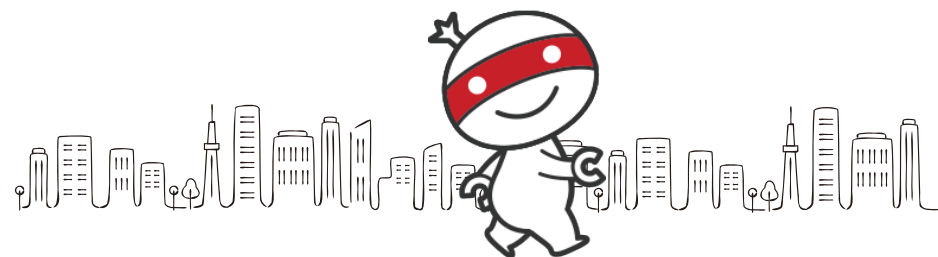


# Integrated Report 2026

Year ended December 31, 2025



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## Editorial Policy

In this report, we summarize our value creation and describe the Company's pursuit of providing the value of time. We hope that it will help all stakeholders (customers, investors and others) to better understand MonotaRO. We also hope the report will provide a starting point for dialogue.

In compiling this report, we have tried to convey financial and non-financial information (including on ESG topics) in an easy-to-understand manner with reference to the *IFRS Integrated Reporting Framework* and the Ministry of Economy, Trade and Industry's *Guidance for Collaborative Value Creation*.



For more details on financial and non-financial information not included in this report, please refer to our website.  
<https://corp.monotaro.com/en/index.html>

## Cautionary Note on Forward-Looking Statements

Earnings forecasts and other forward-looking statements in this integrated report are based on the information available at the time the report was produced, and involve known and unknown risks, uncertainties and other factors. Therefore, changes in these various factors could cause actual results to differ materially from those in forward-looking statements.

# Key Points of Integrated Report 2026

1

## Growth Story Envisioned by Top Management

### Message from the President and CEO

Pages 6–9

The president and CEO talks about management's approach to accelerating growth as the foundation for supporting society, based on the mission of innovating business procurement networks.



### Message from the CFO

Pages 17–20

We outline our policies for delivering the growth expected of us through the pursuit of capital efficiency and disciplined growth investments.



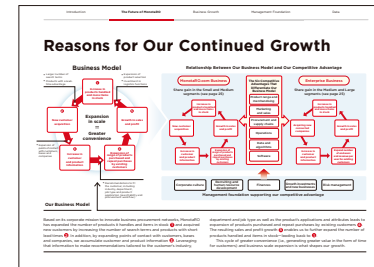
3

## Mechanisms behind MonotaRO's Competitive Advantage

### Reasons for Our Continued Growth

Page 13

We explain the mechanisms by which value creation and business growth reinforce one another, using our provision of the value of time as a starting point.



### Technology: Charting the Future of MRO Supply Procurement with Data and Artificial Intelligence (AI)

Pages 32–34

This section spotlights our efforts to redefine the procurement experience by integrating proprietary data and AI, including the development of our own AI purchasing agent.



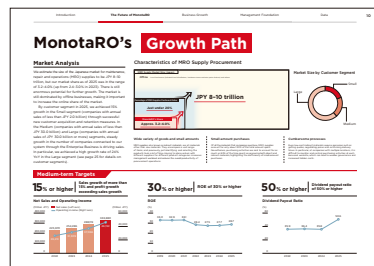
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## MonotaRO's Business Growth Potential

### MonotaRO's Growth Path

Pages 10–11

This section presents the growth potential of the MRO supply market in Japan and our approach in each business to achieve our medium- to long-term targets.

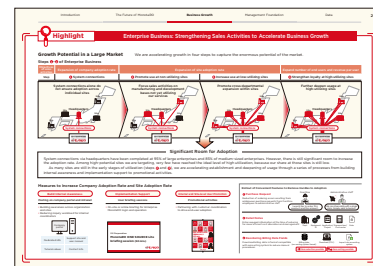


Highlight

### Enterprise Business: Strengthening Sales Activities to Accelerate Business Growth

Page 26

Here we showcase our initiatives to accelerate sales growth by expanding into sites not yet using MonotaRO in the vast Medium and Large segments.



4

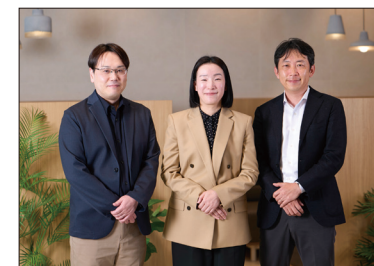
## Foundation Supporting Sustainable Growth

Highlight

### Employee Roundtable Discussion

Pages 42–43

We introduce our corporate culture, rooted in the principle of "respect others," and the systems that support employee growth.



### Roundtable Discussion with Outside Directors

Pages 50–52

Here we discuss the effectiveness of our unique governance system in supporting sustainable growth, and the challenges we must address in order to increase corporate value.



## About Our Company Name

# MonotaRO

1

### Sales of MRO supplies

Indirect materials are also known as maintenance, repair and operations (MRO) supplies, signified by the capital letters in MonotaRO.

2

### *Mono ga tariru* (to provide sufficient items)

We provide one-stop services for whatever MRO supplies are needed.

3

### The Momotaro of distribution

We tackle the issues of inefficiency and lack of transparency in MRO supply procurement, like the hero Momotaro who defeated the ogres in the famous Japanese fairy tale of the same name

## Mission

# To Innovate Business Procurement Networks

## Principles

### Respect Others



Treat people with respect  
Accept our own mistakes as well as those of others

### Time as a Resource



Appreciate the time of customers, other stakeholders and oneself  
Assess risks with an appropriate sense of urgency

### Listening



Listen to those around you  
Perceive changes in the environment, technology and customers

### Goals and Processes



Perform duties with an understanding of the goal and overall business processes  
Achieve significant results by conducting small hypothesis tests

### Ownership



Challenge the status quo and seek improvement  
Share own ideas and autonomously act to realize these ideas

### MonotaRO Spirit



Find creative solutions despite budget and resource constraints  
Comply with laws, norms and ethics, and carry out our social responsibility





A customer told me that our services are used at all their sites, and that **digitalization of their operations and changes in purchasing have made their business more efficient.**

Yuki Sugahara, Enterprise Product Department

A manufacturer decided to sell their products through our e-commerce platform, making them available to more customers and **helping the company expand its market.**

Norio Shiotani, Merchandising Department



**We are quickly catching up in AI technology.** The Company has created an environment that enables even non-specialists to use AI tools easily and with confidence, and these systems are being rolled out throughout the Group.

Maika Fujihara, Marketing Department

We have many people who take the **initiative regarding thinking of improvement measures for problems**, including consulting with colleagues and **implementing solutions themselves.**

Neiko Chin, Product Development Department



Decisions on what to do and what not to do at a given time are **made quickly**, because we think of **time as a resource**, both for our customers and for ourselves and the people we work with.

Yoichi Nakayama, E-Commerce System Engineering Department

## Moments When Employees Experience Our Principles



**Discussions about identifying the cause of a problem and finding solutions are not focused on criticizing individuals, but on identifying issues in underlying structures or systems.**

Kotaro Ichihara, Platform Engineering Department

People **focus not only on goals but also on desired outcomes**, and are **committed to setting clear milestones** toward achieving them.

Yutaro Hayakawa, E-Commerce System Engineering Department



Everyone here addresses each other with the “-san” honorific, regardless of position, and we have **established an environment where people speak up freely and listen to each other’s opinions respectfully.**

Hayato Suetsugu, Logistics Department and  
Natsue Kanda, Customer Support Department



We proactively **think of creative solutions in our everyday work**, and **work together across departments** when necessary. That approach is **encouraged by the Company and departments alike.**

Kotaro Shibayama, Human Resource Development Department

# The Evolution of MonotaRO

We continue to take on the challenge of innovating business procurement networks to ensure delivery of MRO supplies to customers who need them.

## 2000s The switch from offline to online

When MonotaRO was founded, MRO supply distribution was opaque and inefficient. Different pricing for different customers was common practice, and it was necessary to check estimates and delivery dates every time. With a focus on this issue, we built an e-commerce platform where anyone can check product prices and delivery dates and complete their purchase online. As IT became more widespread and technological innovation accelerated, we expanded the number of SKUs and were quick to adopt machine learning, which enables highly accurate marketing activities. The start of targeted advertising on external search engines provided a tailwind for us, as we did not engage in outside sales activities at that time.

### Main Initiatives

- Start of online sales of MRO supplies
- Development of distribution centers and systems to handle customer orders
- Development and sale of private brand products
- Marketing using machine learning
- Targeted advertising on search engines

## 2010s Achievement of a high level of productivity through investment in systems and logistics

The number of SKUs increased substantially after investments in IT led to stable management of vast amounts of data. The expansion of long-tail products<sup>1</sup> has led to an increase in the number of customers, as well as greater diversity in their industries and the scale of their business. More customers also meant that we were accumulating more behavior data, and we pushed for a data-driven style of management. By building new distribution centers, introducing robots, improving search functions and optimizing demand forecasting, we established a structure to make products even easier to find and faster to deliver. We also achieved higher productivity. In addition, we began the full-scale launch of a business aimed at large enterprises.

1. Products with low purchase frequency

### Main Initiatives

- Major expansion in number of products handled (from 1 million SKUs at end of 2009 to 18 million at end of 2019)
- Major expansion in number of items in stock (from 48,000 at end of 2009 to 461,000 at end of 2019)
- Expansion and opening of distribution centers
- Introduced automated guided vehicle robots in distribution centers
- Started offering own procurement management system

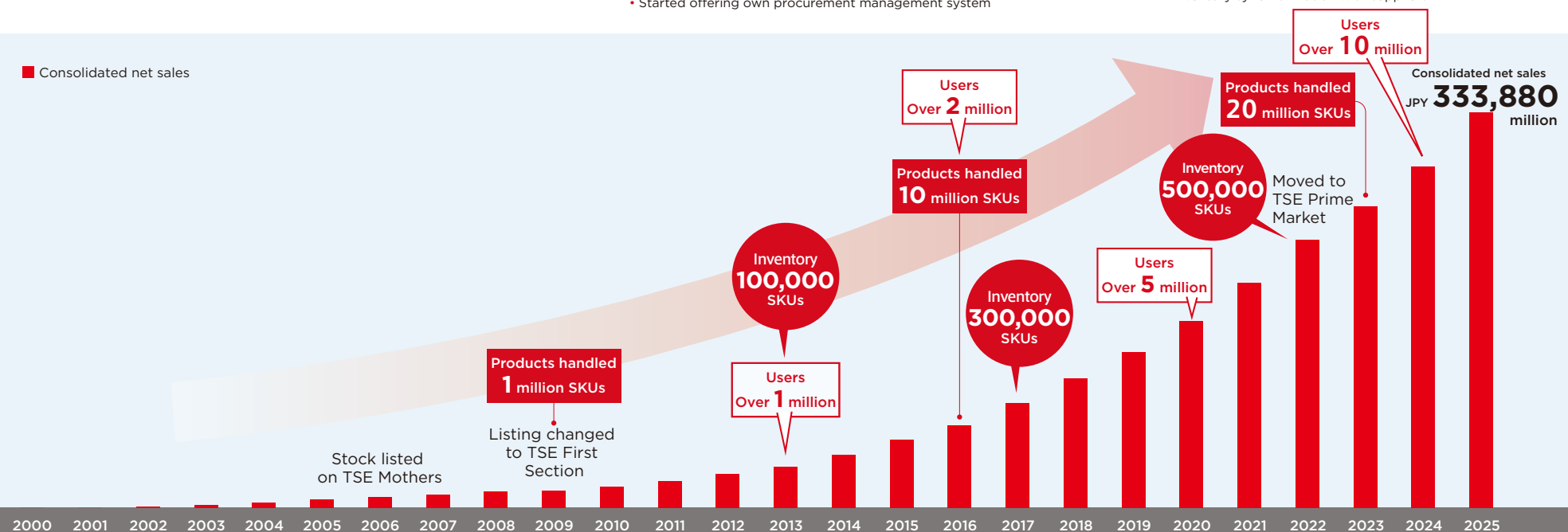
## 2020s Better understanding of customers and becoming their preferred choice

As the number of customers increased, the diversification of needs accelerated, leading to a growing need for measures tailored to each customer rather than one-size-fits-all product recommendations. By creating algorithms using vast amounts of primary data<sup>2</sup> and unique machine learning that competitors cannot replicate, we are able to deliver personalized, advanced search results and product recommendations. We also introduced a semantic vector search function, which captures the meaning of words numerically as vectors and accurately understands user intent even when expressions are ambiguous. This enables customers to search using full sentences, saving time when searching for products. In addition, we are implementing automation and improvement initiatives in each process of logistics operations.

2. MonotaRO's product information and data on customer purchasing habits

### Main Initiatives

- Send out flyers with product advertisements personalized for each customer
- Promotions across multiple channels, including email and apps
- Market analysis according to customer business scale
- Measures to improve customer satisfaction (e.g., extension of order deadline for same-day shipping)
- Inventory synchronization with suppliers





# Message from the President and CEO

**We will accelerate growth as infrastructure that supports society while pursuing our mission to innovate business procurement networks.**

**Sakuya Tamura**

Director  
President and CEO



## Message from the President and CEO

### Our Mission as a Material Procurement Infrastructure That Supports Customers' Business Continuity

In my first two years as president, I have consistently recognized the importance of delivering what customers need for their work amid an increasingly uncertain social landscape. Events such as the 2024 Noto Peninsula Earthquake, and issues such as the government's special advisory regarding a possible Nankai Trough earthquake, the growing need for workplace heatstroke prevention measures amid increasingly hot summers, cybersecurity risks, and supply chain disruptions caused by volatile global conditions have all prompted me to again reflect on the responsibilities MonotaRO bears in society. A surge in demand since the second half of 2025 has strained our logistics capacity at times.

When our distribution centers experienced a rapid increase in volume, many employees rushed to provide support, regardless of their occupation or position. I myself went to a logistics warehouse and actually joined in the work of picking products from shelves. I handled a wide range of supplies from ballpoint pens to corrugated tubes for industrial use. Each one of these items was essential to someone doing their job, and I truly felt that our role in physically delivering these items is what keeps their work moving forward.

At present, the services of the MonotaRO.com Business are used by more than 10 million people, and by more than 6,000 companies in the Enterprise Business. We are much more than just a convenient sales website—we are infrastructure that supports the business continuity of our customers. By eliminating inefficiencies in procurement to create an environment that lets our customers concentrate on their core business, we increase the value of time for society in general. With this in mind, we consider it our greatest responsibility to continue pursuing a highly resilient supply system that never falters, even under difficult conditions.

### Two Years of Deepening My Market Understanding —Gaining Greater Clarity on Growth Opportunities and Challenges

In 2025, we celebrated MonotaRO's 25th anniversary. A company that was started by five people with the mission “to innovate business procurement networks” now generates more than JPY 300 billion in sales, and employs 931 people<sup>1</sup> on a non-consolidated basis. We have been able to build a broad customer base ranging from small business owners to large enterprises through the constant efforts of all our employees, who have worked together through difficulties and supported each other's growth.

However, our share of the MRO supplies market in Japan, which is valued at JPY 8–10 trillion, is still no more than 3–4%. The MRO supplies market is still inefficient, with about 80% of supplies procured offline, so there is substantial room for growth.

Since I became president, I have focused on gaining a clearer picture of our market and customers. Beyond just analyzing data, I personally went to visit customers, and what became apparent in the course of listening to frontline employees was the value we provide, as well as the issues we need to address. In the Enterprise Business in particular, 2025 was a year in which we uncovered significant issues, as well as growth potential. The reason that we grouped businesses formerly referred to by various names, such as “large enterprise partnerships” and “centralized purchasing services,” into the “Enterprise Business” was to give people inside and outside the Company a clearer understanding of the value proposition and positioning of our services in solving the procurement challenges of customers with complex organizational structures. This business is growing at a rapid pace, but fell short of targets in some areas in 2025. By delving into the causes, we have clarified the pathway to further growth.

1. MonotaRO Co., Ltd. only (as of December 31, 2025)

### Enterprise Business —Solving Complex Organizational Problems by Supporting Wider Use at Business Sites

The real growth potential in our current Enterprise Business lies with companies that are already under contract and connected with us, but whose individual sites and frontline operations are not yet fully utilizing our services. Large enterprises with sales of JPY 30 billion or more have business sites such as factories, sales offices and R&D centers, averaging more than 60 sites in the manufacturing sector and more than 150 in non-manufacturing industries. However, our adoption rate<sup>2</sup> at those sites is still low, and we have found that bases where our services are used by at least one person make up only 10% of the total. Even when the headquarters of these customers had signed contracts with us to improve the efficiency of MRO supply procurement, we found that utilization at business sites across Japan often remained limited due to existing procedures and other entry barriers, such as reluctance to change established workflows or uncertainty about how to log in.

We have found that system integration through our Enterprise Business has naturally led to increased utilization among some customer companies. However, we realized that this alone was not enough to drive behavioral change at large organizations and that it will require proactive support from us. We are doing that by standardizing our sales activities. What kind of demonstrations should we set up, at which sites, and when, to convince them to start using our services? We are standardizing this process and establishing a system that enables all sales staff nationwide to work with the same level of efficiency. In fact, when we conducted pilot initiatives based on this approach, primarily with manufacturing companies, we found that those initiatives had a high likelihood of leading to adoption

2. The percentage of customer company business sites or locations where at least one individual uses a monotaro.com or Enterprise MonotaRO account (Company estimate).

## Message from the President and CEO

at sites that had not previously used our services. We are now building the foundation to drive adoption at the large-scale sites we are targeting through a combination of data-driven analysis and field sales.

A powerful tool for improving the adoption rate in the Enterprise Business is private brand products that serve as “killer content,” such as protective respirators. Protective respirators, a type of safety equipment used in painting processes and other applications, require national certification and therefore have high barriers to entry. Once adopted, they can generate recurring demand through repeat purchases of (consumable) replacement cartridges. This was a product we had hoped to develop as a private brand product since the 2010s, and we were ultimately able to realize this goal through the acquisition of a business from Sanko Chemical Industry Co., Ltd. By leveraging products that deeply resonate with frontline users and become indispensable to them, we will deliver unique value that differentiates us from competitors.

### MonotaRO.com Business —Advanced Integration of Data and Physical Operations

We took on the major challenge of reissuing catalogs in the MonotaRO.com Business. Bringing back a catalog that had once been discontinued was not an easy task, and we spent considerable time confirming the accuracy and organization of the product information. The reason for reissuing paper catalogs, which had previously been discontinued from a cost-benefit perspective, was to encourage customers to discover new product categories beyond those encountered through website searches alone by physically browsing the catalog. As a result, the catalog expanded product categories that existing customers purchased for the first time, and its impact was clearly reflected in a boost to customer lifetime value (LTV). We will continue to issue catalogs in 2026, leveraging the knowledge we have gained in our 25-year history.

