




Fiscal Year of 2017

(Jan. to Dec. 2017)

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 catalogues, 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 SKUs exceeds 13 million)	
Number of Customers	<ul style="list-style-type: none">• More than 2.7 million	
Capital Stock	<ul style="list-style-type: none">• 1.96 billion JPY or 17.4 million USD (USD1=JPY113.00)	
Number of Employees	<ul style="list-style-type: none">• 1,639 including 377 regular employees (as of Dec. 31, 2017 consolidated)	
Head Office	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture	
Major Distribution Center	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture• Kasama-city, Ibaraki Prefecture	

2. Product Categories

- Safety
- Packing, Material Handling, Cleaning
- Cutting Tools, Abrasives
- Measuring & Surveying tools
- Hand tools, Power tools, Pneumatics
- Chemicals, Adhesive, Welding
- Hydraulics, Pneumatics, Hose
- Bearing, Mechanical Parts, Caster
- Electrical
- Construction, Painting/Interior
- Air conditioning/Electric Facilities, Piping, Plumbing
- Fastener, Nail
- Auto/Cargo Truck Maintenance & Parts
- Motor Bike/Bicycle Maintenance & Parts
- Laboratory
- Kitchen Equipment & Supplies
- Agricultural Equipment & Supplies
- Medical & Nursing Care Equipment & Supplies
- Office Supplies, Tapes



3. Strength

MonotaRO

Conventional Supplier

■ Efficient Sales through Internet

- Sales through internet, targeting the whole of Japan, realizing economies of scale.
- Efficient promotions, leveraging IT and cutting-edge & data-base marketing.



- Labor Intensive and localized & small sized

■ One-Price Policy

- Providing same price to all customers on web site.
- Customers trust in our open, fair, and proper prices, and now they are free from bothers in asking quotes every time.



- Individual and unclear price

■ Product Availability

- Selling 13 million items; 500 thousand items are available for same day shipment.
- 302 thousand items out of the same day shipment products are in our inventory.



- Limited product availability and small selection

■ Private Label Brand and Direct Import Products

- Introducing our private label brand and direct import products, so that our customers can choose the best one to meet their needs among quite a few options.



- Sell mainly expensive top 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

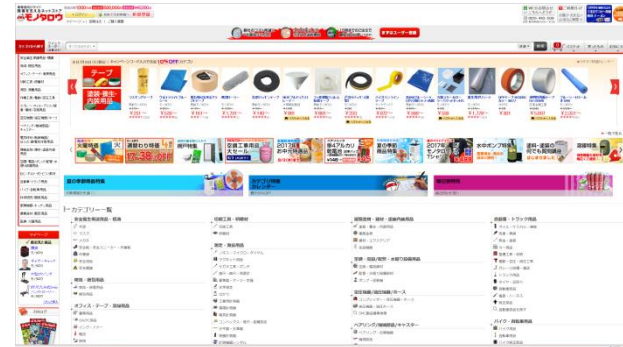
- Small batches of on-demand printed fliers with DTP

5. Catalogue

- 19 separate volumes for better targeting

6. Data Mining and Campaign Management

- Personalized promotion for more effectiveness and efficiency

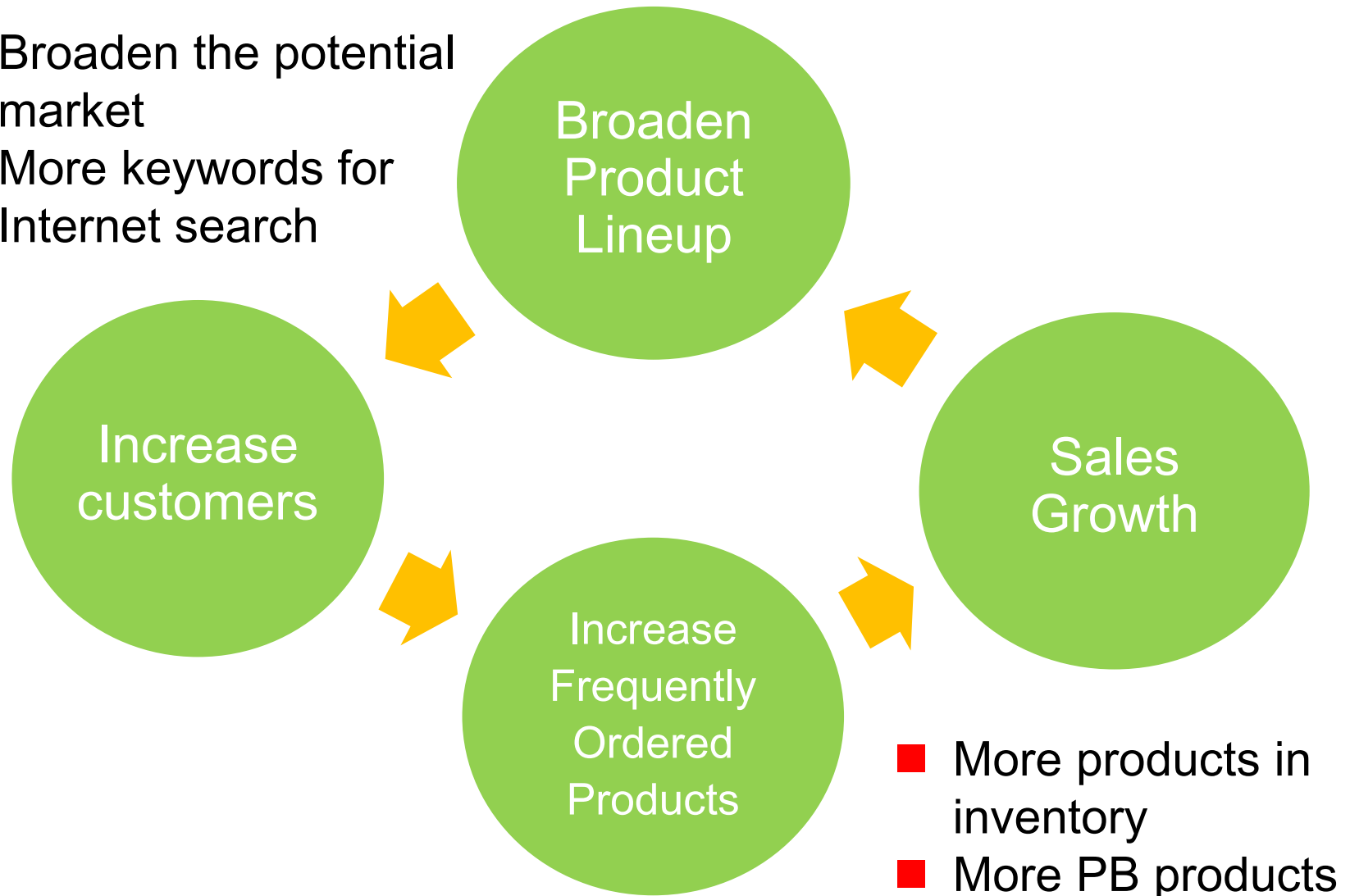


5. Procurement

- Enhancement of Product Sources
 - Developing new suppliers and new products through various channels
- Direct Import and Private Brand Products
 - Higher Margin
 - Unique competitive advantage

6-1. Growth – Development Cycle

- Broaden the potential market
- More keywords for Internet search



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 products• Started US business with providing consulting service to Zoro Tools• Business 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 a subsidiary NAVIMRO
2014	<ul style="list-style-type: none">• Established Amagasaki Distribution Center in Hyogo Prefecture• Expanded product lineup: agricultural equipment and kitchen equipment• Introduced “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 Prefecture• Introduced simplified and easy-installation system “MonotaRO One Source Lite” for large corporations• Closed Tagajyo Distribution Center• Established Hokkaido Distribution Center

7-1. (Non-consolidated) FY2017 Financial Result Outline

■ Sales: 84,656 million JPY (YonY +26.2%, vs. Revised Plan +0.4%)

- Improving listing ad. and landing pages and broadcasting TVCM contribute to acquiring new customers (+530 thou.), and campaign for raising usage frequencies, favorable economic condition, etc. result in increase of existing customer sales.
- Number of new customer of and sales to large corporations increase. Overall sales therefore exceeds last year.

