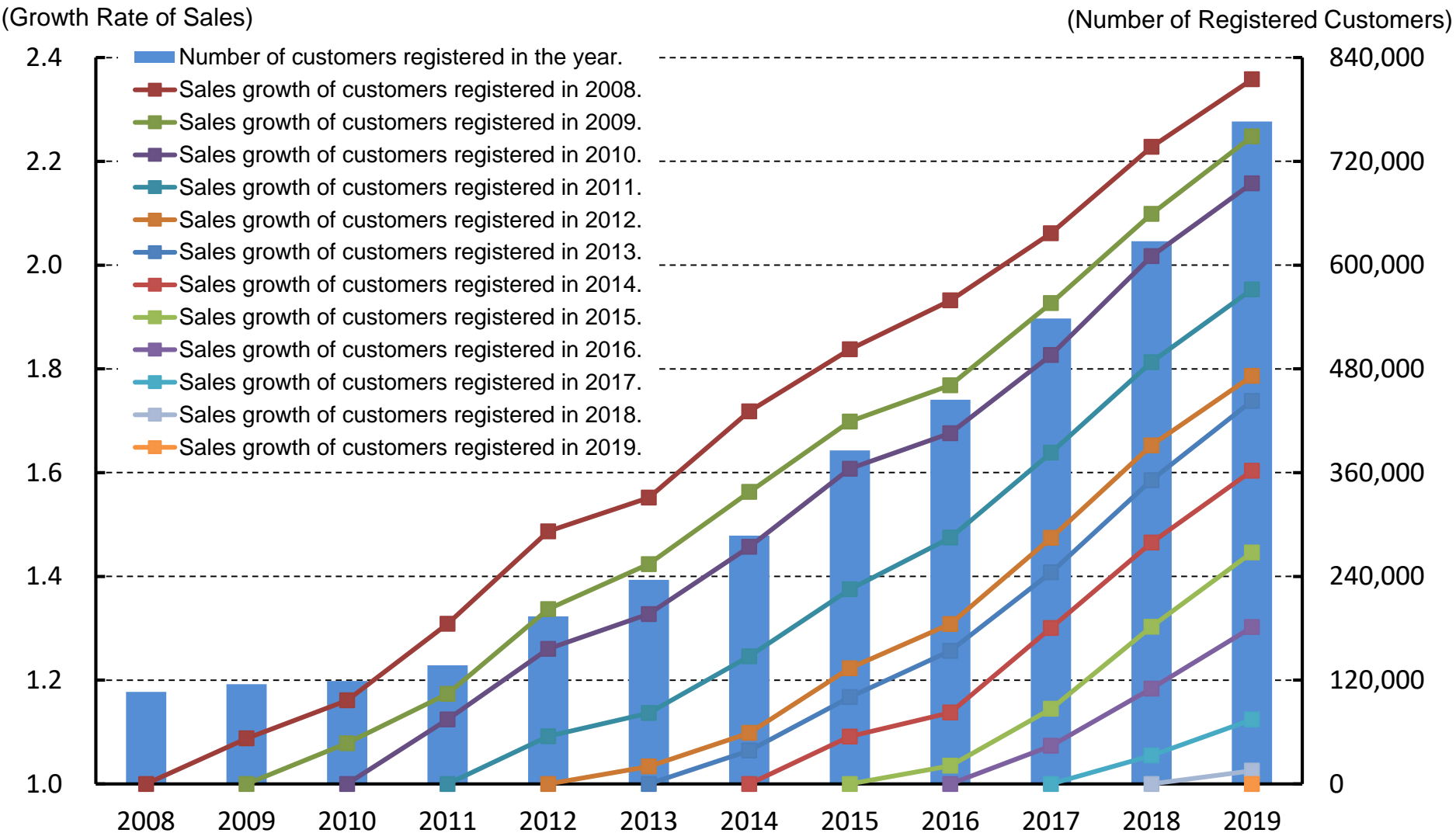
Ref. 2. Internet PO Ratio



Ref. 3. Product Lineup & Inventory



Ref. 4. Registered Customers & Sales Growth by Registered Year

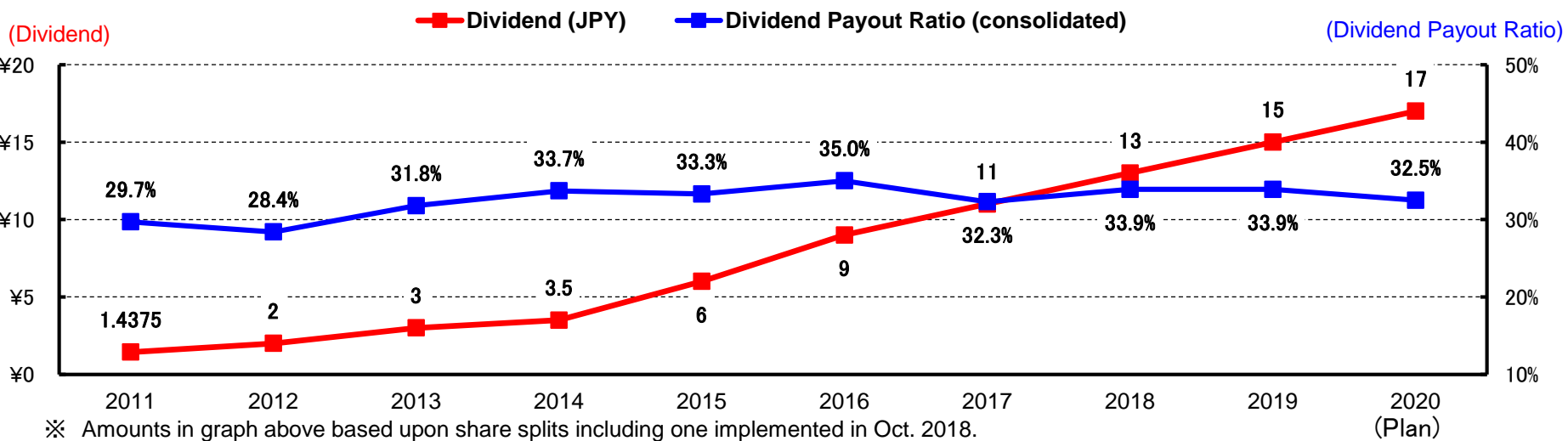


* 1: Bar chart (right axis) shows number of 'monotaro.com' customers registered in each year based on status at end of 2019.
* 2: Line chart (left axis) shows sales growth ratio of customers registered each year by setting sales in registered year as '1'.
* 3: Above number of 'monotaro.com' registered customers and sales growth are updated retroactively at the end of 2019 (large corporate sales not included).

Dividend & Shareholder Benefit

■ Dividend

- Dividend Policy: Distributing dividend consistent with stable and ongoing growth.
- 2019 Dividend (Actual): 15 JPY/share (7.5 JPY/share interim, 7.5 JPY/share fiscal year end).
- 2020 Dividend (Plan): 17 JPY/share.



■ 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%
Yamazen (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	198,548	+47.7%
		9,120	14,276	14,364	13,797	7,636	△16.3%
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	6,000	△21.5%
		190	92	80	17	-17	△108.9%
MonotaRO (3064) - (D)	Retailer	10,897	88,347	109,553	131,463	156,468	+1335.9%
		480	11,837	13,790	15,839	18,569	+3768.5%

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

*2: Forecasts are not disclosed because effects of COVID-19 on sales and profits can not be estimated.

*3: As of Oct. 26, 2020



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.

Contact Us

TEL: 81-6-4869-7190

FAX: 81-6-4869-7178

E-mail: pr@monotaro.com

IR information: <https://corp.monotaro.com/en/ir/index.html>