In addition, we established a tech center in Chennai, India in 2025. The sales promotion platform being developed there supports the sophisticated direct marketing initiatives of the MonotaRO.com Business across channels including the website itself, banner ads and e-mail. Our development base in India has enabled us to implement and refine sophisticated marketing initiatives. For example, coupons can be offered at optimal moments, such as when a customer appears hesitant to place a second order, and personalized communications can be delivered based on purchase history. We also plan to deploy the sales promotion platform refined by the tech center in the Enterprise Business in the future.

**We will accelerate adoption of our methods at customer sites by standardizing sales activities and delivering a unique customer experience through the advanced integration of data and physical operations.**

### Foundations Supporting Our Competitive Advantages

#### —Advances in Delivery Fulfillment, Data and AI

The foundation of our business model is our robust delivery fulfillment<sup>3</sup> system. At the Mito Distribution Center scheduled to begin operations in 2028, we plan to utilize robotics and other technologies to increase productivity by three times compared with our Kasama Distribution Center. This is not simply for the sake of reducing costs. With hiring workers in Japan expected to become increasingly difficult in the future, thoroughly reducing labor requirements is an investment in resilience that will help maintain stable supply capabilities and ensure business continuity even in times of crisis.

We are also investing in AI, an unavoidable theme, while looking at both the risks and opportunities. There is a risk that AI could replace the conventional purchasing behavior of searching for products on our website. However, no matter how much the technology advances, it cannot replace our physical advantage—the ability to keep products in inventory and deliver them the next day. By utilizing the vast amount of product information we possess and customer data on who purchased what, and combining those assets with AI, we believe we will be able to create a whole new customer experience through product recommendations that anticipate customer intent. In 2026, we plan to launch MonotaRO AI, an in-house AI purchasing agent for the MonotaRO.com Business. Testing is currently underway, and through this initiative, we are deepening our understanding of customer behavior.

We also updated our business model from a traditional four-sided structure to a five-sided structure to respond to changes in the age of AI. This business model emerged after several months of study by executive officers, reflection on our corporate history, participation in executive retreats to deepen understanding, and repeated discussions.

3. The entire purchasing experience from product ordering to receipt and payment



## Message from the President and CEO

It serves as a guidepost for continuing to refine the value we provide even in the current age. By accumulating our own first-hand information in the form of product and customer data, and integrating it with our physical strengths, we intend to build an even stronger competitive advantage.

We are also expanding our business in South Korea, Indonesia and India, where we are making the most of our endless assortment of products, data and delivery fulfillment system. We are implementing measures to improve convenience for business operators in each country. In recent years, we have improved our delivery quality by strengthening the supply chain in particular, which has led to an increase in repeat customers. We are working on technological development and active utilization of AI in each country, and are promoting evolution by learning from one another.

### The Sources of Our Continued Growth —The Importance of Respect for Others and First-hand Information

MonotaRO's continuing growth is rooted in our corporate culture. The Company principle of "Respect others" that has been passed down since our founding is what underpins our core "Keep Young"<sup>4</sup> value of proactively working to understand others and continuing to learn. It is essential that we share these values as we approach nearly 1,000 employees and expand our operating bases to locations outside Japan.

A symbolic example that gives me strong confidence is that employees at our overseas bases, including India, have also developed a deep understanding of MonotaRO's culture and proactively share their own Weekly Reports (see page 41). The language used in those reports reflects how deeply the principle of "Respect others," which we value so highly, has taken root in our culture. By sharing the common language of our corporate culture, we can work as one team across borders to provide optimal

services, while also building a foundation that encourages changes in customer behavior. I am greatly impressed by our employees' strong sense of ownership, and once again appreciate that our corporate culture is taking hold overseas.

Against this backdrop, I rely on first-hand information when making management decisions. The reason I continue to read every one of the Weekly Reports written by employees, even now when we are approaching 1,000 employees, is not just for management purposes, but to stay attuned to the constantly changing conditions in our workplaces. For example, when our logistics capacity was strained in the fourth quarter of 2025, I was able to respond immediately to a comment posted in a Weekly Report by a group manager requesting that "a message from the president be sent to all employees so we can prioritize the issues we need to address." During the tense period before the situation moved toward resolution, about ten department heads, including myself, met every morning to review firsthand information from the previous day and make decisions on the spot. This fast decision-making and execution is one of our strengths.

We want our employees to proactively take on challenges. That is why we provide overseas assignment programs through an open application system to create an environment in which motivated employees can volunteer to challenge themselves on the global stage. By taking advantage of an environment that encourages them to challenge themselves, they can grow while also feeling a sense of contributing to society. I firmly believe that maintaining and reinforcing this corporate culture will lead to higher corporate value in the long term.

4. Keep Young: Rather than chronological age, this core value refers to attitudes and actions that encourage people to continuously learn and take on challenges.

**We value respect for others and first-hand information in frontline operations, and will continue to enhance productivity throughout society as a trusted ally to workplaces everywhere.**



### A Workplace Ally That Continues the Challenge of Innovating Business Procurement Networks

"MoRE! Your Workplace Ally," the message of our new commercial launched in February 2026, and the renaming of the Enterprise Business both came from proposals by employees who had joined the Company only a few years earlier. Even though the name "MonotaRO" may be known, we have not yet fully communicated our true value. We can do better. I am proud that the fresh perspectives of employees new to the Company are a driving force for transformation, and that long-serving employees also actively promote change.

We are currently undertaking the highly rewarding challenge of innovating business procurement networks to enhance productivity throughout society. I will continue to value data and feedback from the frontlines to deliver on the promise of "MoRE! Your Workplace Ally" together with our customers, employees and other stakeholders. I hope you will join me in looking forward to the future growth of MonotaRO as we create new value in business procurement networks.



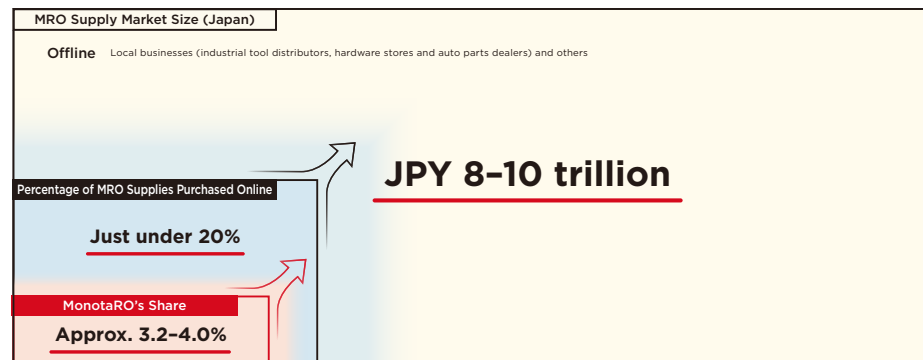
# MonotaRO's Growth Path

## Market Analysis

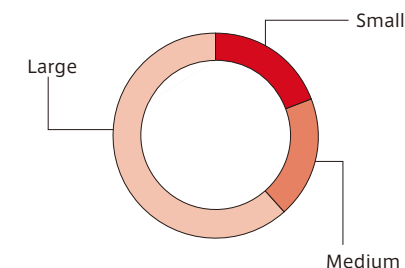
We estimate the size of the Japanese market for maintenance, repair and operations (MRO) supplies to be JPY 8-10 trillion, but our market share as of 2025 was in the range of 3.2-4.0% (up from 2.4-3.0% in 2023). There is still enormous potential for further growth. The market is still dominated by offline businesses, making it important to increase the online share of the market.

By customer segment in 2025, we achieved 15% growth in the Small segment (companies with annual sales of less than JPY 2.0 billion) through successful new customer acquisition and retention measures. In the Medium (companies with annual sales of less than JPY 30.0 billion) and Large (companies with annual sales of JPY 30.0 billion or more) segments, steady growth in the number of companies connected to our system through the Enterprise Business is driving sales. In particular, we achieved a high growth rate of 24% YoY in the Large segment (see page 25 for details on customer segments).

## Characteristics of MRO Supply Procurement



## Market Size by Customer Segment



### Wide variety of goods and small amounts

MRO supplies, also known as indirect materials, are all materials other than raw materials. They encompass a vast range of items, and previously, just identifying and selecting the products took a lot of time. Having to place orders with different suppliers for different product categories increases management workload and reduces the overall productivity of procurement operations.

### Small-amount purchases

Of all the materials that companies purchase, MRO supplies account for only about 20% of the total amount spent. Nevertheless, purchasing activities are said to account for as much as 80% of the time spent on procuring both direct and indirect materials, highlighting the inefficiency of small-amount purchases.

### Cumbersome processes

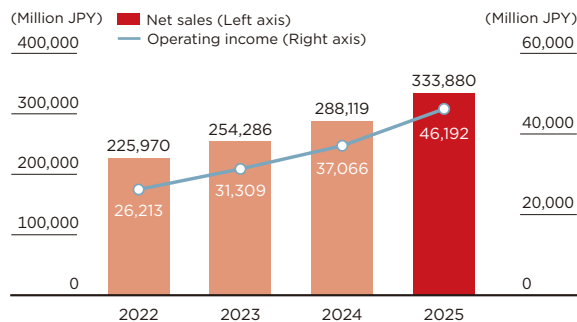
Even low-cost indirect materials require processes such as getting quotes, negotiating prices and confirming delivery times. In particular, at companies with multiple locations, it is difficult to monitor and control purchasing activities at each base and worksite, which can lead to weaker governance and increased hidden costs.

## Medium-term Targets

**15% or higher**

**Sales growth of more than 15% and profit growth exceeding sales growth**

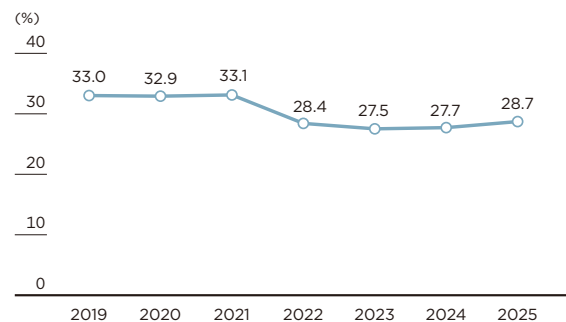
### Net Sales and Operating Income



**30% or higher**

**ROE of 30% or higher**

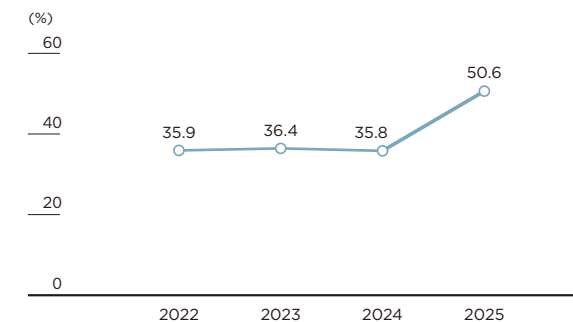
### ROE



**50% or higher**

**Dividend payout ratio of 50% or higher**

### Dividend Payout Ratio



## Approach by Business

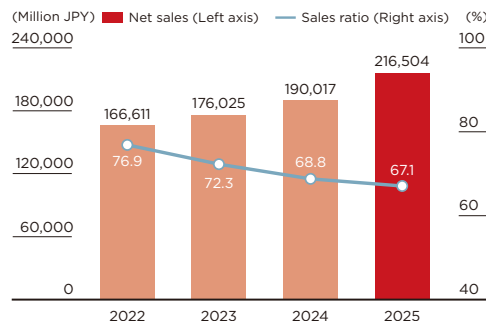
### Building the Foundation for Sustainable Growth by Maximizing LTV

#### MonotaRO.com Business

The key to the sustainable growth of the MonotaRO.com Business is using data science to maximize customer lifetime value (LTV). We tightly integrate data science with marketing to create a three-step cycle of 1) Customer acquisition, 2) Retention of acquired customers and 3) Post-retention LTV enhancement.

#### Three Steps for Growing the MonotaRO.com Business

1. Customer acquisition: We use predictive modeling to identify customer segments that are likely to have high LTV in the future, enabling us to both optimize acquisition costs and attract high-quality new customers.
2. Retention of acquired customers: Using data analysis, we identify the threshold number of repeat purchases at which the churn rate declines significantly, and prevent early customer exits through appropriate follow-up measures.
3. Post-retention LTV enhancement: We use well-timed cross-selling recommendations in categories without purchases to maximize LTV by increasing wallet share among existing customers.



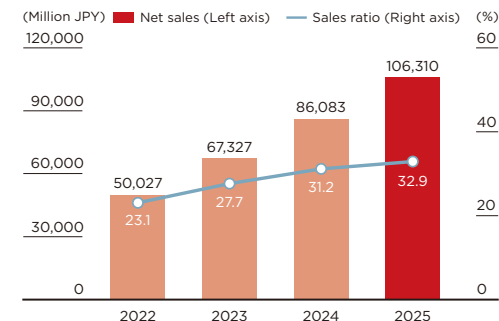
Note: Royalties are included in the MonotaRO.com Business.

### Developing a True Growth Engine by Expanding to Untapped Sites with High Potential

#### Enterprise Business

The Enterprise Business surpassed JPY 100 billion in net sales in 2025, and has evolved into a second pillar that will drive our sustainable growth. The market for the Enterprise Business is enormous at over JPY 5 trillion. We have already integrated our systems with approximately 85-95% of major companies in this market, and have established a position as the standard MRO supply procurement infrastructure for large enterprises in Japan. However, the key point is our ability to move beyond simply signing contracts with the head office and expand adoption across customer sites.

Currently, the site adoption rate is only 10-20%, so there is vast untapped potential. With our extensive lineup of products that competitors cannot match, and the value we provide by bringing transparency to the procurement process, we will further expand adoption at untapped business sites. A key characteristic of this business is its stable revenue model, in which sales from existing customers continue to accumulate year after year once system integration has been established.

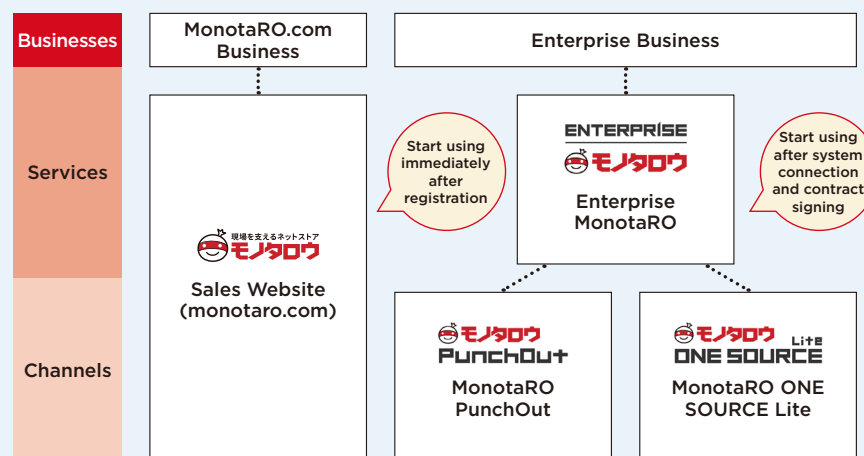


By transforming system integration from isolated connections into data-driven expansion and increased adoption across customer sites, we will achieve sustainable medium- to long-term growth.

#### Highlight

### Business Names Changed to MonotaRO.com Business and Enterprise Business

We operate two businesses based on our mission to innovate business procurement networks. To eliminate confusion over the former names, the “sales website (monotaro.com)” and the “procurement management system business,” in 2026 we changed their business names to the MonotaRO.com Business and the Enterprise Business, respectively.

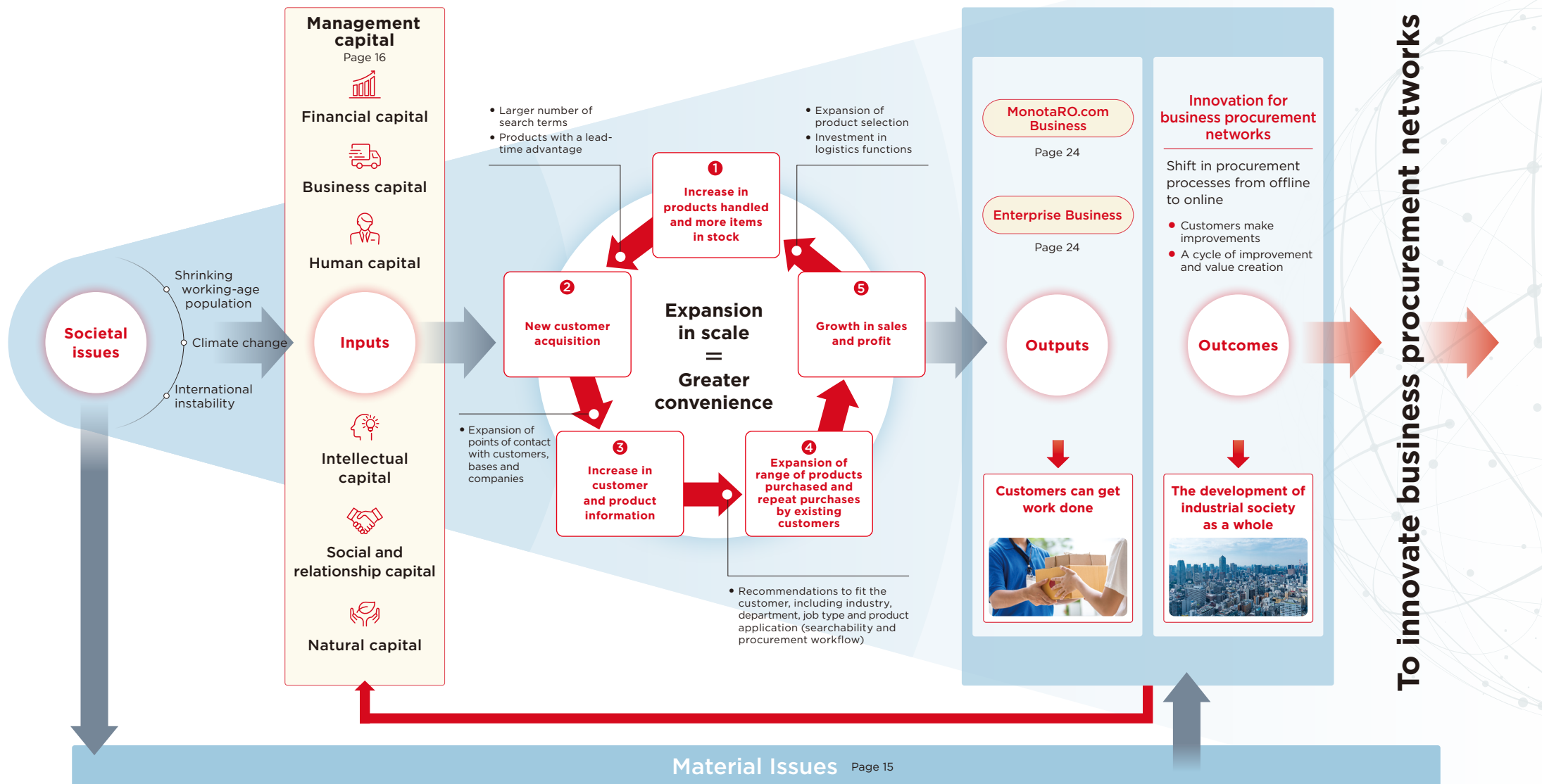


See page 27 for details on MonotaRO PunchOut and MonotaRO ONE SOURCE Lite.