Monthly average no. of newly acquired customers	2016	2017			
	Average	1Q average	2Q average	3Q average	4Q average
	37.5	43.3	45.6	47.2	48.2

■ Gross Profit: 26,204 million JPY (YonY +22.4%, vs. Rev. Plan +0.1%)

- Gross Profit (GP) % decreases from last year by 0.9 pt.. If effect of accounting policy change is removed, GP% is 31.5% (※) and 0.4 pt. lower than last year. Increase in NB/domestic goods sales ratio as overall sales goes up is covered by improvement in PB/imported goods' GP %, but campaign for increasing usage frequencies, improvement of delivery services from Kasama DC, and delivery charge hike result in higher delivery cost ratio.
- GP% is approximately equal to Rev. Plan.

■ SG&A Expense: 14,035 million JPY (YonY +20.7%, vs. Rev. Plan Δ0.1%)

- SG&A Expense % decreases from last year by 0.7 pt.. If effect of accounting policy change is removed, SG&A Exp.% is 17.1% (※) and 0.2 pt. lower than last year. Though Distribution-related Cost % increases as incurred are expenses for launching Kasama new DC, SG&A Exp. % decrease as sales goes up.
- SG&A Exp. % is approximately equal to Rev. Plan.

■ Operating Income: 12,168 million JPY (YonY +24.4%, vs. Rev. Plan +0.4%)

■ Net Income: 8,699 million JPY (YonY +31.2%, Rev. Plan +1.1%)

- Tax benefits for investment in Kasama DC for realizing high-productivity and for expanding employees' incomes result in higher Net Income than last year.
- Tax benefit amounts including that for expanding employees' incomes are reviewed, and this results in higher Net Income than Rev. Plan.

※ Credit Card Payment Charge is reported as COGS from FY2017, while it had been reported as SG&A Expense in and before FY2016.

7-2. (Non-consolidated) FY2017 Financial Result P/L

	FY2016 Result		FY2017 Plan Revised		FY2017 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	Vs. Rev. Plan
Sales	67,105		84,339		84,656		+26.2%	+0.4%
Gross Profit	21,406	31.9%	26,174	31.0%	26,204	31.0%	+22.4%	+0.1%
SG&A Exp.	11,624	17.3%	14,056	16.7%	14,035	16.6%	+20.7%	△0.1%
Operating Income	9,782	14.6%	12,117	14.4%	12,168	14.4%	+24.4%	+0.4%
Current Income	9,800	14.6%	12,109	14.4%	12,177	14.4%	+24.3%	+0.6%
Net Income (Tax Rate)	6,631 (32.3%)	9.9%	8,608 (28.9%)	10.2%	8,699 (28.5%)	10.3%	+31.2%	+1.1%

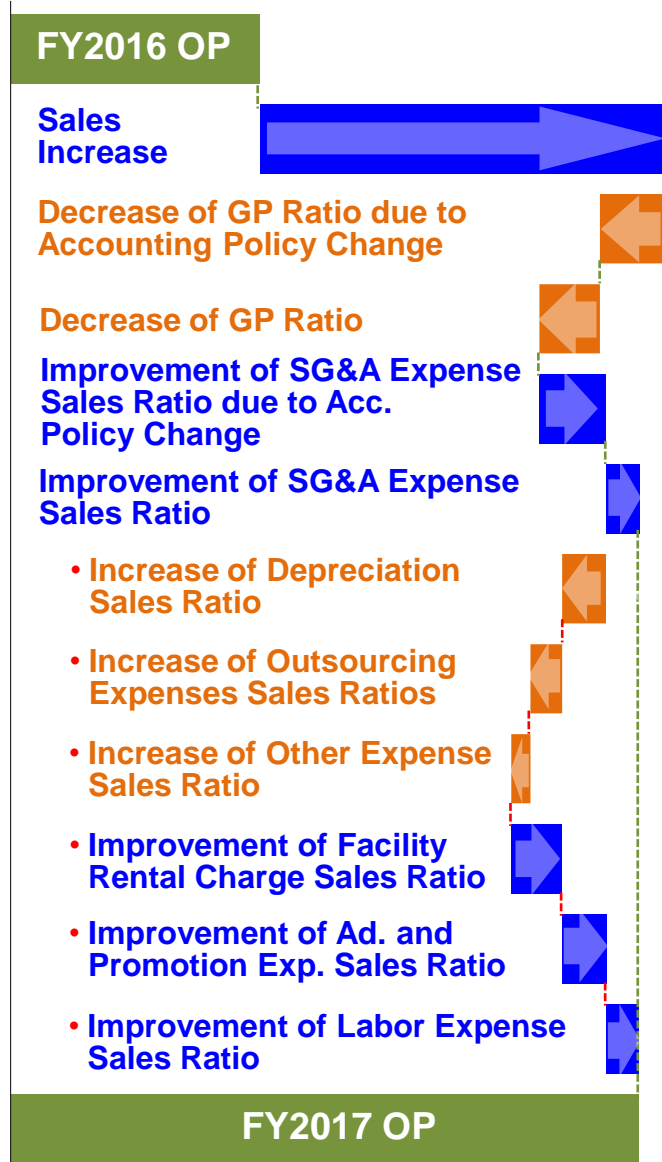
7-3. (Non-consolidated) FY2017 Financial Result B/S

	Dec. 2016	Dec. 2017	
	Million JPY	Million JPY	Ratio
Assets			
Cash	6,536	8,097	18.6%
Accounts Receivable	7,502	9,977	22.9%
Inventory	5,704	7,689	17.7%
Other	3,037	3,861	8.9%
Total Current Asset	22,780	29,626	68.1%
Tangible Fixed Asset	10,298	9,852	22.6%
Intangible Fixed Assets	1,054	1,218	2.8%
Other	2,681	2,827	6.5%
Total Fixed Asset	14,034	13,898	31.9%
Total Assets	36,814	43,525	

	Dec. 2016	Dec. 2017	
	Million JPY	Million JPY	Ratio
Liabilities			
Accounts Payable	5,063	6,510	15.0%
Short-term Debt & etc.	225	2,125	4.9%
Others	6,692	5,150	11.8%
Total Current Liabilities	11,981	13,786	31.7%
Total Long term Liabilities	6,750	5,418	12.4%
Total Liabilities	18,732	19,205	44.1%
Net Assets			
Shareholder's Equity	18,026	24,281	55.8%
Others	55	38	0.1%
Total Net Assets	18,081	24,320	55.9%
Total Liabilities & Net Assets	36,814	43,525	

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

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



9,782 mil. JPY

+2,558 mil. JPY	<ul style="list-style-type: none"> ■ Improving listing ad. & landing pages, and broad casting TVCM contribute to acquiring more new customers, and campaign for raising usage frequencies, favorable economic condition, and etc. result in increase in existing customer sales. ■ Number of new customer of and sales to large corporations increase.
△419 mil. JPY	<ul style="list-style-type: none"> ■ Effect of accounting policy change: Credit Card Payment Charge is reported as Cost of Goods Sold from 2017 onward.
△382 mil. JPY	<ul style="list-style-type: none"> ■ Increase in NB/domestic goods sales ratio is covered by improvement in PB/imported goods' GP %, but campaign for increasing usage frequencies, improvement of delivery services from Kasama DC, and delivery charge hike result in lower GP%.
+419 mil. JPY	<ul style="list-style-type: none"> ■ Effect of accounting policy change: Credit Card Payment Charge is reported as Cost of Goods Sold from 2017 onward.
+209 mil. JPY	<ul style="list-style-type: none"> ■ Despite incurring expenses this year to launch Kasama DC, SG&A Expense overall ratio decreases due to higher sales and to following factors on SG&A Expenses.
△276 mil. JPY	<ul style="list-style-type: none"> • Establishing and starting operations at Kasama DC this year and employing automated warehouse system at Amagasaki DC (Jun. 2016) cause Depreciation's sales ratio to increase.
△198 mil. JPY	<ul style="list-style-type: none"> • Despite launch of Kasama DC, increased shipments due to sales growth are handled at Amagasaki DC with higher number of staffs from temp. agencies, and this increases Outsourcing Ex. sales ratio
△120 mil. JPY	<ul style="list-style-type: none"> • Expenses procuring fixtures and consumable goods for launching Kasama DC cause sales ratios of Other Expenses to increase.
+318 mil. JPY	<ul style="list-style-type: none"> • Due to Closing Tagajyo DC and to less ratio of leasing facilities after Kasama DC (own facility) is established, sales ratio of Facility Rental Charge improves.
+278 mil. JPY	<ul style="list-style-type: none"> • Actions of promotions work well to contribute to increase in Sales, and hence Promotion Expense sales ratio decreases.
+208 mil. JPY	<ul style="list-style-type: none"> • Addition of full-time employee is managed within sales growth: Labor Expense sales ratio decreases.