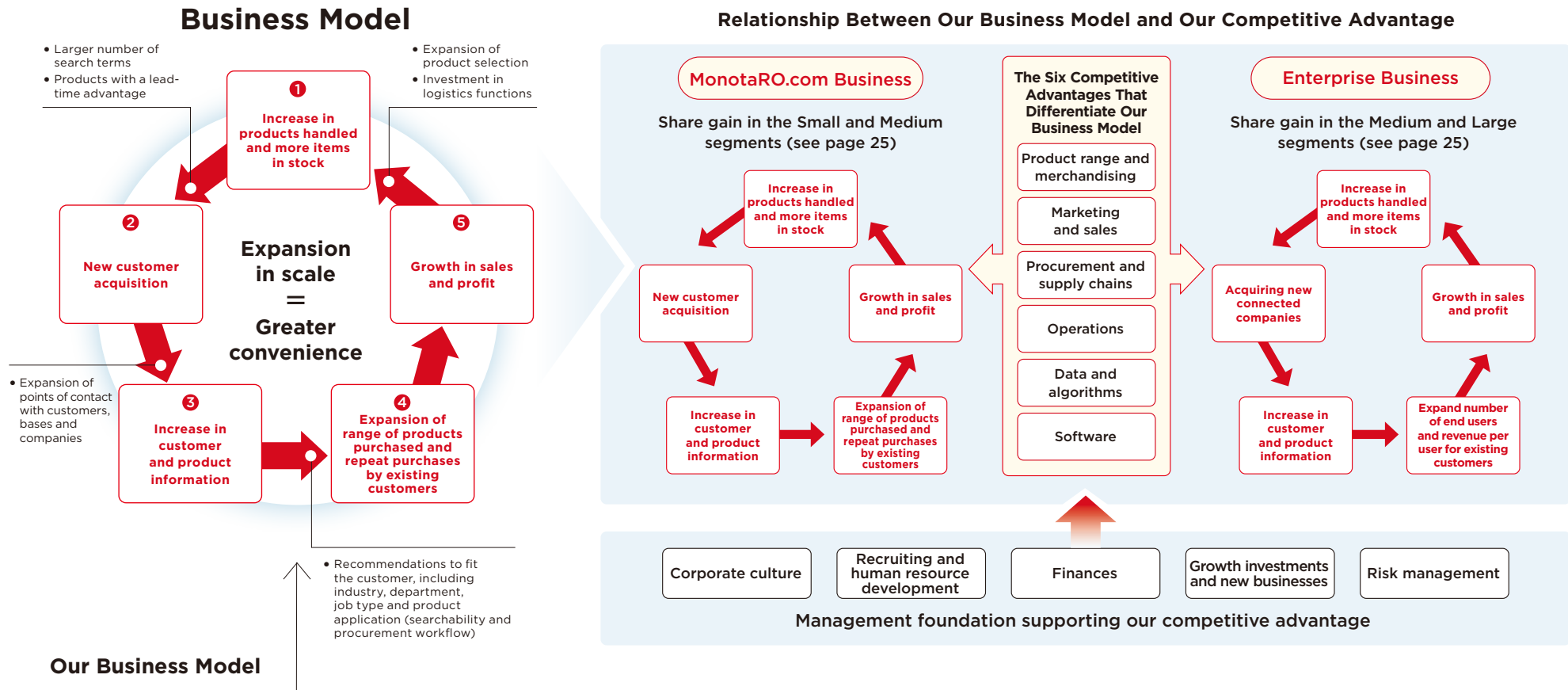
# Value Creation Process

We strive to contribute to the development of industry and society by innovating business procurement networks to help our customers get things done efficiently.

## Providing the Value of Time



# Reasons for Our Continued Growth



Based on its corporate mission to innovate business procurement networks, MonotaRO has expanded the number of products it handles and items in stock **①** and acquired new customers by increasing the number of search terms and products with short lead times **②**. In addition, by expanding points of contact with customers, bases and companies, we accumulate customer and product information **③**. Leveraging that information to make recommendations tailored to the customer's industry,

department and job type as well as the product's applications and attributes leads to expansion of products purchased and repeat purchases by existing customers **④**. The resulting sales and profit growth **⑤** enables us to further expand the number of products handled and items in stock—leading back to **①**.

This cycle of greater convenience (i.e., generating greater value in the form of time for customers) and business scale expansion is what shapes our growth.



# Competitive Advantage We Have Built

## Competitive Advantage

Our competitive advantage is that we have teams with deep expertise in each e-commerce process—product range and merchandising, marketing and sales, procurement and supply chains, and operations—and that we are always aiming higher and continuing to evolve our business. By developing each individual process through a combination of data, algorithms, software and other aspects of the IT and data science fields, we are able to gain our own unique perspective and create a competitive advantage.

The foundation for our competitive advantage includes the corporate culture we have developed (see pages 40–41); an organizational design that allows us to respond to change; fair personnel systems and training; sound finances; growth investments in line with the growth plan; and risk management (see pages 59–60) to identify and take countermeasures against business risks. This foundation supports our competitive advantage in six areas.

### Product range and merchandising

The number of products we handle exceeds 28 million SKUs. We also offer many price-competitive private brand products.



### Marketing and sales

We conduct product recommendations and sales promotions based on data such as customer-specific information and the activity history on our website, and implement new customer acquisition measures based on lifetime value (LTV).



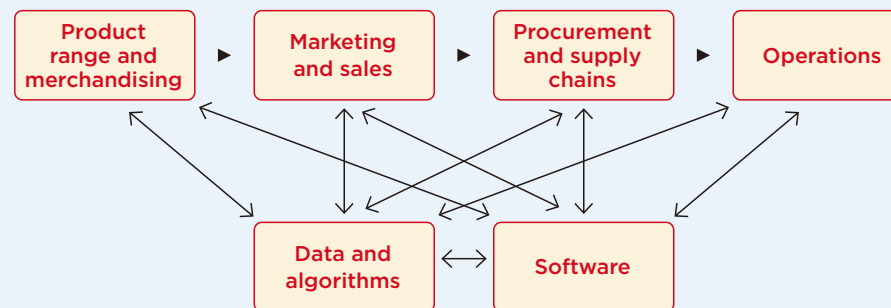
### Data and algorithms

The data we accumulate is embedded in our machine learning and algorithms to support demand forecasting and personalized initiatives.



## A competitive advantage in six areas

We create a competitive advantage through various combinations of our strengths.



### Procurement and supply chains

We support automated order purchasing based on demand forecasts generated through machine learning. Supply chain improvements enable shorter delivery times.



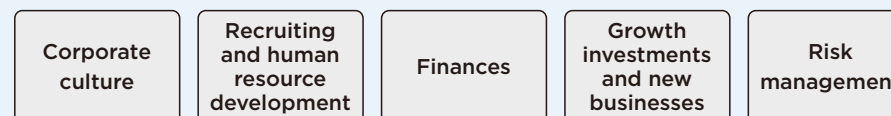
### Operations

We achieve a high level of productivity through automation of tasks using robotic process automation (RPA) and distribution centers equipped with many robots.



### Software

We have insourced most of our core systems, enabling flexible customization.



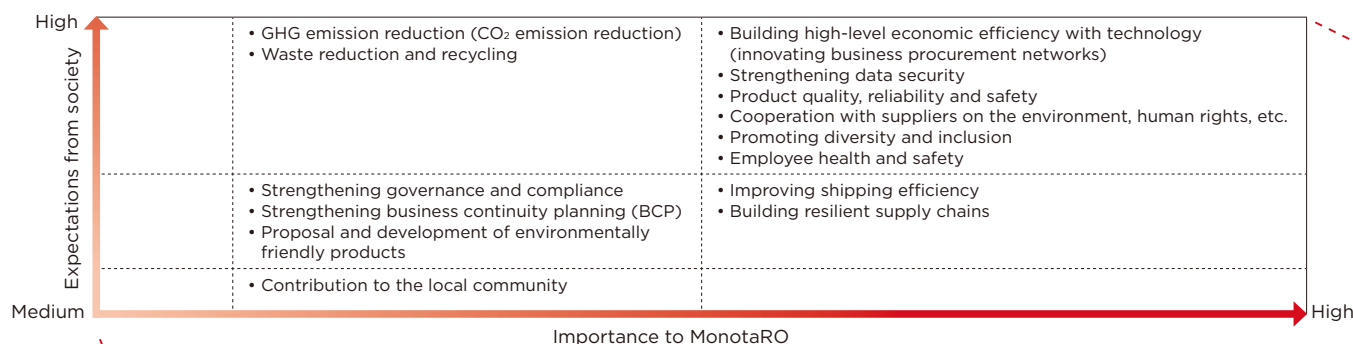
Foundation supporting our competitive advantage

# Material Issues and Areas of Focus

## 2026 Revision of Material Issue Positioning

In light of changes in the business environment and evolving international disclosure standards, we revised the positioning of issues in the materiality map to avoid a purely formalistic approach and concentrate resources on initiatives that are directly linked to business growth and risk management.

## New Material Issue Map (From May 2026)



## Evolution of Material Issues



| Areas of Focus                                                                                                                | Relevant Working Group                                      | Initiatives                                                                                                                                                                                                                                                                           | Relevant SDGs |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Reduction of CO <sub>2</sub> emissions to address climate change                                                              | GHG Emission Reduction & Resource Circulation Working Group | <ul style="list-style-type: none"> <li>Switching to electric power derived from renewable energy sources</li> <li>Achieving energy-saving operations</li> <li>Reducing CO<sub>2</sub> emissions by improving transportation efficiency</li> </ul>                                     |               |
| Achieving a resource-recycling model through waste reduction and recycling                                                    |                                                             | <ul style="list-style-type: none"> <li>Waste reduction</li> <li>Recycling</li> </ul>                                                                                                                                                                                                  |               |
| Cooperation with suppliers aiming at the development of an industrial society that considers the environment and human rights | Sustainable Procurement Working Group                       | <ul style="list-style-type: none"> <li>Establishing a procurement policy and guidelines and distributing them to suppliers</li> <li>Conducting sustainability audits</li> </ul>                                                                                                       |               |
| Promoting diversity and inclusion                                                                                             | Diversity & Inclusion Working Group                         | <ul style="list-style-type: none"> <li>Supporting the empowerment of diverse human resources and fostering an inclusive corporate culture</li> <li>Establishing systems that allow employees to choose flexible work styles</li> <li>Creating fulfilling work environments</li> </ul> |               |
| Proposal and development of environmentally friendly products                                                                 | Environmentally Friendly Products Working Group             | <ul style="list-style-type: none"> <li>Expanding environmentally friendly products and making items easier to find</li> <li>Development of private brand environmentally friendly products</li> </ul>                                                                                 |               |

Please see pages 44-49 for more information on our sustainability-related initiatives.

# Management Capital

| Management Capital (As of December 31, 2025)                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Initiatives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Material Issues                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Financial capital</b>                                          | <ul style="list-style-type: none"> <li>• <b>Total assets (consolidated): JPY 193.2 billion</b> <ul style="list-style-type: none"> <li>• Non-current assets (consolidated): JPY 54.9 billion</li> <li>• Intangible assets (consolidated): JPY 7.6 billion</li> </ul> </li> <li>• <b>Net assets (consolidated): JPY 122.9 billion</b></li> <li>• <b>Net sales (consolidated): JPY 333.8 billion</b></li> </ul>                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• <b>Formulation of capital allocation policy</b> <ul style="list-style-type: none"> <li>• Setting of medium- to long-term targets (sales and profit growth)</li> <li>• Return on equity (ROE)</li> <li>• Growth investments and shareholder returns</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• <b>Building high-level economic efficiency with technology (innovating business procurement networks)</b></li> </ul>                                                                                                                                                                                                                                   |
|  <b>Business capital</b><br>Pages 32–34<br>Pages 36–37             | <ul style="list-style-type: none"> <li>• <b>Major domestic distribution centers: 3</b> <ul style="list-style-type: none"> <li>• Number of products handled: Approx. 28.85 million SKUs</li> <li>• Inventory capacity: Approx. 900,000 SKUs</li> <li>• Shipping capacity: 310,000 lines per day</li> </ul> </li> <li>• <b>Private-brand products: Over 1,000 SKUs (products newly added in 2025)</b></li> <li>• <b>Enterprise Business: 32.9% share of total sales</b></li> </ul>                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• <b>Enhancing convenience for customers and preparing for business continuity</b> <ul style="list-style-type: none"> <li>• Shortening delivery lead times by keeping a sufficient number of items (and volume) in stock</li> <li>• Dispersing the risk of business interruption due to natural disasters and other events</li> </ul> </li> <li>• <b>Strengthening private brand product development</b></li> <li>• <b>Strengthening Enterprise Business</b> <ul style="list-style-type: none"> <li>• Holding user information sessions at sites of existing customers to accelerate on-site adoption</li> <li>• Proposal of solutions to procurement issues by a dedicated team</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Improving shipping efficiency</b></li> <li>• <b>Building resilient supply chains</b></li> <li>• <b>Strengthening data security</b></li> <li>• <b>Strengthening business continuity planning (BCP)</b></li> </ul>                                                                                                                                    |
|  <b>Human capital</b><br>Pages 32–34<br>Pages 36–37<br>Pages 40–41 | <ul style="list-style-type: none"> <li>• <b>Employees (consolidated): 3,612<sup>1</sup></b></li> <li>• <b>Employees (non-consolidated): 2,854<sup>1</sup></b> <ul style="list-style-type: none"> <li>• Percentage of female employees: 60.5%<sup>1</sup></li> <li>• Female manager ratio: 20.9%</li> <li>• Percentage of technical employees: 31.2%</li> <li>• Expanding sales staff in Enterprise Business: Sales staff increased by approx. 150% from 2024 to 2025 (comparison between January 2024 and December 2025), and we will continue to focus on increasing staff in 2026.</li> </ul> </li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>• <b>Organizational development for enhanced competitiveness and sustainability</b> <ul style="list-style-type: none"> <li>• Strengthening recruiting and human resource development</li> <li>• Promotion of MonotaRO Academy (internal training project)</li> <li>• Promotion of diversity and inclusion (D&amp;I)</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• <b>Promoting diversity and inclusion</b></li> <li>• <b>Improving shipping efficiency</b></li> <li>• <b>Employee health and safety</b></li> <li>• <b>Strengthening business continuity planning (BCP)</b></li> <li>• <b>Strengthening governance and compliance</b></li> </ul>                                                                          |
|  <b>Intellectual capital</b><br>Pages 32–34<br>Pages 36–37         | <ul style="list-style-type: none"> <li>• <b>Ability to maximize the impact of accumulated data</b> <ul style="list-style-type: none"> <li>• Marketing analysis, vector search and advanced recommendation functions</li> </ul> </li> <li>• <b>In-depth understanding of customers</b> <ul style="list-style-type: none"> <li>• Analysis of end users at large enterprises</li> <li>• Implementation of measures for large enterprises based on analysis and tailored to their potential</li> </ul> </li> <li>• <b>Logistics expertise and automation</b> <ul style="list-style-type: none"> <li>• Enhanced productivity of operations</li> </ul> </li> <li>• <b>Establishment of development base for marketing systems in India</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Greater convenience for customers</b> <ul style="list-style-type: none"> <li>• Expanding one-stop shopping</li> <li>• Shortening of product search time</li> <li>• Promotion of awareness of products in new categories through the product recommendation function</li> </ul> </li> <li>• <b>Response to aging and declining population</b> <ul style="list-style-type: none"> <li>• Low-cost operations and enhanced business resilience</li> </ul> </li> <li>• <b>Strengthening data security</b></li> </ul>                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• <b>Building high-level economic efficiency with technology (innovating business procurement networks)</b></li> <li>• <b>Improving shipping efficiency</b></li> <li>• <b>Strengthening data security</b></li> <li>• <b>Product quality, reliability and safety</b></li> <li>• <b>Strengthening business continuity planning (BCP)</b></li> </ul>        |
|  <b>Social and relationship capital</b><br>Pages 36–37           | <ul style="list-style-type: none"> <li>• <b>Number of suppliers: Over 2,800</b></li> <li>• <b>Registered accounts: Over 11.26 million</b> <ul style="list-style-type: none"> <li>• Connected companies (Enterprise Business): 5,988<sup>2</sup></li> </ul> </li> <li>• <b>Regions with distribution bases: 2 prefectures</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• <b>Procurement guidelines and audits</b> <ul style="list-style-type: none"> <li>• Distributing guidelines to suppliers, collecting agreement forms, conducting self-assessments and audits, etc.</li> </ul> </li> <li>• <b>Building relationships with local governments near major distribution centers</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>• <b>Cooperation with suppliers on the environment, human rights, etc.</b></li> <li>• <b>Strengthening governance and compliance</b></li> <li>• <b>Improving shipping efficiency</b></li> </ul>                                                                                                                                                          |
|  <b>Natural capital</b>                                          | <ul style="list-style-type: none"> <li>• <b>Reduction of CO<sub>2</sub> emissions associated with business activities</b> <ul style="list-style-type: none"> <li>• Scope 1 and 2 emissions (market based): 648 t-CO<sub>2</sub></li> </ul> </li> <li>• <b>Expanding offerings and promoting sales of environmentally friendly products</b></li> <li>• <b>Resource circulation</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                    | <b>Environmental impact reduction</b> <ul style="list-style-type: none"> <li>• Reducing CO<sub>2</sub> emissions through the use of non-fossil fuel certified electricity</li> <li>• Implementing measures to reduce energy consumption by over 1% annually at distribution centers</li> <li>• Partnership with local government food bank near Inagawa Distribution Center</li> <li>• Increasing waste recycling rate</li> <li>• Promoting sales through sustainability-themed product features</li> </ul>                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• <b>Cooperation with suppliers on the environment, human rights, etc.</b></li> <li>• <b>GHG emission reduction (CO<sub>2</sub> emission reduction)</b></li> <li>• <b>Waste reduction and recycling</b></li> <li>• <b>Proposal and development of environmentally friendly products</b></li> <li>• <b>Contribution to the local community</b></li> </ul> |

1. Includes part-time and temporary employees

2. The number of connected companies in the Enterprise Business is the number of corporations that are connected to MonotaRO ONE SOURCE Lite or MonotaRO PunchOut, and have five or more registered end users. Includes companies receiving deliveries.

# Message from the CFO

We will deliver the growth expected of us by pursuing capital efficiency and making disciplined growth investments.

## Year One as CFO in Review

### —Competitive Advantages and Business Model Update

I recently completed my first year as CFO. During that time, the entire executive team realigned its understanding of MonotaRO's competitive advantages and business model, laying the foundation for extensive discussions on how to evolve that model. The result was renewed clarity about the driving forces behind growth in the MonotaRO.com Business and the Enterprise Business. In addition, in line with the capital allocation policy we disclosed in 2025, we implemented growth investments that included a new tech center in India, the development of private brand respirator products, and the construction of the Mito Distribution Center through the effective use of low-cost interest-bearing debt. We also enhanced shareholder returns through share buybacks and a higher dividend payout ratio.

## Yohei Yuki

Executive Officer and CFO  
Head of Corporate Division





## Message from the CFO

Our ongoing dialogue with investors keeps the high expectations they hold for MonotaRO's growth at the forefront of our attention. One of my key roles is to reflect investor expectations in business development and to communicate our outlook and progress toward delivering measurable results with a high degree of transparency. I also see it as my responsibility to strengthen the management foundation and enhance risk management capabilities that support business growth, while expanding investment in human capital in line with earnings growth.

### 2025 in Review

#### —Improving Profitability and Reaffirming Competitive Advantages

Consolidated and non-consolidated net sales and operating income all exceeded planned targets in 2025. We successfully balanced growth and profitability by improving our operating income margin while maintaining top-line growth. This performance was backed by the robust growth of both the MonotaRO.com Business and the Enterprise Business,

coupled with a surge in demand for office-related products during the fourth quarter. We mobilized the entire company to address this sudden surge in demand, which included providing cross-departmental resource support to our distribution centers and enhancing customer registration and other back-office operations. We were therefore able to flexibly enhance our supply capabilities. We demonstrated our ability to provide value by delivering the right items exactly when they are needed, regardless of unforeseen circumstances, and our success exemplified the sophistication of our capabilities.

Another benefit of the surge in demand was that existing customers expanded their purchases into new product categories. This showed that there is still significant opportunity to increase awareness among existing customers of our extensive product lineup and the convenience we offer, giving us greater confidence in our ability to expand wallet share going forward.

At the same time, reinforcing the Enterprise Business as a core driver of sustainable growth has become an increasingly urgent priority. We are currently establishing

a framework for maximizing the potential of our Enterprise Business. Enterprise Business net sales for 2025 were 1.3% below plan. Factors included a slower-than-expected ramp-up among first- and second-year customers, as well as slower adoption across multiple sites and departments of existing customers than planned. The Enterprise Business serves a massive market exceeding JPY 5 trillion, and there is still substantial room to capture additional market share. We will take on the challenge of ensuring the success of the Enterprise Business in order to achieve our medium-term goal of year-on-year sales growth of 15% or more.

#### Financial Strategies to Achieve ROE of 30% —Earnings Structure and Growth Drivers

My logic is simple when I respond to the question of how MonotaRO will achieve ROE of 30% or higher. Three elements are central to our strategy: 1) maintaining the gross profit margin; 2) continuously reducing the ratio of sales, general and administrative (SG&A) expenses; and 3) optimizing the balance between growth investments and shareholder returns.

The current gross profit margin is approximately 29% to 30%. We intend to keep it there by focusing on pricing and cost management. Specifically, we will continue to concentrate on optimizing pricing based on the price elasticity of individual products, appropriately reflecting procurement costs in selling prices, and expanding our procurement infrastructure while optimizing purchasing costs. Our Enterprise Business offers fixed discount rates, so expanding that business will put downward pressure on the Company's overall gross profit margin. However, we intend to maintain profit levels through the ongoing initiatives discussed earlier.

SG&A expenses formerly accounted for 20% of net sales, but we have reduced that to 15% through a variety

### Non-Consolidated Net Sales and Sales Growth Rate



## Message from the CFO

of initiatives. We have enhanced the efficiency of our distribution operations and reduced costs by increasing capacity utilization rates and introducing new technologies at existing distribution centers. In parallel, we are leveraging technology in both software development and office operations to increase value added per employee. Accelerating sales growth is another key to reducing SG&A expenses. We intend to increase the site adoption rate at existing customers to drive sales growth in the Enterprise Business as discussed earlier. The Enterprise Business currently has a site adoption rate at existing customers of approximately 10% to 20%,<sup>1</sup> indicating that there is significant room for further increased utilization among customers with which we have contracts. We are now accelerating initiatives to increase the site adoption rate at existing customers along two key axes. First, we identify the target customers. We have compiled a database of the characteristics and potential of each customer site, and are concentrating our sales resources on high-priority locations, including manufacturing and R&D facilities with significant purchasing volume. Second, we are standardizing sales techniques and deploying them horizontally. Our objective is to accelerate overall adoption by standardizing successful models and rapidly rolling them out to additional sites. We think that consistently executing this plan will enable us to generate sales that exceed market expectations.

1. The percentage of customer company business sites or locations where at least one individual uses a monotaro.com or Enterprise MonotaRO account.

### Capital Allocation and Shareholder Return Policies —Balancing Investments in Growth and Financial Discipline

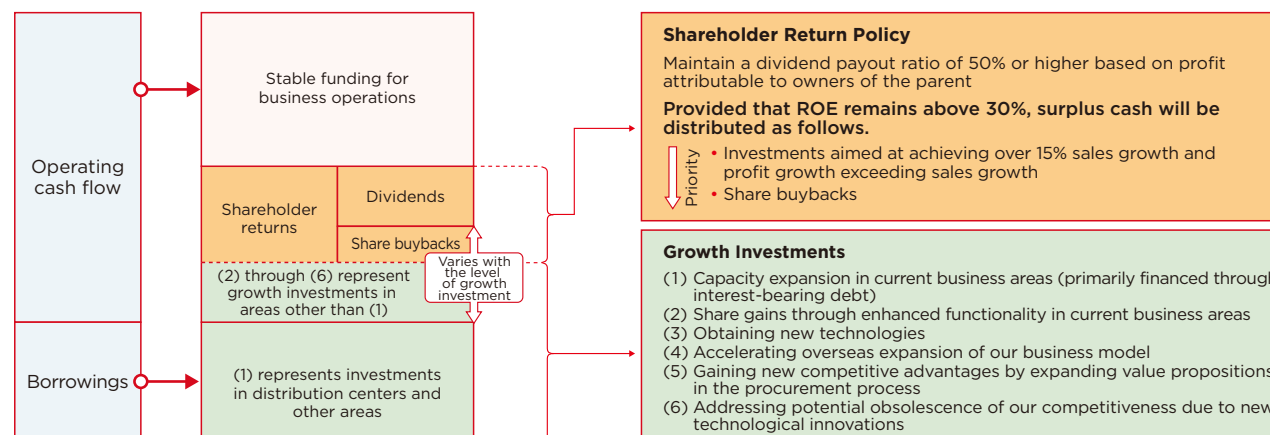
Growth in sales and earnings is steadily driving our ability to generate cash. Maintaining high capital efficiency requires not only increasing earnings, but also appropriate control

of working capital through inventory management grounded in accurate demand forecasting, as well as disciplined investment decisions. Letting the cash we generate sit idle reduces capital efficiency, so we must reallocate cash to growth investments and shareholder returns. This is the third key to our strategy.

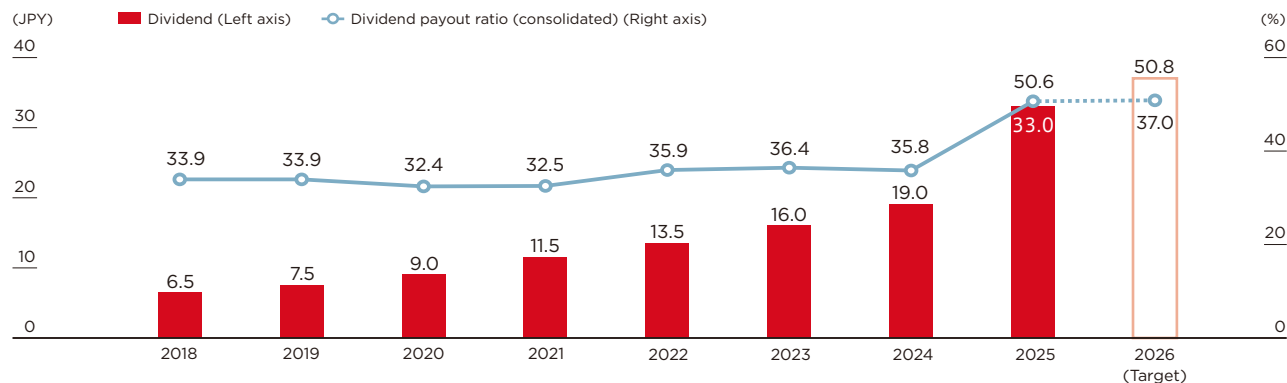
Our priority is investments to support future growth. The tech center we recently established in Chennai, India

exemplifies this priority. This center develops and deploys advanced personalization and recommendation technologies based on proprietary algorithms, which we expect to be a significant source of Group competitiveness. We are also investing aggressively to enhance our lineup of private brand products, including the respirator product operations the Group has taken over. This has expanded our product lineup, and is also a strategic move designed to increase

### Approach to Cash Allocation



### Dividend



## Message from the CFO

our wallet share by leveraging specific products that are indispensable in their markets. In 2025, to further expand our product selection, we established a subsidiary in China that handles the inspection, product selection and supplier development of locally sourced private brand products.

In addition, investment in the distribution centers that support our supply chain is essential. The Mito Distribution Center, scheduled to begin operation in 2028, is a crucial investment to support future net sales of JPY 600 billion or more. The Inagawa Distribution Center began operating in 2022, but is not yet running at full capacity. We will also efficiently utilize the capacity of other existing distribution centers.

We will carefully assess the opportunities and scale of growth investments, then promptly return to our shareholders any cash and cash equivalents beyond that required for business operations. The JPY 10 billion share buyback we announced in 2026 is a decision based on this policy. We expect the buyback to increase ROE by approximately 1 percentage point compared with a scenario with no share buyback. We will maintain a dividend payout ratio of 50% while consistently keeping our cost of capital in mind to ensure optimal balance sheet management.

Our sites in South Korea, Indonesia and India are currently relatively small within the Group and their

contribution to profit remains limited at this stage. However, they represent future potential to drive Group growth from 2030 onward. In the short term, the South Korea business has returned to profitability, and we expect to achieve profitability in Indonesia in the latter half of 2027. Our strategy is to deploy the business model we developed in Japan while adapting it to the business environments and commercial practices unique to each country as we develop the long-term revenue foundation of those operations.

### Outlook for Technology and the Future —Advances in Distribution, Data and AI

I frequently field questions about AI when talking with investors. I generally address them from the perspectives of risk and opportunity.

Risk involves the advent of an era in which AI platforms handle the entire purchasing process. Potentially, AI could obviate the processes we have spent so much time developing to drive traffic to websites and deliver optimal and intuitive purchasing experiences through visual recommendations, as well as marketing strategies predicated on browser-based keyword searches. If customers no longer visit our sites directly, we anticipate that our signature strategies, including those that encourage cross-purchases, will no longer function effectively using our traditional approaches. This is a distinct risk for us, and we recognize the critical importance of ensuring a data infrastructure and protocol compatibility that enable us to be selected by AI agents.

At the same time, we have unique competitive advantages. The first is distribution, which is a physical capability. No matter how advanced AI becomes, large language models (LLM) will not actually deliver products to customers. In this era of AI, our distribution service standard of delivering the right items exactly when they are needed is value that

we must continue to refine and steadfastly safeguard as the source of our competitive advantages. Our second competitive advantage is the extensive product and customer information that we have acquired over the past 25 years. We have proprietary MRO market data of unparalleled quality and volume. Integrating this data with an LLM enables us to understand nuanced customer intent that traditional keyword searches fail to capture, thereby creating a seamless end-to-end process through to specific product selection. I am convinced that providing this unique purchasing experience is a competitive advantage that other companies cannot replicate. MonotaRO is making steady progress in deploying AI (see pages 32–34). We plan to launch a purchasing agent on our website sometime during 2026 and are currently conducting testing. We see AI-driven technological innovation as an opportunity to gain a deeper understanding of customer intent and deliver optimal purchasing experiences. Accordingly, we will continue to make appropriate investments to translate AI's true potential into measurable business value.

### To Our Stakeholders

Targeting net sales of JPY 600 billion, we are taking on the challenge of sustaining annual net sales growth of 15% while achieving an even faster rate of profit growth. We must ramp up growth to achieve our goals. We are committed to providing shareholders, investors and all other stakeholders with highly transparent disclosure, including updates on the progress of our enterprise business and AI-related investments. We intend to share our growth story clearly and comprehensively. We will put our corporate mission to innovate business procurement networks into practice with a commitment to delivering both top- and bottom-line growth. MonotaRO is counting on the support of its stakeholders as we take on future challenges.



# MonotaRO's Value Creation

By pursuing convenience in the MRO supply procurement process, we offer customers the value of time, and continue to take on the challenge of innovating business procurement networks.

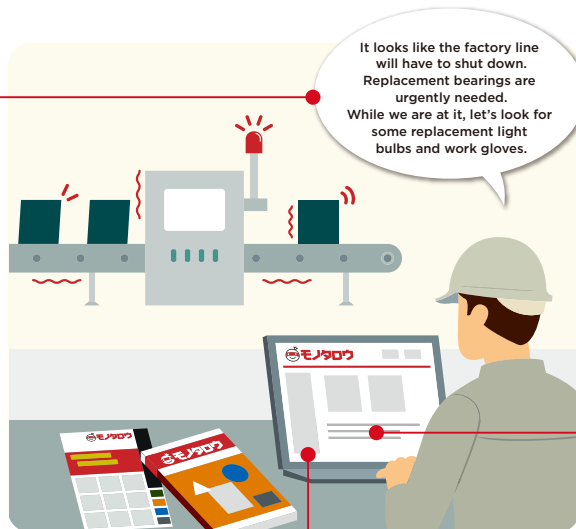
## An Example from a Customer's Manufacturing Plant

### An Unparalleled Number of Products Handled

With more than 28 million SKUs, we offer customers one-stop purchasing of the MRO supplies they need at their business sites.

### One Price

We have established a system that enables anyone to purchase at the same price, without the need for complex processes such as quotations and price negotiations. Although each item is relatively low in cost, the wide range of products can make MRO supply procurement inefficient. We have streamlined the process and reduced the workload for customers.



### Recommendations

We provide personalized product recommendations for each user based on customer registration data (including industry, department and job type) and purchasing history.

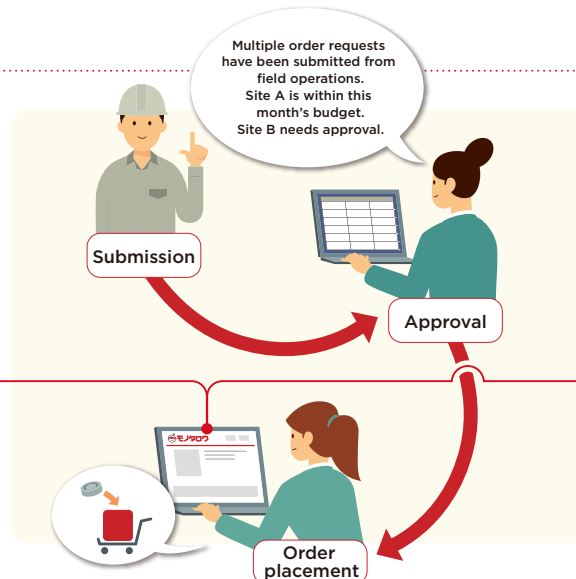
### Semantic Vector Search

Vector search technology captures the semantic meaning of text and delivers optimal results, enabling searches that understand the intent behind words and phrases. As a result, even if customers do not know the technical terms, they are able to quickly find the optimal product with a search using plain, everyday language or vague descriptions.

### Enterprise MonotaRO



We provide systems for large enterprises that enable centralized management of site-level budgets, approval workflows, and control over purchased items (catalog management). By doing so, we help to streamline the procurement process for customers and promote the company-wide consolidation of purchasing flows, contributing to greater operational efficiency and stronger governance.



### Sales Website (monotaro.com)



We operate a sales website (monotaro.com) for sole proprietors and small and medium-sized enterprises (SMEs). As such, items needed in field operations can be found and delivered quickly, helping on-site employees get work done.



**Purchasing**

## Shorter Lead Times through Inventory Synchronization with Suppliers

For products that we do not stock in our own distribution centers, we coordinate inventory information with suppliers in real time to reduce the out-of-stock rate and achieve shorter lead times with same-day direct shipping from the supplier.

**Picking**

## Shelf Transport Robots and Projection Mapping

Shelf transport robots carry product storage shelves to the worker. Then, a rear-mounted projector illuminates the location of the item to be picked. This enables workers to quickly pick the correct item without hesitation even when there are many similar items or products with only slightly different specifications.

**Receiving**

## Parcel Sorting Robots

In the receiving process, we have established fixed work areas for employees and automated sorting and transport. This has led to labor savings and improved productivity.

**Packing**

## Automated Sealing Machines

These machines automatically detect the sizes of the various picking and packing boxes, appropriately adjust box heights, and seal the boxes. Leaving some of the routine work of packaging to machines speeds up the overall shipping process. This also helps to ensure fast shipping.

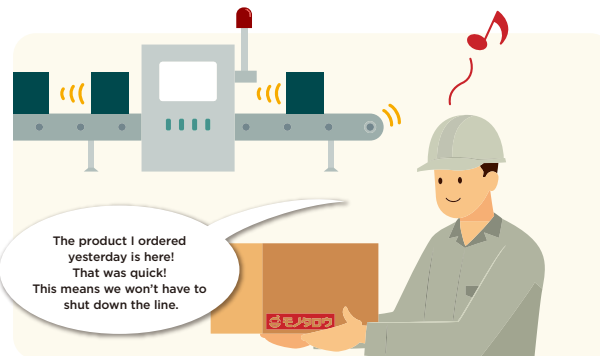
## Same-Day Shipping of Orders Placed by 5:00 P.M.