12,168 mil. JPY (YoY: +2,386 mil. JPY, vs. Rev. Plan +24.4%)

※ Amounts are effects on O/P margin by changes of rates, not actual amounts.

8-1. (Consolidated) FY2017 Financial Result P/L

	FY2016 Result		FY2017 Plan Revised		FY2017 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs. Rev. Plan
Sales	69,647		88,006		88,347		+26.9%	+0.4%
Gross Profit	21,895	31.4%	26,905	30.6%	26,929	30.5%	+23.0%	+0.1%
SG&A Exp.	12,401	17.8%	15,110	17.2%	15,091	17.1%	+21.7%	△0.1%
Operating Income	9,493	13.6%	11,795	13.4%	11,837	13.4%	+24.7%	+0.4%
Current Income	9,514	13.7%	11,798	13.4%	11,858	13.4%	+24.6%	+0.5%
Net Income (Tax Rate)	6,349 (33.3%)	9.1%	8,295 (29.7%)	9.4%	8,378 (29.3%)	9.5%	+31.9%	+1.0%
Net Income attributable to owners of the parent	6,368	9.1%	8,376	9.5%	8,464	9.6%	+32.9%	+1.1%

8-2. (Consolidated) FY2017 Financial Result B/S

		Dec. 2016	Dec. 2017	
		Million JPY	Million JPY	Ratio
Assets				
	Cash	7,229	8,688	20.3%
	Accounts Receivable	7,569	10,039	23.4%
	Inventory	5,993	8,081	18.9%
	Other	3,089	3,926	9.2%
Total Current Asset		23,881	30,736	71.7%
	Tangible Fixed Asset	10,331	9,881	23.1%
	Intangible Fixed Assets	1,204	1,347	3.1%
	Other	936	896	2.1%
Total Fixed Asset		12,471	12,125	28.3%
Total Assets		36,353	42,861	

		Dec. 2016	Dec. 2017	
		Million JPY	Million JPY	Ratio
Liabilities				
	Accounts Payable	5,302	6,829	15.9%
	Short-term Debt & etc.	225	2,125	5.0%
	Others	6,780	5,249	12.2%
Total Current Liabilities		12,308	14,203	33.1%
Total Long term Liabilities		6,781	5,441	12.7%
Total Liabilities		19,089	19,644	45.8%
Net Assets				
Shareholder's Equity		16,983	23,004	53.7%
Others		279	212	0.5%
Total Net Assets		17,263	23,216	54.2%
Total Liabilities & Net Assets		36,353	42,861	

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

8-3. (Consolidated) FY2017 Financial Result C/F

	FY2016	FY2017
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	9,514	11,853
Increase or Decrease in Accounts Receivable	△1,402	△2,466
Increase or Decrease in Inventory	△575	△2,057
Increase or Decrease in Accounts Payable ((△) decrease)	883	1,501
Tax payment	△3,391	△3,324
Others	△45	589
Total	4,982	6,097
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	△6,300	△3,236
Acquisition of Intangible Assets	△432	△564
Others	631	515
Total	△6,101	△3,284
Cash Flow from Financing Activity		
Repayments of Lease Obligations	△305	△1,120
Proceeds from Sales & Leasebacks	—	2,440
Dividend	△1,977	△2,478
Others	△278	△220
Total	△2,561	△1,379
Currency Exchange Adjustment	19	26
Net Increase/Decrease of Cash and Cash Equivalent	△3,660	1,459
Cash and Cash Equivalent at Beginning of Period	10,889	7,229
Cash and Cash Equivalent at End of Period	7,229	8,688

9-1. FY2018 Business Strategy – 1/4

■ Improving Marketing Strength based on Data Science

- Establishing new bases in Osaka City and in Tokyo by spring this year for improving high-level Marketing strength based on Data Science and for developing systems.

■ Platform for MRO Procurement

- Expanding Customer Base
 - Continuing to improve listing ad. & landing page and to broadcast TVCM for acquiring 598 thou. new customers.
- Expanding Sales to Existing Customers
 - Increasing sales per customer by expanding stock up to 400 thou. SKU (stock increased slightly in 2017, focusing on making more use of Kasama DC) and by improving distribution network / strengthening supply-chain for shortening lead-time.

■ Business with Large Corporations

- 2017 result:
 - Number of corporations 429 (since Dec. 31, 2016 +120)
 - Sale 2017 Actual & 2018 Plan

	2017 Result			2018 Plan		
	Amount (mil. JPY)	YonY	Ratio to Sales Total	Amount (mil. JPY)	YonY	Ratio to Sales Total
Sales	8,800	+58%	10.4%	12,900	+47%	12.5%

- MonotaRO One Source
 - 12 corporations employed (since Dec. 31, 2016 +3), and 2 considering
- MonotaRO One Source Lite
 - 63 corporations employed (released in March 2017), and 48 considering

■ Consulting / Royalty Business

- Sales subject to consulting service is expected to grow at certain rate.

9-2. FY2018 Business Strategy – 2/4

■ Business Expansion in People's Republic of China (outline)

- Purpose
 - Expanding businesses of indirect-materials / MRO sales through Internet in China, largest market in Asia, for further development of MonotaRO Group's business and operation bases.
- Overview of Subsidiary
 - Establishment Date: Feb. 2018 (planned)
 - Capital: RMB 20 million (approximately JPY 340 million)
 - Ownership Ratio: MonotaRO (the Company) 75%, Sumitomo Corporation 25%
Subsidiary is initially established with the MonotaRO's 100% ownership (RMB 15 million).
Subsidiary is to issue third party allotment of capital (RMB 5 million), and Sumitomo Corporation plans to undertake full allotment
 - Starting Business: July 2018 (planned)
 - Area to Start Business: Yangtze Delta area with Shanghai
- MRO Market in China
 - 2nd largest in world (USA is largest)
 - MRO Retailers in China are small with limited product line-up.
 - Efficient procurement is issue to solve for SMEs procuring wide variety of MRO products not on certain schedule.



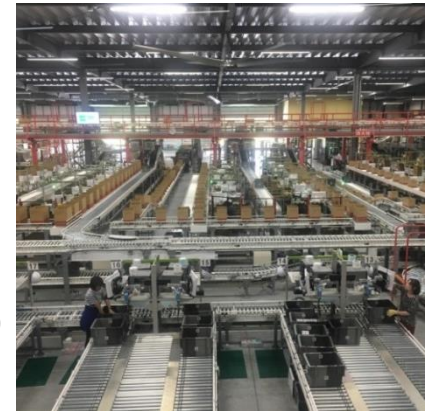
9-3. FY2018 Business Strategy – 3/4 Distribution (1)

■ Kasama DC

- Operation level increased smoothly, but shipping ratio is lower than Plan.
 - Due mainly to delay in keeping high-demand goods in stock.
 - Stock on Dec. 31, 2017: 170 thou. (Rev. Plan: 180 thou. or more)
- Continuing to work on improving balances of stock & shipping between DCs to increase shipping ratio of Kasama DC to maximize utilization of its facilities with high productivities.