Orders placed by 5:00 p.m. are shipped the same day, so customers can receive them as early as the next morning.

## Delivery Date Display Function

The delivery date display function, which shows the scheduled product delivery date at the time of the order, makes it easier for customers to plan their work schedules.

Note: We are currently expanding the products covered.

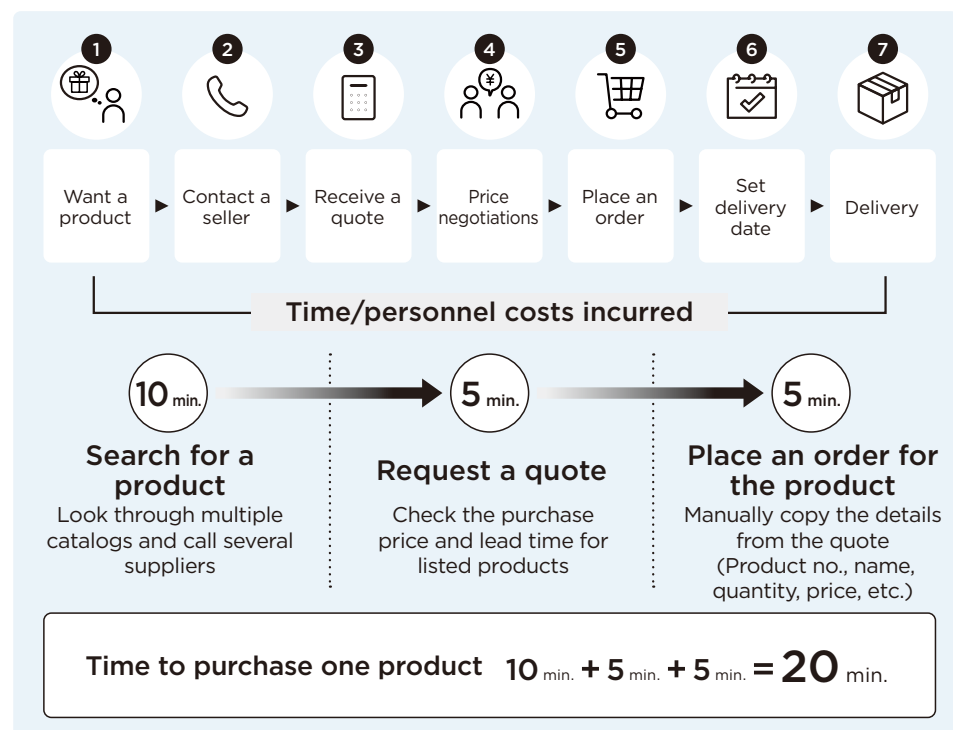


# The Challenge of Innovating Business Procurement Networks

## MonotaRO's Value Proposition

## Increasing the Value of Time in MRO Supply Procurement

### Conventional Way of Doing Things



Note: Average times according to our research

### With MonotaRO



Our mission is to innovate business procurement networks. By overhauling the opaque and inefficient business practices in conventional MRO supply procurement, we have built a business model that enables anyone to quickly check prices and delivery times online, complete purchases smoothly and receive delivery as early as the next day. As infrastructure that supports business continuity, we increase the “value of time” in society by creating an environment that enables customers to concentrate on their core business.

## The Challenge of Innovating Business Procurement Networks

### Business in Japan

#### MonotaRO.com Business

### Helping Customers Get Work Done

We conduct the MonotaRO.com Business for sole proprietors and SMEs. Anyone can begin using the service immediately after registering. Using our sales website (monotaro.com), customers can reduce the time and effort needed to procure a wide range of MRO supplies. By accumulating and leveraging extensive data on customer searches, purchasing patterns and product information, we strengthen our competitive advantages by expanding our product lineup (what customers need), improving searchability (easy to find) and shortening lead times (arrives quickly)—driving further expansion of our customer base.

Online store that supports customer sites

- Product range



Ready to use immediately

- Searchability



- Fast delivery



#### Enterprise Business

### Helping Customers Get Work Done Organization-wide

MonotaRO ONE SOURCE Lite is our original procurement management system integrated into the online sales website with no setup fee or monthly fee. This system makes it easy for customers to view and streamline their purchasing activities when they access the MonotaRO platform, which frontline users are already familiar with.



MonotaRO's original procurement management system

Use Case Page 27

MonotaRO PunchOut is a method of connecting customers' existing procurement management systems with MonotaRO's robust purchasing platform (catalog site). This enables them to consolidate MRO supply purchasing into the procurement management system, helping to streamline operations and strengthen internal control.



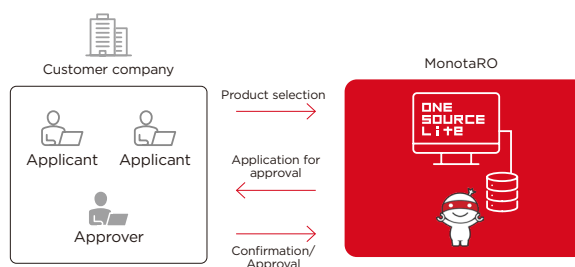
Connection of existing procurement management system with product catalog site

Use Case Page 27

#### Companies that have **not yet introduced** a procurement management system

##### First step to smart procurement

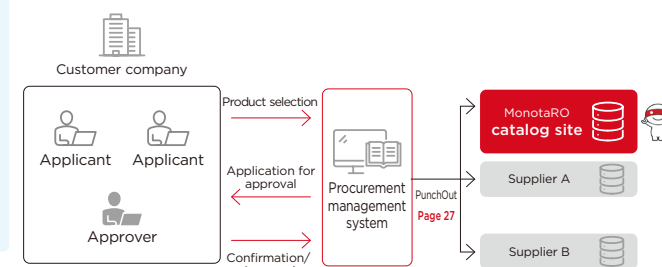
- Easily centralize MRO supply procurement
- Visualize and streamline purchases on MonotaRO, which frontline workers are familiar with



#### Companies that have **already introduced** a procurement management system

##### Simply connect and seamlessly centralize MRO supply procurement

- Connect the procurement management system with MonotaRO's robust procurement platform
- Consolidate MRO supply procurement to streamline organizational purchasing operations



## The Challenge of Innovating Business Procurement Networks

### Our Position in Each Customer Segment

| Business                                                                          | Customer Segment | Target Customers                                      | Market Environment                           |                     |                                                             | 2025 Results                      |                                                                       |                                                                       |
|-----------------------------------------------------------------------------------|------------------|-------------------------------------------------------|----------------------------------------------|---------------------|-------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                                   |                  |                                                       | Breakdown of market size (JPY 8-10 trillion) | Number of companies | Average number of sites per company <sup>1</sup>            | Sales growth rate ( ): YoY change | Company adoption rate <sup>2</sup><br>Site adoption rate <sup>3</sup> | Number of connected companies in the Enterprise Business <sup>4</sup> |
|  | <b>Micro</b>     | Sole proprietorships, general consumers and others    | —                                            | —                   | —                                                           | 7% (+6 pts.)                      | —                                                                     | —                                                                     |
|                                                                                   | <b>Small</b>     | Companies with under JPY 2 billion in annual sales    | Approx. JPY 1.5-2.5 trillion                 | Approx. 4.6 million | 1-2                                                         | 15% (+5 pts.)                     | Approx. 25%<br>—                                                      | 673                                                                   |
|                                                                                   | <b>Medium</b>    | Companies with under JPY 30 billion in annual sales   | Approx. JPY 1.5-2.5 trillion                 | Approx. 65,000      | 10-30                                                       | 16% (+1 pt.)                      | Approx. 85%<br>Approx. 20%                                            | 3,473                                                                 |
|                                                                                   | <b>Large</b>     | Companies with JPY 30 billion or more in annual sales | Approx. JPY 5-6 trillion                     | Approx. 6,600       | Manufacturers: 60 or more<br>Non-manufacturers: 150 or more | 24% (-1 pt.)                      | Approx. 95%<br>Approx. 10%                                            | 1,842                                                                 |

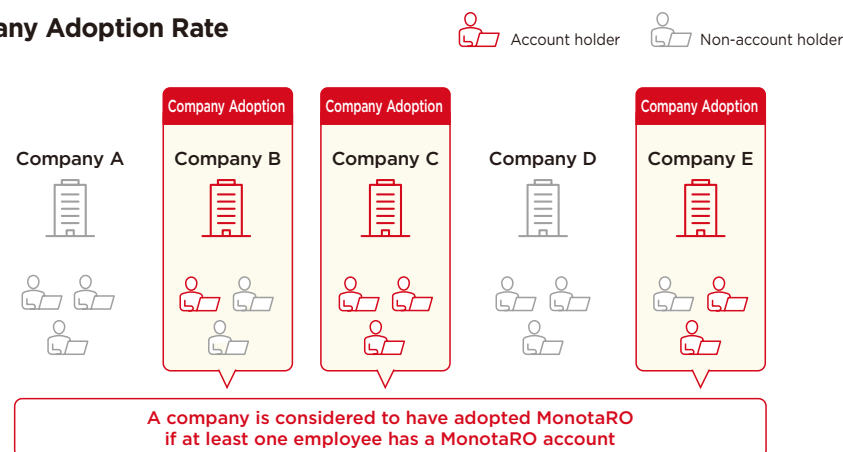
1. The 75th percentile of average number of sites per company is used as the lower limit for each customer segment. For the Small and Medium segments, the 90th percentile is used as the upper limit.

2. The company adoption rate is the percentage of companies in Japan with at least one account holder.

3. The site adoption rate is the percentage of company offices/sites with at least one account holder.

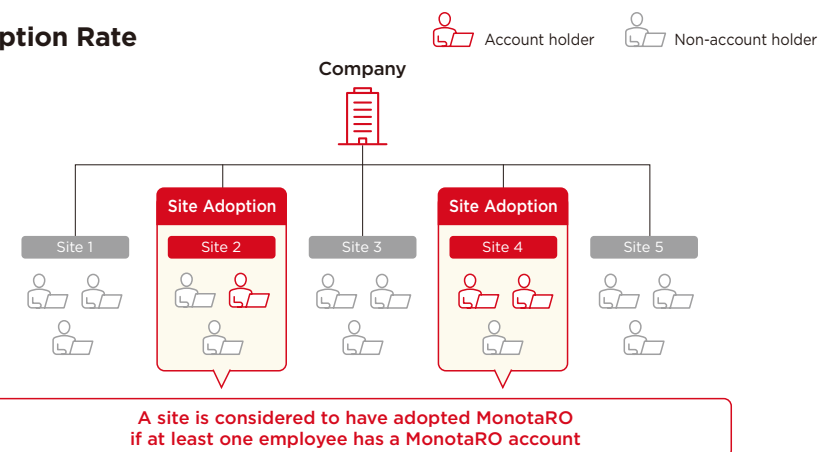
4. The number of connected companies in the Enterprise Business is the number of corporations that are connected to MonotaRO ONE SOURCE Lite or MonotaRO PunchOut, and have five or more registered end users. Includes companies receiving deliveries.

### Company Adoption Rate



$$\text{Company Adoption Rate} = \frac{\text{Number of companies with at least one account holder}}{\text{Total number of companies in Japan}}$$

### Site Adoption Rate



$$\text{Site Adoption Rate} = \frac{\text{Number of offices/sites with at least one account holder}}{\text{Total number of offices/sites of companies in Japan}}$$



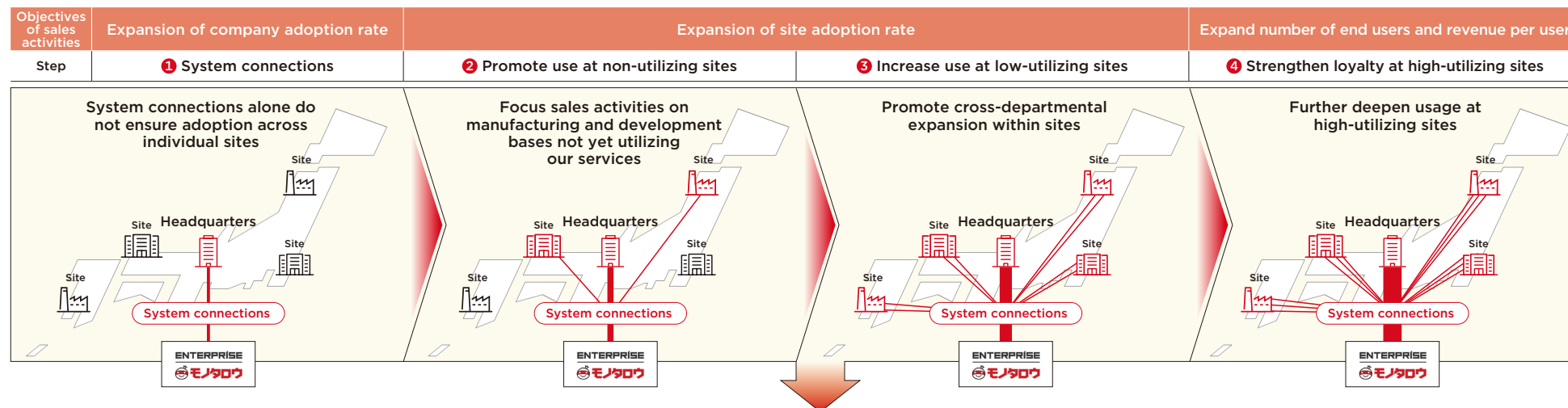
## Highlight

## Enterprise Business: Strengthening Sales Activities to Accelerate Business Growth

### Growth Potential in a Large Market

We are accelerating growth in four steps to capture the enormous potential of the market.

#### Steps ①-④ of Enterprise Business



### Significant Room for Adoption

System connections via headquarters have been completed at 95% of large enterprises and 85% of medium-sized enterprises. However, there is still significant room to increase the adoption rate. Among high-potential sites we are targeting, very few have reached the ideal level of high utilization, because our share at those sites is still low.

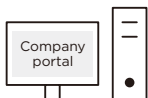
As many sites are still in the early stages of utilization (steps ② and ③), we are accelerating establishment and deepening of usage through a series of processes from building internal awareness and implementation support to promotional activities.

### Measures to Increase Company Adoption Rate and Site Adoption Rate

#### Build Internal Awareness

##### Posting on company portal and intranet

- Building awareness across organization and sites
- Reducing inquiry workload for internal coordinators



Dedicated URL  
Tutorial videos  
Support site and user manual  
Contact info

#### Implementation Support

##### User briefing sessions

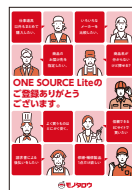
- On-site or online briefing for Enterprise MonotaRO login and operation



#### Internal and Site-level User Promotion

##### Promotional activities

- Partnering with customer coordinators to drive end-user adoption



### Rollout of Convenient Features to Remove Hurdles to Adoption

#### ① Purchase Request

Reduction of ordering errors resulting from ambiguous purchase requests from frontline employees to administrative staff



I would like to order this product and this amount.

We can share data with a single click. Simply add to basket.

#### ② Detail Notes

Enter required information at the time of ordering for more efficient cost allocation and management



#### ③ Reordering Billing Data Fields

Download billing data in format compatible with accounting system to reduce manual procedures



Item selection possible

Item sorting possible

## Customer Interview (Enterprise Business)

Indirect Materials Group,  
Purchasing Department  
Mitsui Chemicals, Inc.

**Mr. Hirakawa and Mr. Ishikawa**

Note: Affiliations and job titles are as of the time of the interview.



Mitsui Chemicals, Inc. is accelerating its group-wide digital transformation (DX) as part of its long-term business plan, Vision 2030. That wave of reform is steadily extending into the field of MRO supply procurement. Mitsui Chemicals adopted SAP Ariba ("Ariba"), a solution from SAP SE, as a group-wide procurement management platform in 2020. While it significantly advanced its procurement management using that platform, the company contacted MonotaRO as an additional supplier. Given that it had already been actively utilizing Ariba, why did it decide it needed MonotaRO? We asked two people from the Indirect Materials Group in the Purchasing Department about the objectives and outcomes of that decision.

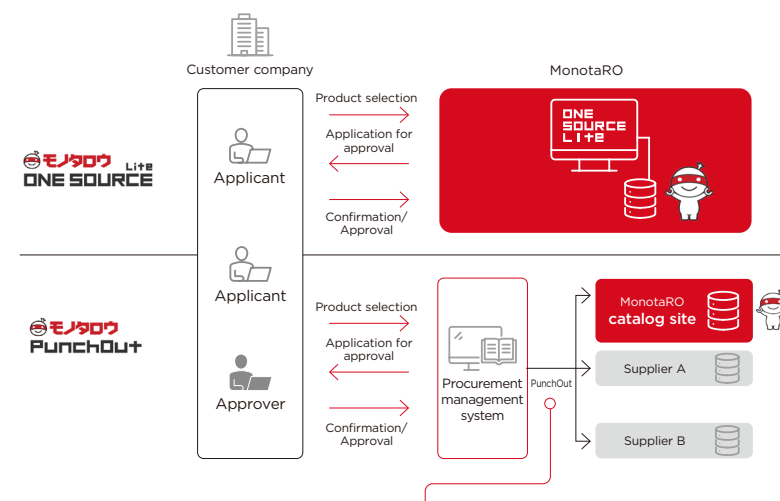
### Businesses

- Life and healthcare solutions
- Mobility solutions
- ICT solutions
- Basic and green materials

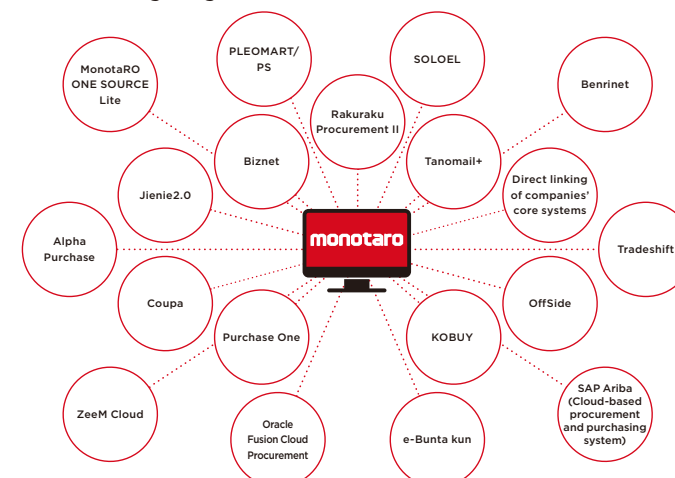
### Services Introduced

MonotaRO PunchOut  
MonotaRO ONE SOURCE Lite

### Two Types of System Integration MonotaRO ONE SOURCE Lite/MonotaRO PunchOut



### PunchOut Catalog Integration



See page 11 for an overview of Enterprise MonotaRO.