■ Distribution-related Cost / SG&A Expense 2017 Result

- Costs incurred to launch new DC results in higher sales ratio than 2016.
- 2nd Half sales ratio: +0.1pt. vs. Rev. Plan (FY is about equal to Rev. Plan)
 - Resulted from Amagasaki DC's high shipping ratio due to high sales and to Kasama DC's situation described above.



	FY2016 Result		FY2017 Revised Plan		FY2017 Result			
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY	vs. Rev. Plan
Sales (Non Consolidated)	67,105		84,339		84,656		+26.2%	+0.4%
Depreciation	201	0.3%	579	0.7%	577	0.7%	+186.1%	△0.4%
Labor & Outsourcing	2,078	3.1%	2,750	3.3%	2,837	3.4%	+36.5%	+3.2%
Facility Rent	1,120	1.7%	1,092	1.3%	1,097	1.3%	△2.0%	+0.4%
Others	535	0.8%	776	0.9%	768	0.9%	+43.4%	△1.1%
Total	3,935	5.9%	5,199	6.2%	5,280	6.2%	+34.1%	+1.6%

	2016 2 nd Half Result		2017 2 nd Half Revised Plan		2017 2 nd Half Result			
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY	vs. Rev. Plan
Sales (Non Consolidated)	34,958		44,280		44,598		+27.6%	+0.7%
Depreciation	118	0.3%	355	0.8%	352	0.8%	+198.6%	△0.6%
Labor & Outsourcing	1,089	3.1%	1,354	3.1%	1,441	3.2%	+32.3%	+6.4%
Facility Rent	559	1.6%	526	1.2%	530	1.2%	△5.2%	+0.9%
Others	279	0.8%	373	0.8%	365	0.8%	+30.6%	△2.2%
Total	2,047	5.9%	2,609	5.9%	2,690	6.0%	+31.4%	+3.1%

9-4. FY2018 Business Strategy – 4/4 Distribution (2)

■ Distribution-related Cost 2018 Plan

- Operation level at Kasama is to be increased to respond to increase in shipments due to higher sales in 2018, and Distribution-related Cost's sales ratio is 0.5 pt. lower than 2017.
- Continuing to promote improvements in supply-chain and shortening lead-time to optimize service and costs (including shipping cost).



	FY2017 Result		FY2018 Plan		
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY
Sales (Non Consolidated)	84,656		104,066		+22.9%
Depreciation	577	0.7%	721	0.7%	+25.0%
Labor & Outsourcing	2,837	3.4%	3,097	3.0%	+9.2%
Facility Rent	1,097	1.3%	1,193	1.1%	+8.7%
Others	768	0.9%	901	0.9%	+17.4%
Total	5,280	6.2%	5,914	5.7%	+12.0%

	2018 1 st Half (Jan. to Jun.)			2018 2 nd Half (Jul. to Dec.)		
	Million JPY	Ratio to Sales	YonY	Million JPY	Ratio to Sales	YonY
Sales (Non Consolidated)	48,989		+22.3%	55,076		+23.5%
Depreciation	348	0.7%	+55.3%	372	0.7%	+5.6%
Labor & Outsourcing	1,518	3.1%	+8.8%	1,579	2.9%	+9.6%
Facility Rent	523	1.1%	△7.6%	669	1.2%	+26.2%
Others	424	0.9%	+5.4%	477	0.9%	+30.6%
Total	2,815	5.7%	+8.7%	3,099	5.6%	+15.2%

10-1. FY2018 Business Plan Outline (Non-Consolidated)

- Sales: 104,066 million JPY (YonY +22.9%)
 - Expanding Sales by continuing to acquire more new customers and by improving usage frequencies and average sales of existing customers.
 - Increasing number of customers and sales of large corporate customers as well.
- Gross Profit: 31,405 million JPY (YonY +19.8%)
 - Increase in sales ratio of NB/domestic goods, increases in purchase costs caused by higher prices of energies including crude oil, etc. lower GP% ($\Delta 0.4$ pt.). Delivery cost ratio also increases due to improvements of delivery service level and price hike by delivery companies ($\Delta 0.4$ pt.). GP% is therefore 0.8 pt. lower than last year.
- SG&A Expense: 16,736 million JPY (YonY +19.2%)
 - SG&A Expense sales ratio decrease by 0.5 pt. due to decrease in Labor & Outsourcing Expense ratio by shifting shipping ratio from Amagasaki DC, which handled high number of shipments with staffs from temp agencies last year, to Kasama DC, whose facilities are advanced in automation and to sales increase.
- Operating Income: 14,668 million JPY (YonY +20.5%)
- Net Income: 10,292 million JPY (YonY +18.3%)
 - Investment in Kasama DC was subject to tax benefit last year. This year, however, anticipating higher tax rate since no such tax benefit is applicable.

10-2. FY2018 Business Plan Outline (Overseas Subsidiaries)

■ NAVIMRO (South Korea)

- Attained single month break-even in 2017 (Jul. & Nov.).
- Attaining fiscal year break-even in 2018.

	FY2017 Result			FY2018 Plan		
	Amount (mil. JPY)	YonY	YonY (Local Currency)	Amount (mil. JPY)	YonY	YonY (Local Currency)
Sales	3,510	+40.9%	+32.4%	4,890	39.4%	32.8%
Operating Income	△130	—	—	20	—	—

■ MONOTARO INDONESIA

- Started BtoB retail business through Internet in Oct. 2016.

	FY2017 Result			FY2018 Plan		
	Amount (mil. JPY)	YonY	YonY (Local Currency)	Amount (mil. JPY)	YonY	YonY (Local Currency)
Sales	190	—	—	440	+127.6%	+127.6%
Operating Income	△200	—	—	△250	—	—

■ China

- Planning to Start business in Jul. 2018.

	FY2017 Result			FY2018 Plan		
	Amount (mil. JPY)	YonY	YonY (Local Currency)	Amount (mil. JPY)	YonY	YonY (Local Currency)
Sales	—	—	—	60	—	—
Operating Income	—	—	—	△170	—	—

11-1. (Consolidated) FY2018 Plan – P/L

	FY2017 Result		FY2018 Plan		
	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	YonY
Sales	88,347		109,469		+23.9%
Gross Profit	26,929	30.5%	32,604	29.8%	+21.1%
SGA Expense	15,091	17.1%	18,355	16.8%	+21.6%
Operating Income	11,837	13.4%	14,249	13.0%	+20.4%
Current Income	11,858	13.4%	14,191	13.0%	+19.7%
Net Income (Tax Rate)	8,378 (29.3%)	9.5%	9,894 (30.2%)	9.0%	+18.1%
Net Income attributable to owners of the parent	8,464	9.6%	10,044	9.2%	+18.7%