## Establishing a Procurement DX Foundation with Ariba

The Indirect Materials Group was established within the Purchasing Department in 2019 as part of company-wide digital transformation. At the time, purchasing was conducted in a decentralized manner, with each base and department working to optimize their efforts independently, making it urgent to improve visibility of spending and strengthen governance. To address this, the company introduced Ariba, a procurement management platform. In promoting the use of Ariba, the Management Committee made recommendations and held a series of meetings with each department. We continue working to centralize our purchasing processes, including proposing ways to utilize accumulated data.



## Additional Connection with MonotaRO in Response to Requests from Frontline Staff

As the use of Ariba became more widespread, the company brought in MonotaRO in 2024 as a new PunchOut partner. This was the result of a strong request from a newly established department that was developing components for robotics. Production staff needed to procure many different kinds of components, and there were some areas where they were unable to fully cover those needs with existing suppliers. It is uncommon for us to receive requests from frontline staff to designate a specific supplier, but in this case, we aimed to respond quickly to their expectations by introducing MonotaRO at an early stage, and with MonotaRO's support, we were able to achieve implementation within a short timeframe.

## Rollout to Group Companies and Raising Awareness

We used this as an opportunity to expand the scope of our procurement management systems and realize economies of scale across the group, and decided to

adopt MonotaRO's procurement management system, ONE SOURCE Lite, at group companies where Ariba had not yet been introduced. When it was introduced, an orientation meeting held jointly with MonotaRO was attended by many employees. It was an opportunity to recognize the high level of interest in streamlining and reducing costs in purchasing operations. While it will take time to change procurement processes across the entire group, we aim to instill this mindset throughout the organization.



### Before Introduction

Since before we connected with MonotaRO, the DX Promotion Department had been working to increase utilization of Ariba, so we were gradually making improvements through cost reductions, but there was a sense that we could go even further. Regarding operational efficiency, another issue was that some items available through the PunchOut catalog were still being purchased by obtaining quotes and placing orders each time.

### After Introduction

Currently, MonotaRO is being used in numerous departments. Feedback from frontline staff has been very positive, with comments such as "Items that used to take a week to be delivered now arrive more quickly," and "We can now find items that aren't available elsewhere." The main reason for its smooth introduction was that there was already a strong need for it in frontline operations.

There are still frontline teams with unmet needs. We would also like MonotaRO's support in conducting interviews with frontline teams so that more people can experience the convenience of using the platform. While there are few drawbacks to using the system, changing existing purchasing processes can be burdensome. For that reason, we aim to create more internal success stories to gain understanding of company-wide policies across group companies and further promote procurement management.

## Highlight

### Event Report on MonotaRO DAY for Enterprise 2025

In November 2025, representatives from Mitsui Chemicals took the podium at the MonotaRO DAY for Enterprise event hosted by MonotaRO. At the event, they shared their vision on the evolution of the role and transformation of the value provided by the Purchasing Department. Through this kind of dialogue, we will continue to provide new value from the perspective of digitally transforming procurement and purchasing processes to address increasingly complex social issues.

Reference: Case study page on the Enterprise Business website  
<https://procurement.monotaro.com/monotaroday2025/> (Japanese only)





## Customer Interview (MonotaRO.com Business)

Director of Management and  
Production Department  
Kamishiro Industry Co., Ltd.

**Mr. Ishikawa**

### Business

Manufacture of infrastructure-related  
components (manufacturing industry)

### Service Introduced

monotaro.com



### Corporate Profile

Guided by its commitment to "Shaping a better world with the power of technology," Kamishiro Industry aims to become a digital engineering company that preserves and passes on craftsmanship to the future. Leveraging its metalworking technologies, the company continues to take on challenges that connect people, technology and digital technology, operating across a wide range of areas, from its core business of manufacturing elevator components to the development of camping gear infused with artisanal craftsmanship, as well as R&D on remote factories through its CAD Center SINCA.

### Our Many Urgent Jobs Make Efficient Procurement Management Essential

In our line of business, we often need to tackle jobs where "an order comes in today, we make it today, and deliver it tomorrow," making it difficult to plan based on workload and capacity. For mass-produced items, planning can be done by estimating processing time per unit, but this approach does not work when an urgent request comes in. That is why we are working to keep operations running smoothly using a progress management system.

Above all, our highest priority is to ensure work is done safely. Products such as leather gloves and welding aprons must be of such a quality that they are thought of as a partner at the job site. MonotaRO has an excellent selection of products, and I like that we can order small quantities to try items out. Photos and requests for items needed are sent from the job site by chat, and we first search on MonotaRO using model numbers and images as references. We usually compare three or four suppliers, including MonotaRO.

### Take on Urgent Jobs with Same-Day Shipping and an Expanded Product Selection

In the past, there were times when we received an urgent order in the evening, and were forced to turn it down. Now, MonotaRO's same-day shipping is a big help to our frontline operations. MonotaRO's order deadline extension has also made it easier to accommodate urgent inquiries. The most important thing is that orders arrive exactly as advertised. MonotaRO has certainly kept that promise to us. That is why we continue to order from MonotaRO. As a result, both the frequency of using MonotaRO and the number of items we order have increased. We have received positive feedback from customers, with comments like "When we need something urgently, we can rely on them to find a solution." The range of work we can take on and the number of products we handle have also expanded.



### Before Introduction

Since many of our projects require us to produce items on the same day they are ordered, if the necessary materials were not identified until the evening, we sometimes had to decline urgent jobs because we couldn't procure the materials in time. Having to make decisions each time while comparing delivery times and prices always involved a degree of uncertainty.

### After Introduction

MonotaRO's same-day shipping and order deadline extension enable us to make an immediate decision after determining the delivery time. Trusting that items will be delivered reliably as advertised makes it easier to accept orders, and the number of jobs and products we handle has been increasing.

## Customer Interview (MonotaRO.com Business)

Department Managers, Production Department  
(manufacturing, plant management, etc.)  
Takayama Metal Industry Co., Ltd.

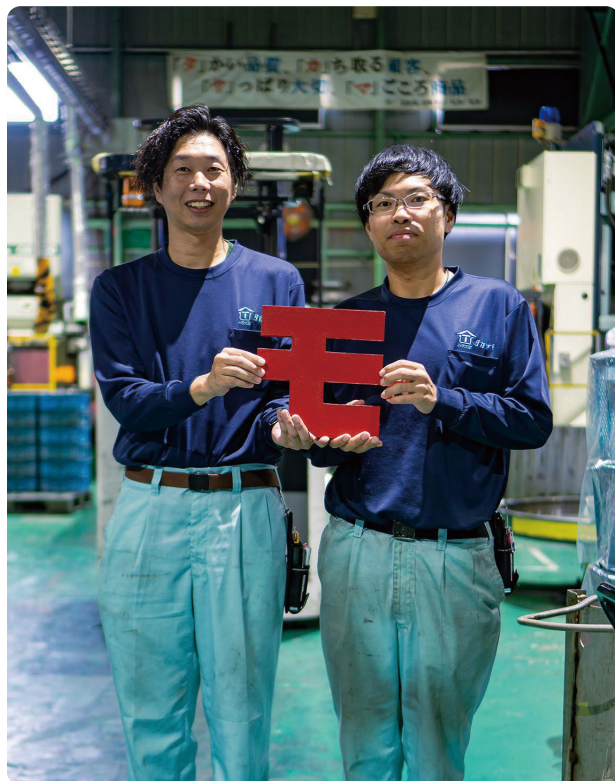
**Mr. Matsui and Mr. Nagai**

### Business

Sheet metal stamping  
(manufacturing industry)

### Service Introduced

monotaro.com



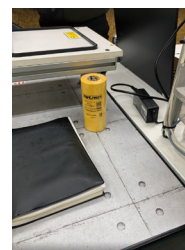
### Corporate Profile

Based on its philosophy of "Protecting homes, daily living, and life," Takayama Metal Industry manufactures products including metal building components, floor panels and hardware for wooden buildings. Amid ongoing labor shortages in the construction industry, the company is developing a variety of products that not only increase durability and strength but also reduce installation effort, while enhancing its ability to make proposals from the customer's perspective.

### Reassurance of Knowing the Things We Need Will Be Easy to Find

We use MonotaRO for purchasing consumables and fixtures used in our factories. The items we need on-site are readily available and easy to find. That inspires a lot of confidence. Even when we only have a vague idea of what we want, entering keywords or phrases brings up results, and it is reassuring to feel that we're getting closer to saying, "Oh, this is it!" In the search results, products from different manufacturers that have the same application, including private brand products, are displayed side-by-side so we can easily compare prices and specs, which is very helpful.

Speed is also important. Not having to go out and buy each individual item we need is a major benefit. Before, we would go to the home improvement store, look for the item, and pay at the register. If the item was out of stock, we then had to deal with the factories. The whole process took considerable time.



### Digital and Print-Based Suggestions Tailored to Customer Sites

MonotaRO's personalized flyers are based on purchase history, so it is easy to find frequently used items. We can instantly check special offers and possible alternatives for the products we routinely use, which is helpful in planned purchasing and cost management.

At first, my impression was that "This is a website dedicated to selling products used in factories." We had been purchasing items like sprays, tools and magnetic stands, but once we started placing orders ourselves and exploring further, we realized they carry just about everything. Recently, we even bought salted candy and masks. We are able to procure not only factory tools and fixtures, but also products such as heatstroke prevention and sanitary goods all in one place, and knowing that they will arrive tomorrow or the day after is very helpful. For us, MonotaRO is a reassuring presence that gives us the confidence that "whatever we need will be here."

### Before Introduction

We used to order items through office staff and buy them at home improvement stores. It was a lot of work to search for items, wait for approval and then go out to buy them. Sometimes an item was sold out or delivery was delayed, so the timing at factories and the procurement schedule was not aligned.

### After Introduction

On-site staff can now search and place orders directly on MonotaRO, creating an environment where what they need can be found simply by searching. Since we can select products while comparing prices and specs according to application, and have them delivered the next day, the amount of time spent on procurement has been dramatically reduced.



# Business Outside Japan

## Current Status and Outlook by Country



**India**



India is a market where massive growth in demand for MRO supplies is projected, fueled by the country's enormous population and rapid technological innovation. For that reason, we entered this market in 2020. In 2025, although sales fell short of plan, we shifted our customer target to small and medium-sized enterprises (SMEs) with a view to maximizing customer lifetime value (LTV).

As a result of this shift, we are seeing positive signs, including more frequent purchases of consumables, lower return rates driven by improvements in service quality, and increased sales from existing customers. In 2026, we will focus on further increasing repeat purchase rates in core customer segments while consistently managing everything from procurement and inventory to shipping and customer support. We aim to establish a unique position in the rapidly growing Indian market and achieve further growth.



**Indonesia**



In Indonesia, a market we entered in 2016, we have taken over and leveraged the infrastructure of an existing e-commerce site to promote sales of MRO supplies utilizing our expertise. In 2025, net sales grew substantially on a local currency basis, increasing 16.9% year on year, but fell short of plan due to a decrease in high-value orders and the impact of fewer operating days resulting from an increase in national holidays.

On the other hand, cash flow improved as a result of sales growth driven by the acquisition of new customers and the expansion of business with existing customers. In 2026, we are continuing to focus on improving supply chain resilience and conducting efficient marketing. We will continue building a structure that enables sustainable growth, with an eye on achieving profitability in the second half of 2027.



**South Korea**



We have been engaged in business in South Korea since 2013 because of its many similarities with the industrial structure and the infrastructure environment of Japan, as well as its robust manufacturing infrastructure. Although the South Korea business achieved profitability in 2019, it recorded temporary operating losses over the past two years due to pressure on the gross profit margin from rising prices, as well as expenditures related to the new distribution center that began operation in 2023.

However, our efforts to optimize marketing began to show positive results in 2025, and, in addition to acquiring new customers, we improved both the repeat purchase rate and the gross profit margin, leading to a return to operating profitability. In 2026, we will accelerate growth by further strengthening marketing with a focus on increasing the utilization rate among existing customers.



**North America**



We provide our business know-how to "Zoro" and receive a services-fee. Zoro, launched in 2010, an e-commerce business run by W.W. Grainger, Inc., its parent company and the parent company of Grainger Global Holdings, Inc., the majority shareholder of MonotaRO. Together, MonotaRO and Zoro comprise the Endless Assortment segment of W.W. Grainger, Inc.

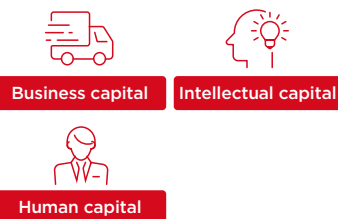
## Business Outside Japan Will Drive the Next Stage of Growth

Net sales from overseas subsidiaries still account for a small share of consolidated sales. However, we are actively pursuing overseas business opportunities with strong growth potential as we look toward long-term growth over the next 10 years.

The Global Business Office in Japan supports subsidiaries operating in three countries. Based on our know-how cultivated in the Japanese market, we provide a wide range of support, including marketing planning and implementation support for business expansion, analysis of business challenges, examination of improvement measures and formulation of investment plans based on ROI.

In addition, local initiatives and success stories of overseas subsidiaries are shared in Japan, enhancing our mutual knowledge and experience. The circumstances differ in the three countries where we operate. The South Korea business returned to operating profitability in 2025, while Indonesia and India operations are in the investment phase. We will take the necessary actions in a timely and steady manner to ensure that our subsidiaries in each market grow and strengthen their presence through profit generation.

## Technology: Charting the Future of MRO Supply Procurement with Data and Artificial Intelligence (AI)



### Overview of Technology-Driven Growth Data and Algorithms Are Fundamental to Our Business

Data and technology have been fundamental to MonotaRO's business since its inception. We have efficiently achieved scalable growth through the use of algorithms, enabling us to optimize product data spanning tens of millions of items and behavioral data from customers across a wide range of industries and business sizes, while automating the entire process from search to delivery.

### System Renewal to Enhance Modifiability

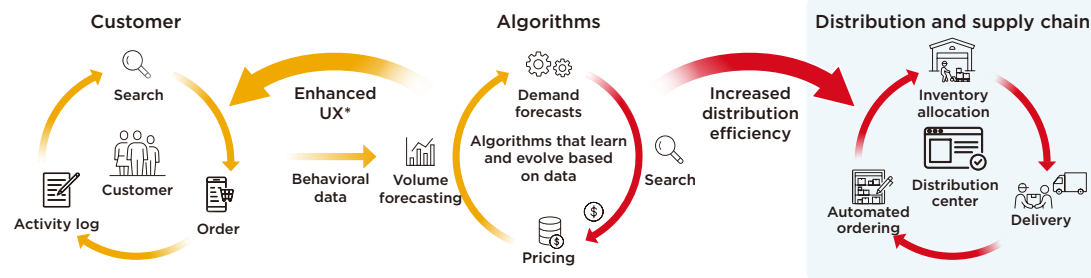
Over the past two and a half years, the top priority in our efforts to solidify our competitive advantage has been modernizing and otherwise renewing our core systems. This initiative has not simply addressed the system degradation that has occurred over time. It has also been directed at

restructuring our systems to enhance modifiability. We rationalized operations and systems that had become increasingly complex as our business grew, and have been categorizing systems according to specific business areas. While a team reporting directly to the Chief Technology Officer (CTO) initially spearheaded this initiative, it has now reached the stage at which each development team can proceed independently. Overall modernization has accelerated as a result, and we have established a framework that enables us to rapidly develop and deploy solutions in response to market shifts and customer needs. Therefore, we are now able to focus even more intently on creating additional business value.

### The Evolution of AI: Capitalizing on Opportunities That Outweigh Risks

The rapid evolution of generative AI could fundamentally reshape conventional search engine-based customer acquisition if "agentic commerce," where AI agents search for products, becomes widespread. Such evolution could pose risks to search engine optimization (SEO) and other conventional customer acquisition strategies that MonotaRO uses. However, we view it as an opportunity for further growth. General-purpose AI excels at providing general

### A Value Cycle Supported by Data Utilization



\* User experience (UX): The holistic relationship between users, products and services

Taisuke Fukawa

Senior Executive Officer and CTO  
Head of Software Division



answers. However, the business-to-business (B-to-B) marketplace requires specialized, rigorous selection capabilities, such as the ability to identify components that are compatible with specific legacy machinery or materials suitable for use in specialized environments. This makes detailed specification data and real-time inventory and logistics information absolutely essential. Our database covering the more than 28 million products we handle and 25 years of customer behavior data is proprietary primary data that is not publicly available on the Internet. We are confident that our engineering organization can combine our unique data assets with AI technology to establish a strong competitive advantage that general-purpose AI cannot replicate.

## Evolving the Purchasing Experience with Data and AI

### Innovative Discovery and Selection Powered by Proprietary Data

In the era of AI, our greatest strength is our ability to deploy data science to fuse context in the form of customer data with specifications in the form of product data. We are currently structuring data that integrates product specifications with contextual elements such as intended

use and usage environments to enable AI to accurately understand and identify products. We have already achieved the goal of enabling customers to quickly find what they want by employing technologies such as semantic vector search, which enables searches based on usage scenarios rather than keywords, and customer-specific recommendations. Now, we will use these approaches as a foundation to further enhance the customer experience and innovate business procurement networks based on the following two vectors.

## (1) Customized Approaches Enabled by the CDMP Integrated Marketing Platform

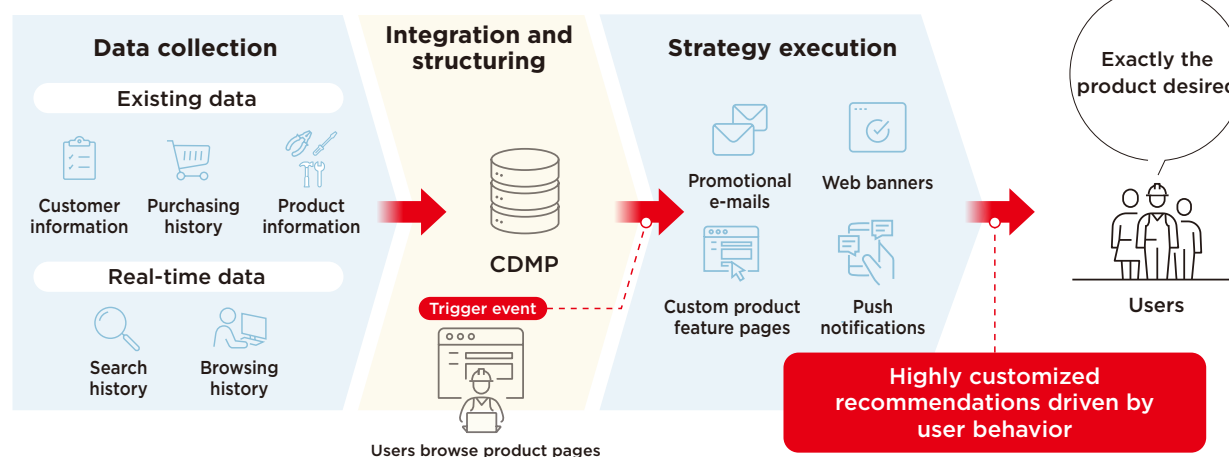
Our proprietary customer data marketing platform (CDMP) was developed in-house. We will deploy it to deepen our understanding of our customers and deliver proposals specifically optimized for each of them through a one-on-one approach, as the figure below shows. We have deepened our understanding of our customers through comprehensive analysis of their particular industry, type of work, and past purchasing behavior, which has enabled

us to deliver consistent marketing across every touchpoint from email and mobile apps to our website. We propose the right products at the right time to enhance customer satisfaction and maximize customer lifetime value (LTV).