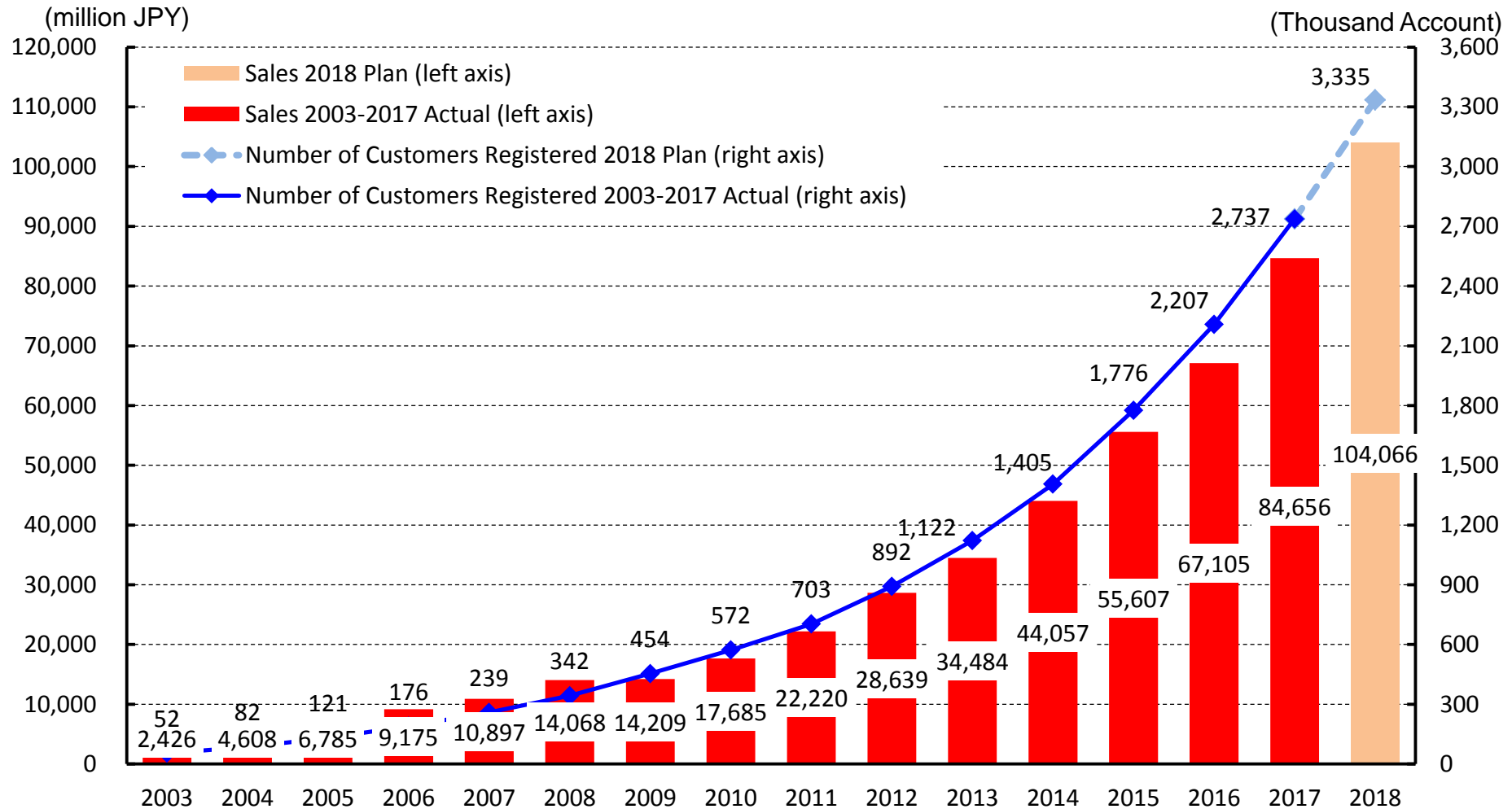
	2018 1 st Half (Jan. to Jun.) Plan			2018 2 nd Half (Jul. to Dec.) Plan		
	Amount (mil. JPY)	Ratio to Sales	YonY	Amount (mil. JPY)	Ratio to Sales	YonY
Sales	51,311		+22.8%	58,158		+24.9%
Gross Profit	15,284	29.8%	+18.2%	17,319	29.8%	+23.8%
SGA Expense	8,808	17.2%	+19.6%	9,547	16.4%	+23.6%
Operating Income	6,476	12.6%	+16.3%	7,772	13.4%	+24.0%
Current Income	6,441	12.6%	+14.8%	7,750	13.3%	+24.1%
Net Income (Tax Rate)	4,465 (30.7%)	8.7%	+13.7%	5,428 (29.9%)	9.3%	+22.0%
Net Income attributable to owners of the parent	4,522	8.8%	+14.0%	5,522	9.5%	+22.7%

11-2. (Non-consolidated) FY2018 Plan – P/L

	FY2017 Result		FY2018 Plan		
	Amount (mil. JPY)	Ratio to Sales	Amount (mil. JPY)	Ratio to Sales	YonY
Sales	84,656		104,066		+22.9%
Gross Profit	26,204	31.0%	31,405	30.2%	+19.8%
SGA Expense	14,035	16.6%	16,736	16.1%	+19.2%
Operating Income	12,168	14.4%	14,668	14.1%	+20.5%
Current Income	12,177	14.4%	14,590	14.0%	+19.8%
Net Income (Tax Rate)	8,699 (28.5%)	10.3%	10,292 (29.4%)	9.9%	+18.3%

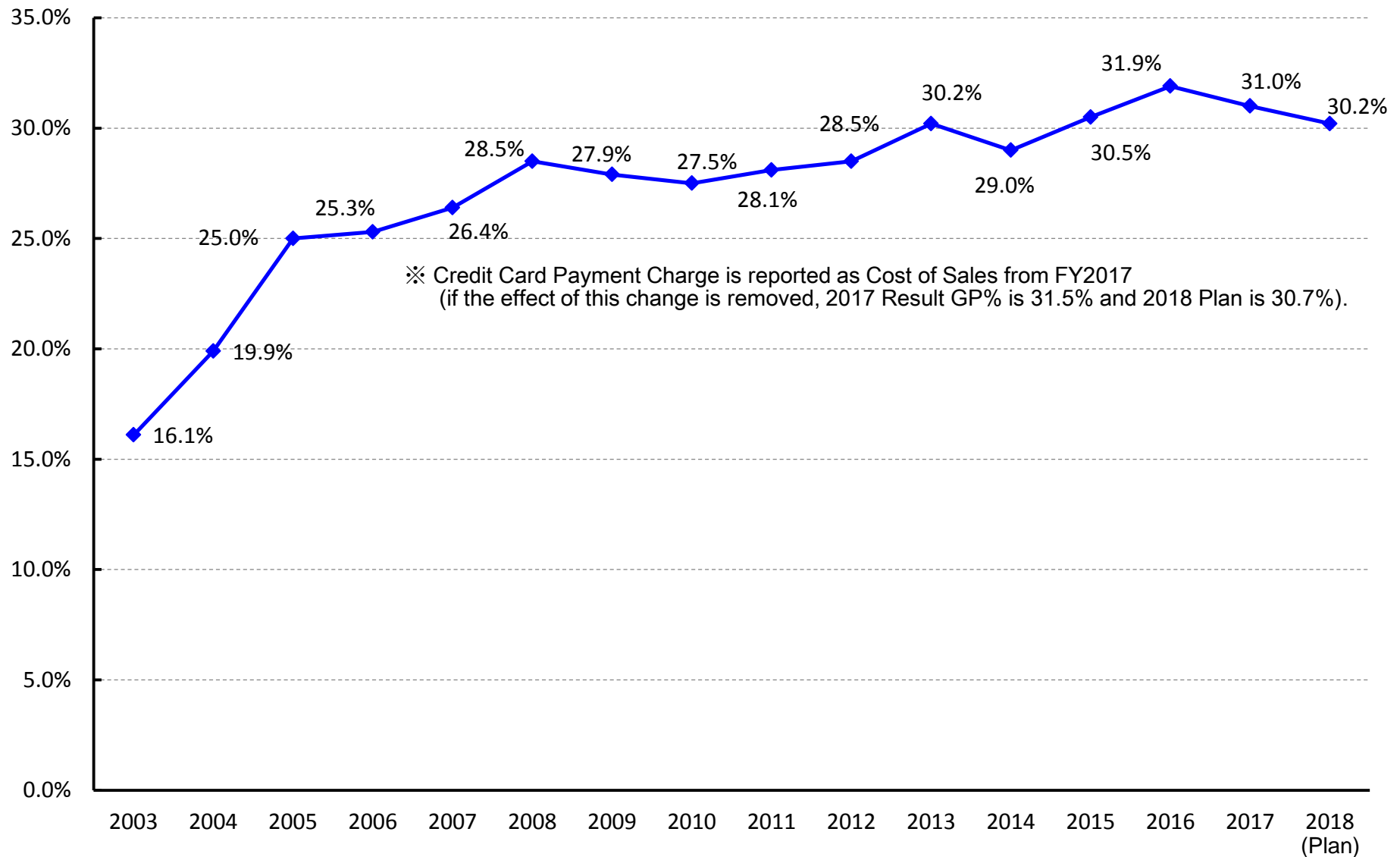
	2018 1 st Half (Jan. to Jun.) Plan			2018 2 nd Half (Jul. to Dec.) Plan		
	Amount (mil. JPY)	Ratio to Sales	YonY	Amount (mil. JPY)	Ratio to Sales	YonY
Sales	48,989		+22.3%	55,076		+23.5%
Gross Profit	14,776	30.2%	+17.2%	16,628	30.2%	+22.3%
SGA Expense	8,070	16.5%	+18.3%	8,666	15.7%	+20.2%
Operating Income	6,706	13.7%	+15.9%	7,961	14.5%	+24.7%
Current Income	6,660	13.6%	+14.4%	7,929	14.4%	+24.8%
Net Income (Tax Rate)	4,685 (29.6%)	9.6%	+13.2%	5,607 (29.2%)	10.2%	+23.0%