## (2) Proprietary Purchasing Agent

We have proactively addressed the transformation of the search experience brought on by the widespread adoption of general-purpose AI by beginning development of a proprietary purchasing agent. During testing in a production environment, the system achieved higher purchase conversion rates than conventional search for both “product discovery from vague customer needs” and “repurchase support based on purchase history,” giving us confidence in its ability to accurately meet customer needs. This agent supports customers throughout the purchasing process, from discovering products that meet their needs to selecting the right ones. In addition to addressing vague needs that may be difficult to put into words, it presents the most suitable options, including long-tail products, while helping prevent incorrect selections, thereby enabling customers to

### CDMP Overview



Xinpeng Zhang

Executive Officer  
Head of Data Algorithm Division

make well-informed choices. Because safety is critical in the B-to-B industrial supplies market, the agent provides specialized compatibility assessments together with our proprietary delivery lead-time data, reducing the need for customers to rely on external AI services and delivering personalized, differentiated value. Going forward, we will ensure that meeting needs identified through testing, such as searches based on multiple conditions at once, and promoting greater use of the agent remain the main focus of development. We will also evolve the agent to handle purchasing decisions on customers' behalf, with AI selecting the optimal products.

## AI-Driven Internal Transformation and Increased Operational Efficiency The AI Productivity Revolution

At MonotaRO, AI serves as a crucial component not only of customer-facing services, but also of efforts to enhance the efficiency of internal operations. Promoting Company-wide AI adoption within a secure environment helps us to streamline routine tasks such as researching, summarizing, performing analysis and assisting in the creation of documents. We are creating an environment that enables

employees to focus on more creative and high-value-added projects.

## The Discontinuous Evolution of Software Development

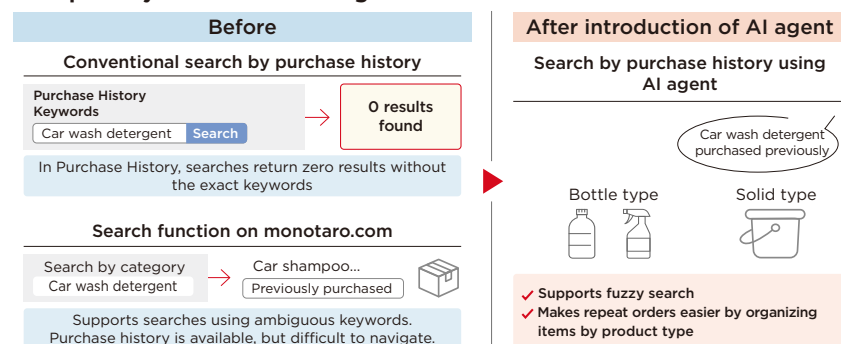
AI is generating particularly significant results in software development at MonotaRO. We have fully implemented AI-assisted coding and review support during programming. We strategically employ multiple AI tools to generate optimal solutions, and have confirmed tangible benefits for both development speed and quality. We have already deployed AI agents in our production environment for portions of code generation, and have established workflows in which AI autonomously writes code for areas that meet defined criteria, while humans handle verification and approval. This has accelerated development and ensured consistent quality.

In addition, we avoid rigidly defined processes so that we can adapt flexibly to development methodologies that evolve at a rapid pace. We will build a development framework capable of transforming change into strength by establishing a system that continuously identifies and refines highly effective methods.

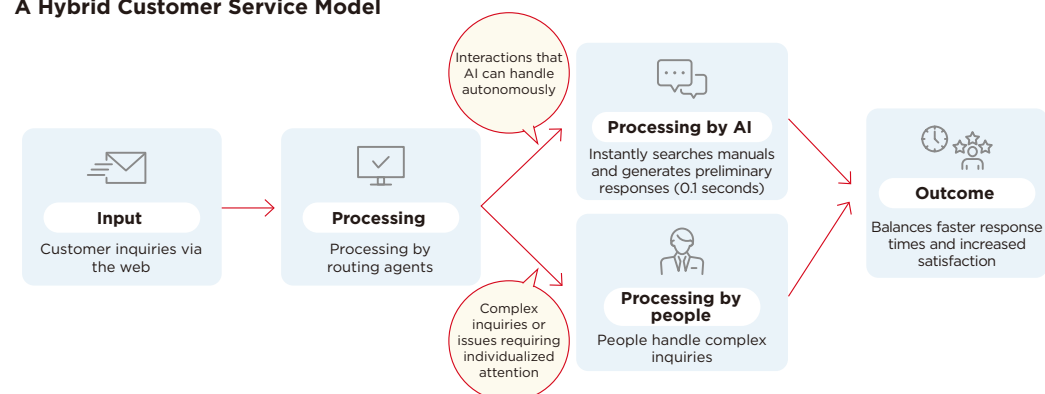
## CS Agent Created through Human-AI Collaboration

The Customer Support Department is promoting the implementation of MonotaRO's CS Agent AI with the objective of achieving both operational efficiency and superior service quality. CS Agent AI addresses customer inquiries by drawing upon a vast database of interaction logs and manuals to autonomously determine whether it is capable of handling the request. In principle, AI handles inquiries it can respond to, from response generation to initial customer support. This enables prompt responses without making customers wait. At the same time, our human representatives take over complex inquiries and cases that require individualized attention. They conduct detailed consultations and provide meticulous guidance to enhance customer satisfaction. Furthermore, human reviewers verify that AI interactions satisfy accuracy requirements and established quality standards. Committed to providing swift, reliable support that is truly satisfying, we deploy AI to save time for customers while our people focus on complex decisions, communication and quality control.

### Leveraging Our Data to Enhance the Purchasing Experience through a Proprietary AI Procurement Agent



### A Hybrid Customer Service Model



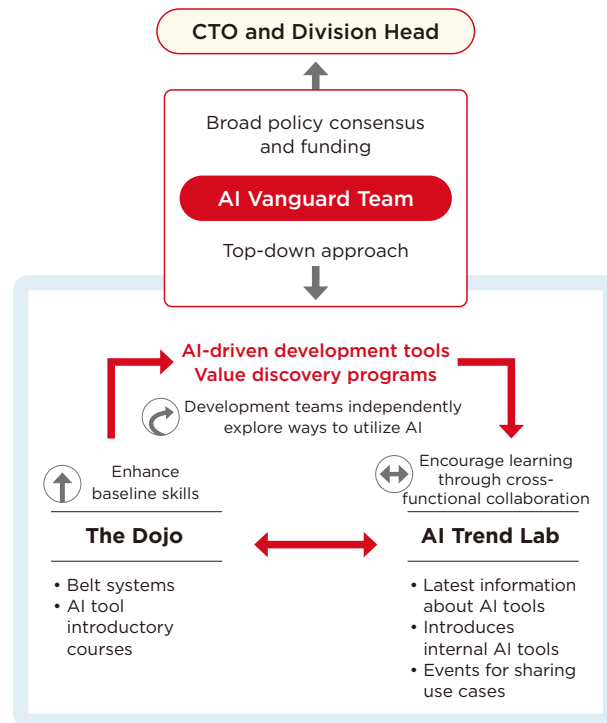


## Highlight

## A Tech Organization That Drives Sustainable Growth

### An Organization and People That Accelerate Evolution

For MonotaRO to sustain its technological evolution, it requires an organization adaptable to change as well as people committed to self-directed learning. We recently established the AI Vanguard Team directly under the CTO to lead the evaluation of the latest AI tools and their Company-wide implementation. The AI Trend Lab complements these efforts as a bottom-up initiative where employees share AI use cases with one another.



### Visualizing and Developing Skills at the Dojo

The Dojo is our in-house training institute for engineers where we standardize skills and increase overall proficiency. We employ a belt system that defines the technical skills developers must acquire. This supports self-directed learning and career development among engineers by visualizing and certifying their proficiency in AI application and development technologies.

#### The Dojo and Its Belt System

|  |                    |                                                                                                                  |
|--|--------------------|------------------------------------------------------------------------------------------------------------------|
|  | <b>Black belt</b>  | Able to define technological goals and communicate and roll out relevant initiatives throughout the organization |
|  | <b>Brown belt</b>  | Able to perform reviews, design and implementation to maintain the quality of modernized software                |
|  | <b>Yellow belt</b> | Able to participate in development processes                                                                     |
|  | <b>White belt</b>  | Unranked                                                                                                         |

This system enables engineers to advance in stages based on their skill level in areas such as AI proficiency and design capabilities.

#### Global Development Center: MonotaRO Tech India

We established MONOTARO TECHNOLOGIES INDIA PRIVATE LIMITED in Chennai, India in September 2025 to further accelerate innovation. This center gives us access

to world-class IT talent who will assume responsibilities for developing critical data infrastructure, including the CDMP (see page 33 for details). Collaboration with the exceptional global talent at MonotaRO India will advance our technological development capabilities to the next level.



|                                         |                                                                             |
|-----------------------------------------|-----------------------------------------------------------------------------|
| <b>Name</b>                             | MONOTARO TECHNOLOGIES INDIA PRIVATE LIMITED                                 |
| <b>Location</b>                         | Chennai, India                                                              |
| <b>Representative</b>                   | Sakuya Tamura and three others                                              |
| <b>Business</b>                         | System development for MonotaRO Co., Ltd. and its consolidated subsidiaries |
| <b>Shareholder (Shareholding ratio)</b> | MonotaRO Co., Ltd. (99%)<br>IB MONOTARO PRIVATE LIMITED (1%)                |

### Transforming Change into a Strength to Sharpen Our Core Advantages

The technological singularity of AI is a catalyst for MonotaRO, not a threat. MonotaRO is committed to continuously enhancing its corporate value by flexibly embracing change. We will continue strengthening the capabilities that set us apart—our proprietary frontline data and ability to implement technology—to shape the future of MRO procurement and contribute to industrial development.

## Distribution Centers with More than 28 Million Products Handled and 680,000 Items in Stock



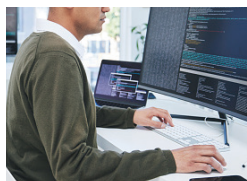
### MonotaRO's Logistics

We have an extensive product lineup encompassing over 28 million items and an inventory exceeding 680,000 units, supported by a sophisticated logistics infrastructure designed to ensure stable and efficient operations. Our distribution centers collaborate with delivery companies, suppliers and other partners to provide same-day shipping and short delivery times. This maximizes convenience for customers procuring MRO supplies and fulfills our role as vital infrastructure for the industrial sector.

### MonotaRO's Distribution System

#### Intelligent Procurement

Automatic ordering using machine learning



Inventory linkage with suppliers

#### Digitally Transformed Warehouse Operations



Shelf transport robots



Projection mapping



Sorting robots



Sealing machines

#### Maximizing Customer Value



Same-day shipping of orders placed by 5:00 P.M.



Automated grouping machines

#### System-Driven Optimal Procurement

In our business model, manually ordering a vast number of products based primarily on the knowledge and experience of individual employees is both difficult and inefficient. We therefore developed our own automated ordering system early on and have utilized machine learning based on accumulated data to generate highly accurate demand forecasts. Furthermore, for products that we do not stock, we place orders with suppliers only after receiving customer orders. This creates challenges in ensuring accurate delivery lead times and in cases where products are found to be discontinued after orders have been placed. We have improved our services by sharing inventory information with some suppliers through integrated systems, enhancing delivery lead time accuracy, enabling prompt identification of product changes and discontinuations, and preventing stock-outs. By promoting highly accurate system-based demand forecasting and automated ordering, along with inventory linkage with suppliers, we are streamlining procurement processes and building a framework that enables stable and timely delivery of the products customers need.

**Michihito Hanahara**  
Executive Officer  
Head of Fulfillment Division

### Digitally Transformed Warehouse Operations

MonotaRO's distribution centers have evolved dramatically through the proactive adoption of technology since the Company's founding.

In the past, product picking operations primarily relied on an analog approach in which workers carried paper-based shipping instructions, but we have since transitioned to a tablet-based system. This new system has significantly improved productivity as it is able to calculate and display optimal routes. In addition, we have already introduced 3D measuring instruments to measure the size and shape of products. This enhances productivity in ways such as optimizing the allocation of storage areas and space and the selection of shipping boxes.

We have further promoted automation since opening the Kasama Distribution Center in 2017. We have introduced automated shelf transport robots that move shelves containing ordered products to picker stations, as well as projection mapping technology that uses light to identify the specific locations of items to be picked. These initiatives have significantly reduced walking time and labor. Automated grouping machines automatically sort picked items for each order for transport to the packing area. Our packaging process incorporates fully automated box forming tailored to product dimensions, along with automated sealing and shipping label application, thereby increasing productivity while improving loading efficiency and reducing environmental impact.

We are currently expanding these initiatives to the receiving processes of receiving, inspection and shelving. Sorting robots introduced at the Inagawa Distribution Center in 2024 automate the sorting and transport of incoming products, which further improves productivity. We will continue strengthening our logistics platform to support our massive shipping volume by combining our expertise in data utilization with cutting-edge robotics technology.

### Shorter Lead Times to Enhance Convenience and Expanded Delivery Services

We view logistics not simply as a means of transporting products, but as a vital service that frees up working time for our customers and supports their productivity. We accurately identify the service levels our customers require and continuously pursue improvements through discussions both internally and with delivery partners, with the objective of delivering the items customers need, at the time they need them.

Extension of the order deadline for same-day shipping is a representative initiative. We have extended the former deadline of 3:00 P.M. on weekdays by two hours to 5:00 P.M. We began with the South Kanto region in September 2024, and have since expanded the coverage area to encompass 42 prefectures. We provide a new level of convenience from an on-site perspective that enables customers to confidently place orders for items needed the very next day, even near the end of the business day, while responding flexibly to sudden stock-outs or changes in production processes.

In addition, in April 2025 we began displaying the estimated delivery date on the order screen. Knowing the exact arrival date in advance enables customers to make on-site work plans with greater certainty. Our approach has enhanced convenience and helped us reduce redeliveries, which has enhanced overall distribution efficiency and reduced environmental impact. Furthermore, we are focusing on improving the accuracy of shipment consolidation by combining multiple orders into a single package, thereby reducing packaging materials, improving delivery truck loading efficiency and lowering shipping costs.

These initiatives to enhance the efficiency of logistics operations help ensure that our customers can do business seamlessly with peace of mind. We combine our unparalleled product lineup with technology-driven delivery control to serve as vital on-site infrastructure that enables our customers to focus fully on their core operations, thereby further enhancing our corporate value.

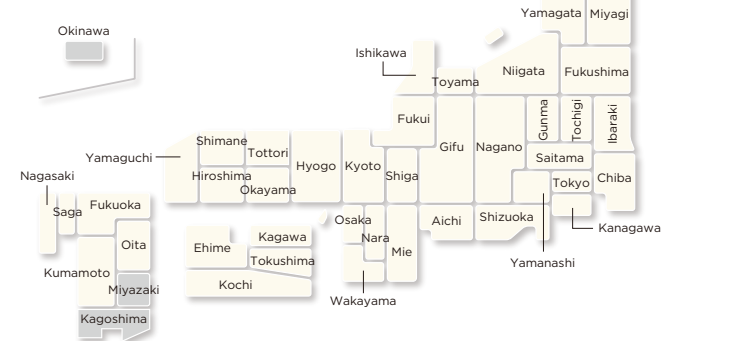
### Expanded Delivery for Same-Day Shipping of Orders Placed by 5:00 P.M.

Regional availability

December 2024

As of April 2026

10 prefectures ▶ 42 prefectures



### BCP and Safety Measures

We consider logistics to be critical social infrastructure, and have established a business continuity plan (BCP) to ensure that shipments and deliveries continue uninterrupted in the event of a disaster. Our distribution facilities are designed with comprehensive disaster countermeasures that include seismic isolation and earthquake-resistant structures. We have also established a framework for rapid business recovery by continuing to conduct simulations and enhance systems during normal times. We also collaborate with local governments and other organizations in support of disaster recovery. Furthermore, we prioritize employee safety, share expertise through an organizational framework spanning multiple centers and continuously implement workplace improvements based on risk assessments. We aim to achieve sustainable operations by fostering a culture in which every individual proactively pursues safety through measures such as taking into account the needs of older workers and those with disabilities, supporting safe work practices and conducting study sessions.





## Highlight

## A JPY 50-Billion Initiative to Redefine the Future of Logistics: Opening of the Mito Distribution Center in 2028

### Investment Rationale for the Mito Distribution Center

MonotaRO is constructing the Mito Distribution Center in Mito, Ibaraki Prefecture with the goal of further strengthening its foundation for growth. This facility will feature the largest shipping capacity among our distribution centers, and is scheduled to begin operation in 2028.

The primary objective of this project is to secure a stable supply capacity for promptly addressing the growing number of products handled and orders received. The Mito Distribution Center will enhance our shipping, receiving and inventory management capabilities in eastern Japan. It

will feature expanded product inventory, deploy new equipment and optimize operational workflows to establish an environment that ensures customers receive their MRO supplies quickly and reliably. In addition, as Japan faces an intensifying labor shortage, MonotaRO was convinced that it must create a next-generation distribution center that integrates human expertise with sophisticated technology to generate sustainable growth. The Mito Distribution Center is much more than a cargo facility. It is a crucial investment that will empower us to make our mission to innovate business procurement networks a reality well into the future.

### Three Times the Productivity of Existing Distribution Centers

The Mito Distribution Center will introduce new equipment and fundamentally consolidate and restructure work processes to achieve a shipping capacity of 300,000 lines per day, representing three times the productivity of our existing Kasama Distribution Center. By centering operations on the cutting-edge ADAPTO\* automated shuttle system, we will establish an exceptionally resilient logistics infrastructure that dramatically enhances operational efficiency per worker while providing the flexibility to accommodate continued sales growth.