12-1. (Non-consolidated) Progress - Sales & Customer

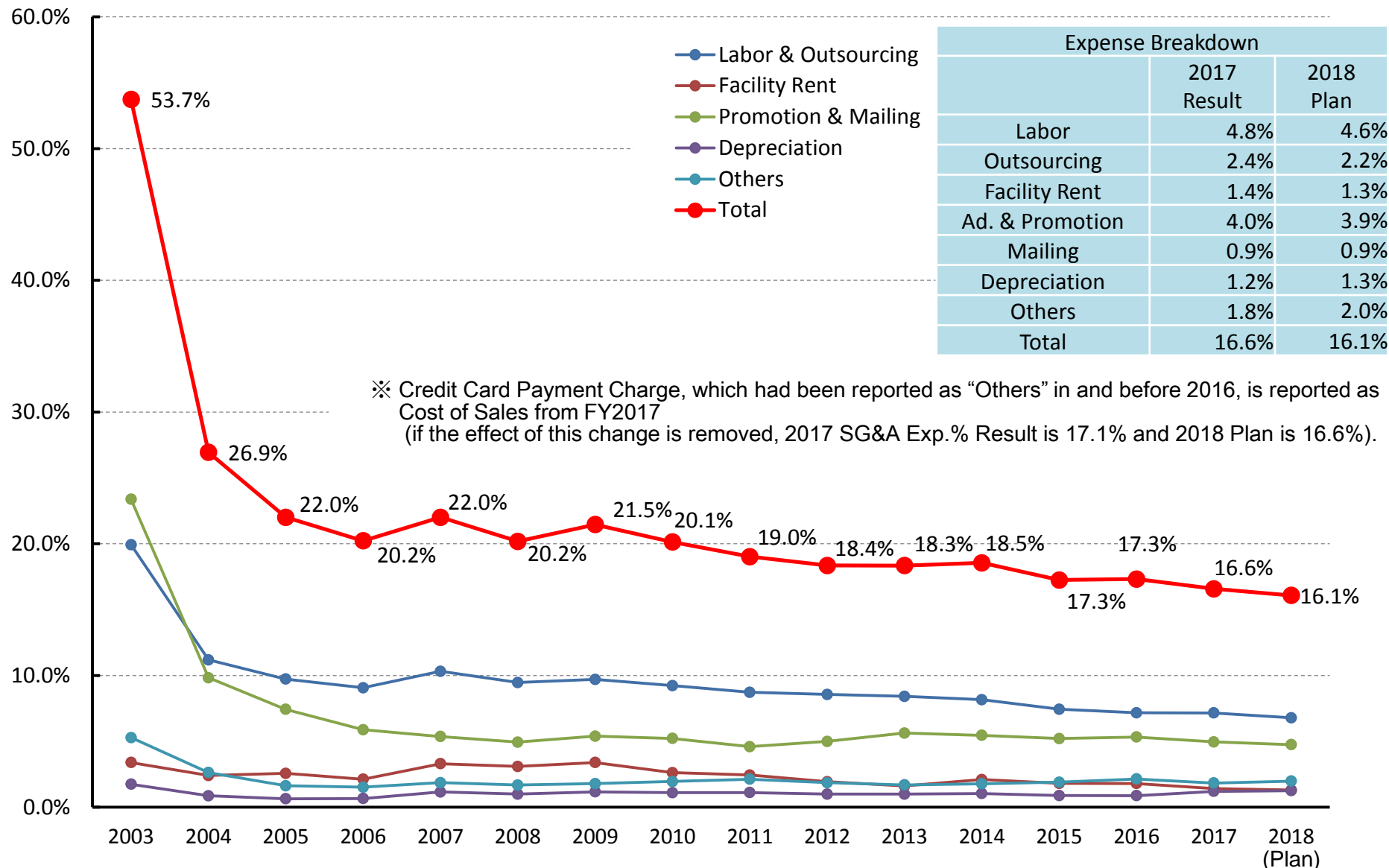


	Dec. 2016	Dec. 2017		Dec. 2018 (Plan)	
Number of Customers (Registered Accounts)	2,207,427	2,737,820	+530,393 (vs. Dec. 2016)	3,335,820	+598,000 (vs. Dec. 2017)

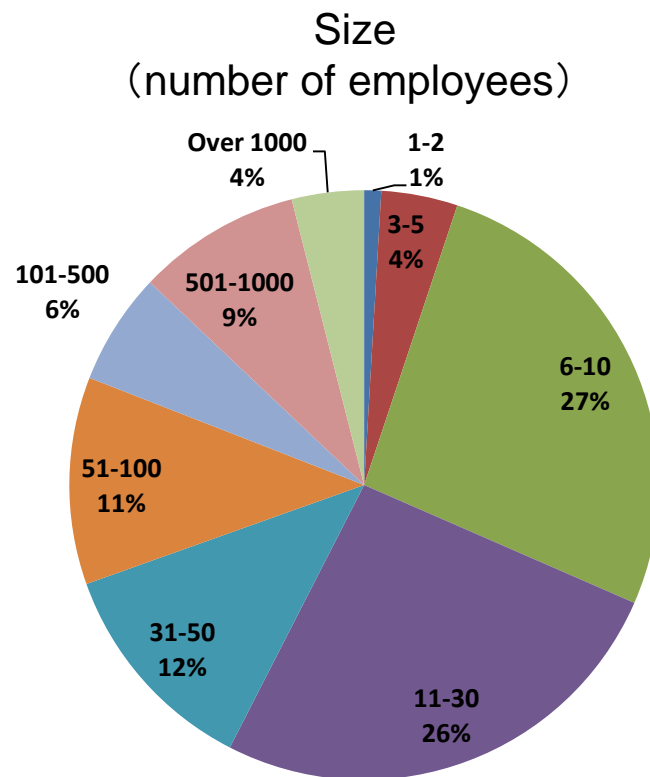
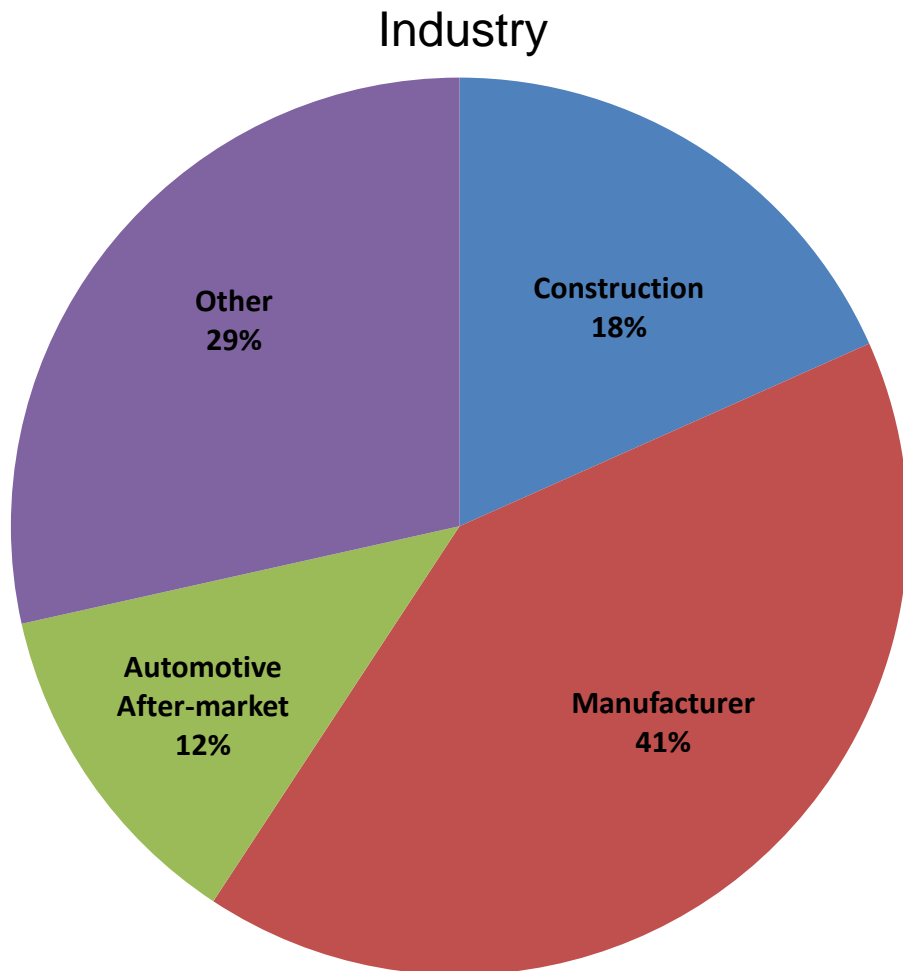
12-2. (Non-consolidated) Progress - Gross Profit



12-3. (Non-consolidated) Progress – SG&A Expense



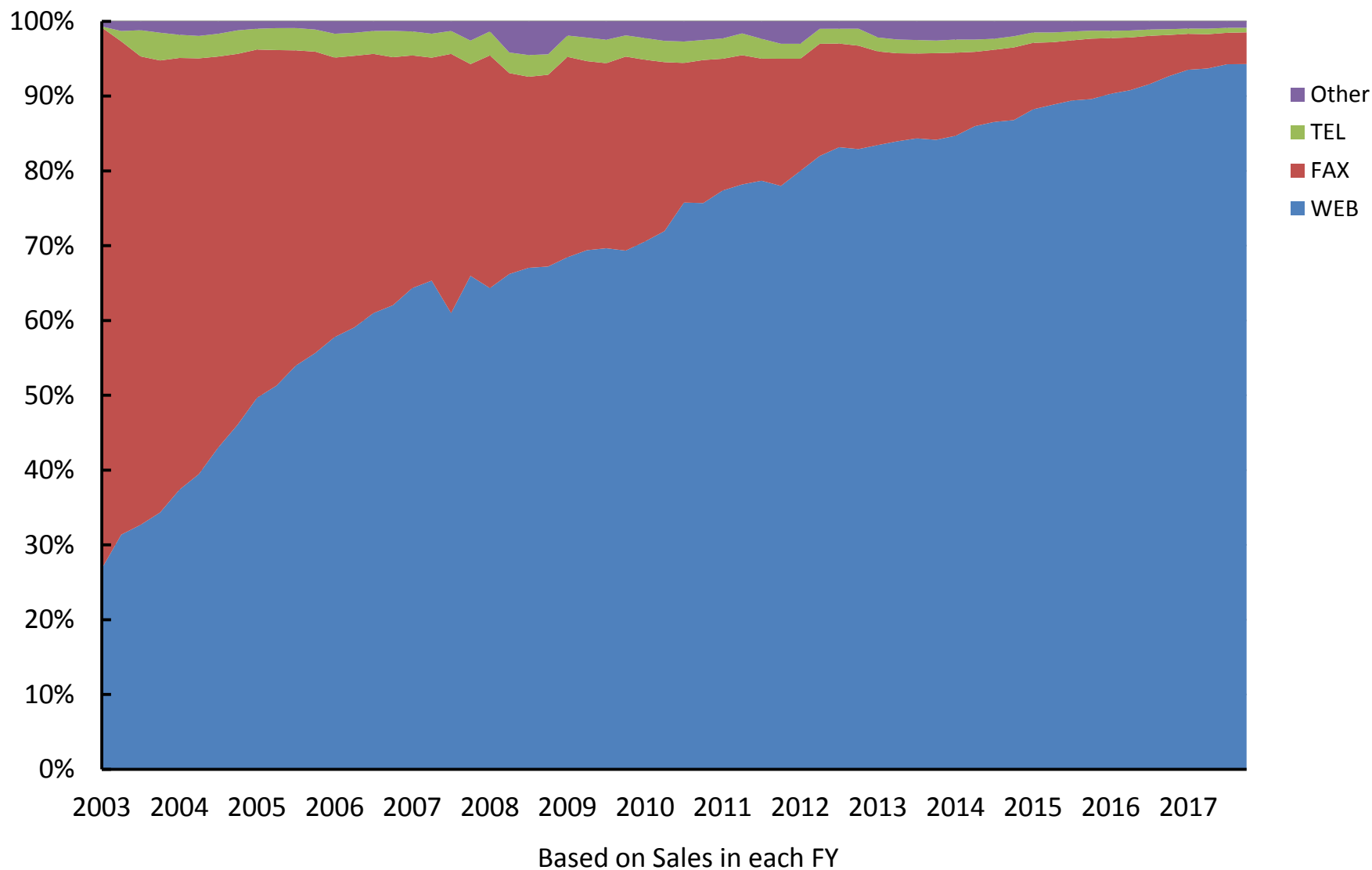
Reference 1. Customer Demographics



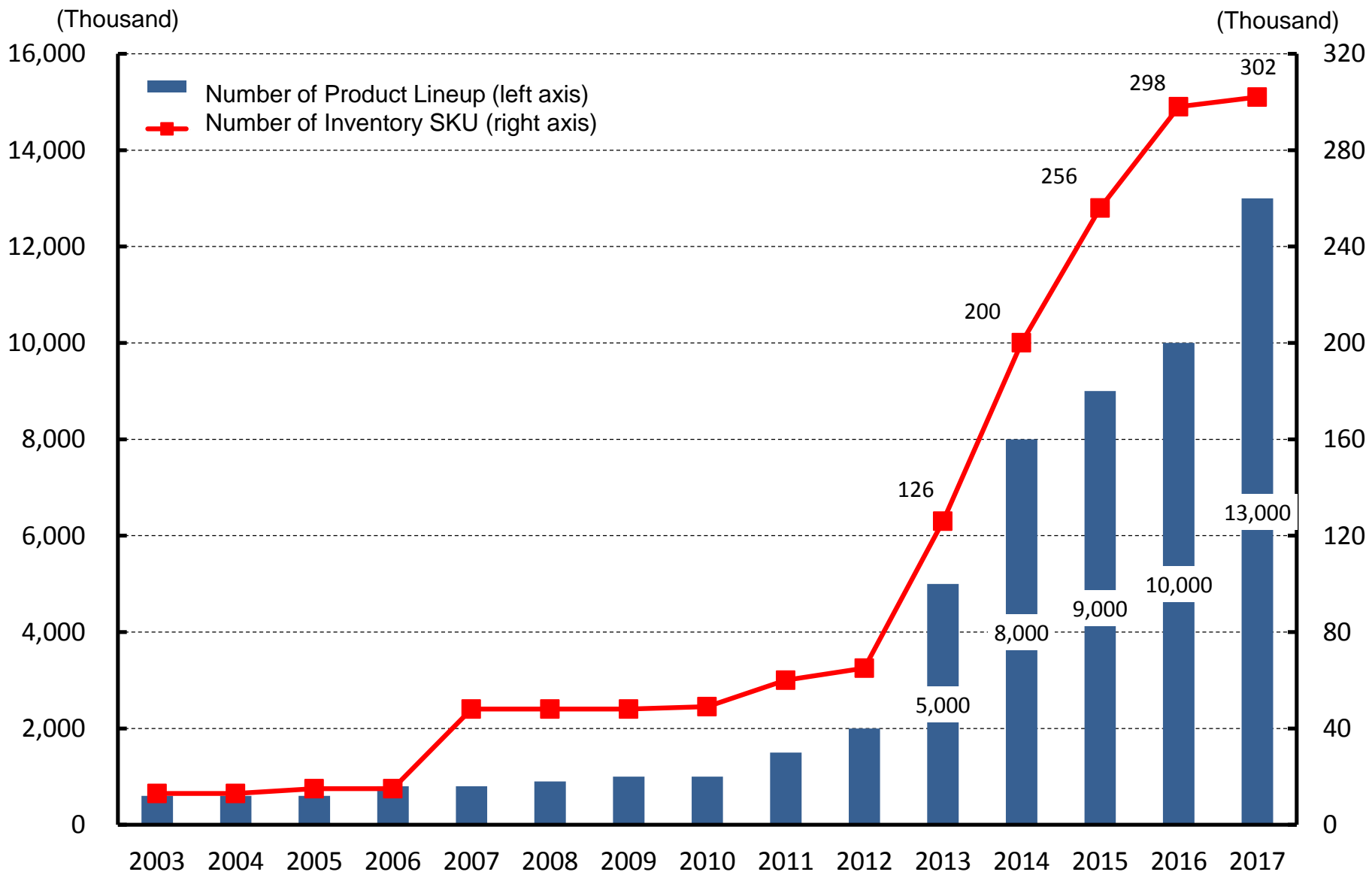
※ Circular chart shown above is based upon partial data since numbers of employees are optionally provided by customers in registration.

Ratio by sales amount in 2017
(Sales through Shopping website-excluding sales through API connection)

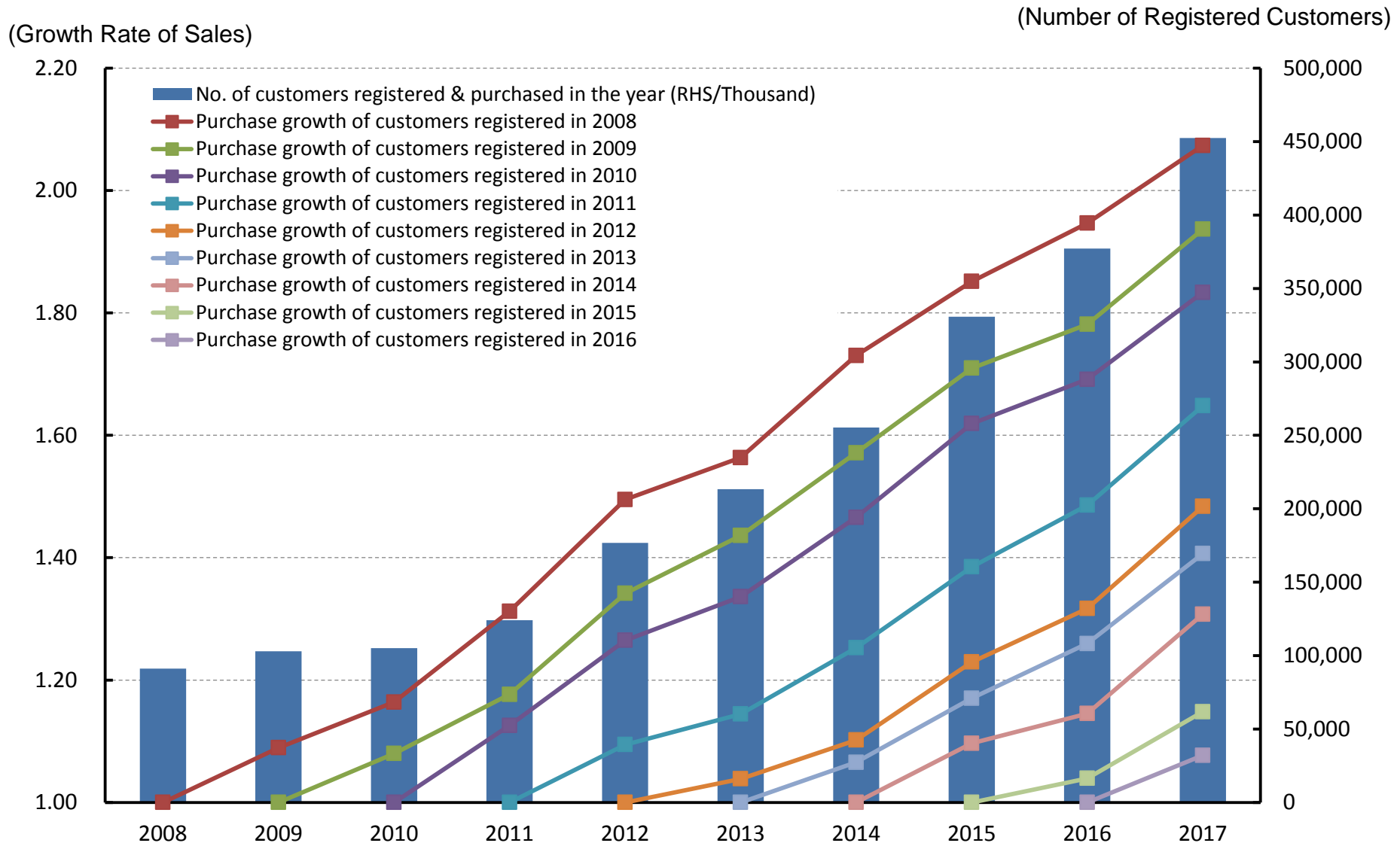
Reference 2. Internet PO Ratio



Reference 3. Product Lineup & Inventory



Reference 4. Customers' Purchase Growth History



The history of the total purchase amounts of customers who registered in a year, setting total purchase amount in the first year as 1.

Reference 5. Other MRO Market Players

Upper: Sales Lower: Operating Profit		Fiscal Year				Change
		2007	2015	2016	2017	2007 to 2017
Yuasa (8074) - (M)	Wholesaler	468,476	442,042	446,335	465,000	△0.7%
		8,254	10,357	10,923	11,330	+37.3%
Yamazen (8051) - (M)	Wholesaler	376,852	447,774	447,698	480,000	+27.4%
		11,518	13,258	13,113	14,000	+21.5%
Trusco (9830) - (D)	Wholesaler	134,430	166,565	177,053	193,500	+43.9%
		9,120	12,976	14,163	14,250	+56.3%
Misumi (9962) - (M)	Retailer	126,668	240,139	259,015	314,000	+147.9%
		16,317	25,690	27,127	36,350	+122.8%
Nichiden (9902) - (M)	Wholesaler	92,745	101,508	103,736	113,000	+21.8%
		5,533	5,066	5,037	5,600	+1.2%
NaI TO (7624) - (F)	Wholesaler	51,479	43,483	43,473	45,300	△12.0%
		1,343	585	496	650	△51.6%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	41,361	41,597	43,300	+4.4%
		2,292	1,843	1,950	2,100	△8.4%
Toba (7472) - (M)	Retailer	25,800	22,881	22,185	25,500	△1.2%
		2,115	1,279	1,050	1,580	△25.3%
Uematsu (9914) - (M)	Retailer	7,647	5,755	6,217	6,510	△14.9%
		190	0	40	56	△70.5%
MonotaRO (3064) - (D)	Retailer	10,897	57,563	69,647	88,347	+710.7%
		480	7,087	9,493	11,837	+2366.0%

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

As of Jan. 24, 2018



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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