\* ADAPTO is a product of Toyota Industries Corporation. This shuttle-based storage and picking system employs multiple traversing shuttles and high-speed lifts to achieve an in-out throughput approximately three times that of conventional automated warehouses.

### Overview of Distribution Centers

|                                   | Kasama Distribution Center                                                         | Ibaraki-Chuo Satellite Center                                                       | Inagawa Distribution Center                                                          | Mito Distribution Center                                                             |
|-----------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Exterior                          |  |  |  |  |
| Investment amount                 | Approx. JPY 11.5 billion                                                           | Approx. JPY 9.2 billion                                                             | Approx. JPY 46.6 billion<br>(including lease payments of approx. JPY 27.8 billion)   | Approx. JPY 50.4 billion                                                             |
| No. of floors                     | Single-floor building                                                              | Single-floor building                                                               | Six-floor building (leased)                                                          | Four-floor building                                                                  |
| Total area                        | Approx. 56,000 m <sup>2</sup>                                                      | Approx. 49,000 m <sup>2</sup>                                                       | Approx. 194,000 m <sup>2</sup>                                                       | Approx. 74,000 m <sup>2</sup>                                                        |
| Inventory SKUs                    | Approx. 330,000 SKUs                                                               | Approx. 30,000 SKUs                                                                 | Approx. 550,000 SKUs                                                                 | Approx. 500,000 SKUs                                                                 |
| Shipping capacity (lines per day) | 100,000 lines                                                                      | 30,000 lines                                                                        | 180,000 lines                                                                        | 300,000 lines                                                                        |
| Start of operation                | April 2017                                                                         | April 2021                                                                          | April 2022                                                                           | May 2028 (scheduled)                                                                 |





## Highlight

A JPY 50-Billion Initiative to Redefine the Future of Logistics: Opening of the Mito Distribution Center in 2028

### Business Continuity Planning (BCP) and Sustainability Initiatives

Our next-generation Mito Distribution Center will both reduce environmental impact and ensure business continuity.

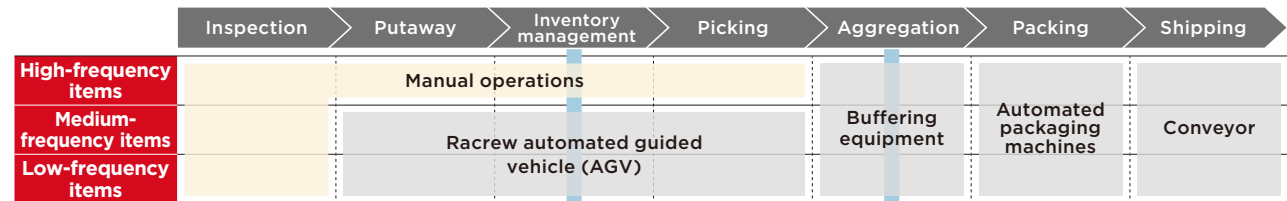
#### Decarbonizing with Solar Power Generation

To realize a sustainable society, we will introduce a solar power generation system using the on-site power purchase agreement (PPA) model for the first time at one of our own facilities. We anticipate that the Mito Distribution Center will have a high-capacity utilization rate and consume a significant amount of electric power, so the use of renewable energy will contribute significantly to a decarbonized society and enhanced operating efficiency. In addition, we have established a power supply framework for emergencies by creating a system that enables us to maintain shipping operations even during power outages or natural disasters, thereby fulfilling our supply responsibilities as vital social infrastructure.

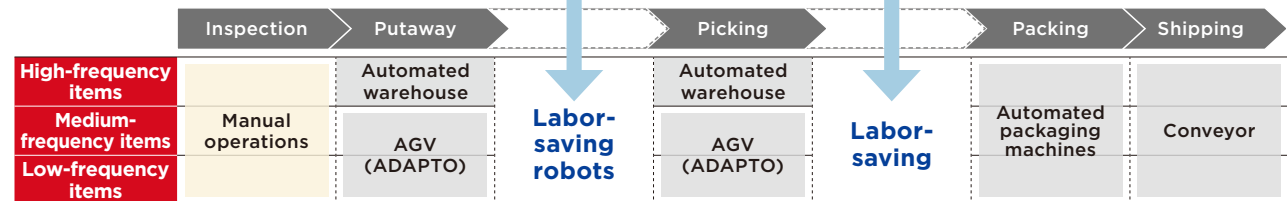
#### Cutting-Edge Seismic Isolation Structure That Supports Safety and Supply

In a first for one of our facilities, we adopted a seismic isolation structure to ensure employee safety and maintain the delivery of MRO supplies during large-scale disasters. We employ seismic isolation bearings based on the pendulum principle, which offer exceptional stability. These devices effectively absorb seismic tremors to safeguard the lives and safety of employees, while also minimizing damage to precision automated equipment. We are creating a robust framework for maintaining the supply of products our customers require, and this approach enables rapid business recovery in the event of an emergency. Seismic isolation bearings also help optimize construction costs, which in turn enables a high return on investment for safety measures.

### Workflow at the Existing Inagawa Distribution Center



### Mito Distribution Center Workflow



## Spotlight

### Use of Robots to Save Labor (ADAPTO)

ADAPTO is an advanced automated shuttle system that will be central to the operations of the Mito Distribution Center and will fundamentally transform distribution operations. It features both an impressive shipping capacity of 30,000 lines per hour and a design that minimizes the risk of delivery delays caused by operational issues. Its autonomous robots can move freely in all directions—forward, backward, left, right, up, or down. This ensures excellent responsiveness and uninterrupted operation because a robot will immediately provide backup should another robot come to a halt. Main lines will employ the latest equipment designed to limit the scope of impact from any malfunction, which will ensure stable supply without disruptions.

We are also implementing process integration centered on ADAPTO to resolve the challenges associated with the

dispersion of operational processes at our existing distribution centers. We have revamped every workspace from receiving to packing by consolidating multiple processes, including inspection, putaway, and picking, into a unified workflow. This greatly improves productivity while reducing the risk of human error by minimizing the number of times items are handled by workers. In addition, we will significantly reduce ancillary manual tasks such as material transport by automating functions for the optimal placement of inventory and integrating them with automated backroom warehouses. The Mito Distribution Center will unite these technologies under a new vision for the future of logistics.



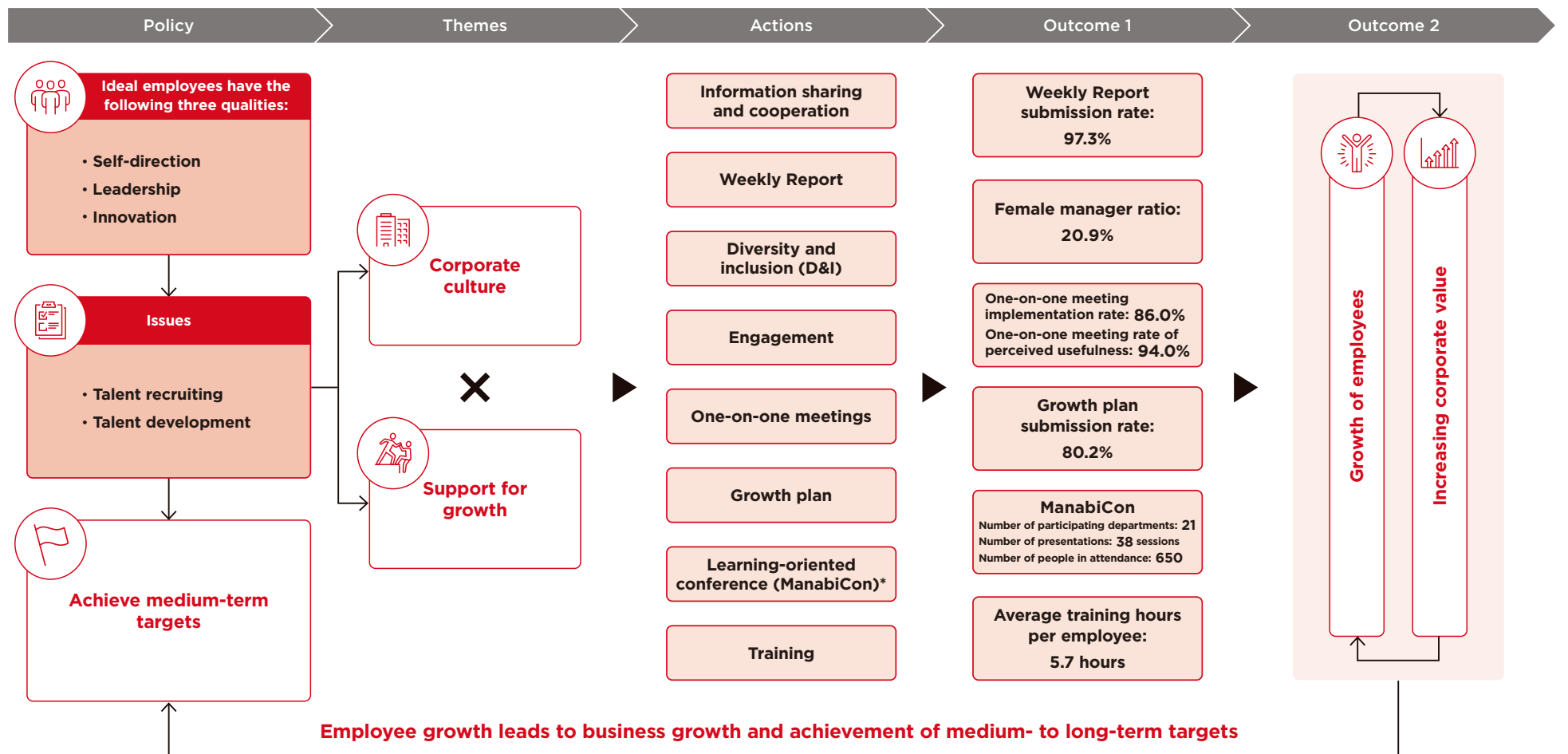
## A Corporate Culture and Support for Growth Based on Respect for Others



Human capital

We consider human capital the most important business resource for achieving our mission to innovate business procurement networks. Guided by a corporate culture and support for growth based on respect for others, we improve organizational engagement and develop our employees' ability to innovate procurement of MRO supplies. MonotaRO's human capital management is the foundation for growing together with our employees, and continuing to contribute to society.

### To Innovate Business Procurement Networks



\* An in-house conference designed as a formal forum for employees to share knowledge gained through their work and learn from each other

## Policy

## Ideal Employees and Issues

## Policies

Everything we do is founded on respect for others, so we seek individuals who possess the following three qualities.

- Self-direction: Identifies challenges independently and autonomously takes action
- Leadership: Engages with others and drives the organization
- Innovation: Creates new value unfettered by conventional thinking

We are convinced that the ability of each employee to make the most of these qualities directly supports increased corporate value over the medium to long term.

### MonotaRO Academy: An Approach to Addressing Organizational Challenges

Recruiting talent to lead the next generation and further elevating our organizational capabilities have become key priorities amid rapid business expansion. We have been conducting employee engagement surveys since 2024. The 2024 survey revealed employee development issues, so we launched MonotaRO Academy in 2025.

MonotaRO Academy is a development program designed to advance our mission of innovating business procurement networks. It links individual and organizational growth to business growth as a direct result of each employee embodying our core “Keep Young” value. As a result, we saw improvement in the employee development indicator in the 2025 survey. We will continue to expand and deepen our training programs over the coming years to build a robust organizational foundation that supports sustainable growth.

### Key Objectives of MonotaRO Academy

- Skill enhancement and professional development for each individual
- Leadership development
- Fostering and sharing a common corporate culture

## Actions



## Recruiting

## Recruiting Policy

MonotaRO seeks people who are aligned with our principles, including respect for others, and can demonstrate those principles. In a rapidly changing business environment, we prioritize diversity that brings fresh perspectives without fear of challenging existing frameworks. We are committed to fostering an inclusive workplace in which employees from all backgrounds, including those with disabilities, can make full use of their talents.

### More Sophisticated Recruiting

We are recruiting with greater sophistication as our business expands. We have accelerated both mid-career hiring and new graduate recruiting. We are also redefining our hiring criteria and optimizing selection processes to secure next-generation leaders to take on future management responsibilities as well as the people who will drive our growth.

Competition for engineering talent is particularly intense, so we are improving the precision of matching highly skilled candidates with MonotaRO. To achieve this, we are conducting structured interviews and strengthening our outreach through recruitment pitch materials,<sup>1</sup> the social media site “note” and the MonotaRO Tech Blog.

1. We provide materials that honestly convey our organizational vision, unique appeal and current challenges to candidates.



Social media site “note” (Japanese only)  
[https://note.com/monotaro\\_note](https://note.com/monotaro_note)

MonotaRO Tech Blog (Japanese only)  
<https://tech-blog.monotaro.com/>



## One-on-One Meetings

MonotaRO has implemented a system in which supervisors (coaches) have one-on-one meetings with subordinates (members) once every week or two. The purpose of these meetings is to maximize performance and support the growth of individual employees.

These meetings help enhance members’ self-awareness and improve the quality of their work, while also promptly addressing and removing psychological and physical factors that hinder productivity. They serve as an important opportunity to support self-directed growth based on mutual trust.

2. The percentage of survey respondents indicating that one-on-one meetings are very helpful or somewhat helpful.

## 2025 Results

One-on-one meeting implementation rate:  
 (Conducted at least once every two weeks)

**86.0%**

One-on-one meeting rate of perceived usefulness:

**94.0%**

(Deemed helpful in user surveys)<sup>2</sup>



## Weekly Report

The Weekly Report that all full-time employees submit every Friday plays a central role in organizational management. These are not simply work reports.

They also serve to encourage employees to organize their thoughts and help MonotaRO quickly identify and resolve organizational challenges.

The president and other executives as well as department heads and group leaders are committed to reviewing these reports. Suggestions from frontline employees frequently reach senior management directly and contribute to rapid organizational improvements. Furthermore, all employees have access to all of the Weekly Reports. This enhances information transparency and encourages departments to share insights within an open, communicative organizational culture.

## 2025 Results

Weekly Report submission rate:

**97.3%**



## Highlight

## Employee Roundtable Discussion

[Engagement](#)
[Growth Plan](#)
[Training](#)

# Human Capital Drives MonotaRO's Business Growth: Building an Organization That Embodies Self-Direction, Leadership and Innovation

Systems and data are not the primary drivers of MonotaRO's sustainable growth. Rather, it is the people who can effectively leverage those systems and data to drive transformation. We launched an in-house talent development program called MonotaRO Academy in 2025 (see page 41). Why is this talent development update now necessary? What frontline changes are occurring? This roundtable discussion is an opportunity to hear from people at the forefront of talent development and organizational leadership at MonotaRO.



### Tomoki Nagase

General Manager, Human Resource Development Department

As the head of human resource development, led the restructuring of the training system to match the organization's scale and the launch of MonotaRO Academy.

### Masako Arai

HRBP Group Manager, Human Resource Development Department

A founding member of MonotaRO Academy. As leader of the Human Resource Business Partner (HRBP) Group (newly established in 2026), works closely with the Enterprise Business Department to optimize recruiting, training and allocation in ways that directly address frontline challenges.

### Hiroaki Fukushima

Sales Development Group 1 Manager, Enterprise Development Sales Department

Leads a customer-facing team responsible for business with large corporations. Realized a management transformation as one of the first participants in the MonotaRO Academy training program.

## Reason for Accelerating Investment in Human Resources

**Nagase** People from outside MonotaRO often comment that we seem to be accelerating investment in talent development, but the reality is more like we are gradually updating our processes. However, the results of the engagement survey were clearly the catalyst. The score

for talent development was lower compared with other categories, which highlighted an organizational issue. As our business grew and the number of employees continued to increase, we needed to create a systematic training system to complement our existing approaches, which led to establishment of MonotaRO Academy.

**Arai** The fact is, President Tamura had requested that we accelerate the development of our younger employees.

We subsequently defined the three qualities of ideal employees as self-direction, leadership and innovation.

**Nagase** While self-direction and leadership that transcend existing frameworks and drive the organization were within the scope of what we were able to envision, developing innovative talent to realize nonlinear growth was a real challenge. We have therefore been moving forward in stages as we reorganize existing measures such as training for critical thinking and data usage.

**Arai** While MonotaRO Academy is still a work in progress, I would say that launching it enabled us to present an overall picture of how MonotaRO will support its employees.

## Internal Changes Resulting from MonotaRO Academy

**Fukushima** From a frontline perspective, I have definitely noticed significant changes within MonotaRO since the engagement survey. I work in the Enterprise Business, and the opportunity to try out various training programs on a trial basis has really impressed me. Personally, last year I participated in coaching sessions, leadership training and 360-degree evaluations. I really benefitted from being able to visualize my own management issues and take specific actions to improve them.

**Arai** Having role models like Mr. Fukushima, who can organically and skillfully adapt the frameworks they have embraced to real frontline situations, is very encouraging.

**Fukushima** One of my biggest takeaways from the training was that group leaders, who do not usually have many opportunities to speak with each other, were able to discuss the shared theme of development. We are sharing knowledge and noticing positive changes, such as people around us commenting that their work has become easier.





## Highlight

## Employee Roundtable Discussion

Engagement

Growth Plan

Training

**Nagase** MonotaRO already has a culture of transparency built through the Weekly Report initiative, one-on-one meetings and town hall meetings (see page 41). We used to assume that we had to actively seek out information, but our training has fostered a deeper level of mutual communication that represents a significant change.

### Enterprise Business Growth and the Talent It Requires

**Fukushima** In the Enterprise Business, there are many situations where we feel that we have to evolve at a faster pace than expected in order to keep up with business growth. As President Tamura says, we need to embrace our core “Keep Young” value and take on challenges. That is why we want to be an organization in which people who are willing to keep learning and embrace change can move flexibly.

**Arai** To provide further support, in 2026 MonotaRO established the Human Resource Business Partner Group, or HRBP, and I was assigned responsibility for the Enterprise Business. My role is extremely rewarding, and it involves working with a rapidly growing team to consider who to hire, and how to train and deploy those people.

**Nagase** I am targeting consistency among managers. The trajectory and speed of growth for employees depend on the type of leader they work with, which is



unfair. Raising the overall level of management to a defined (consistent) standard is very important to address that inequity. In this context, we intend to continue to address issues that arise in individual workplaces, while sharing that knowledge throughout the organization and further raising the standard.

### A Culture That Creates a Competitive Advantage That Other Companies Cannot Easily Replicate

**Nagase** With MonotaRO celebrating its 25th anniversary I have been revisiting our strengths, and I always come back to our unique communication culture. I believe that the Weekly Report and one-on-one meetings are particularly valuable sources of competitive advantage that other companies cannot easily replicate.

**Arai** I was surprised that everyone writes their honest thoughts about their day-to-day work in the Weekly Report, and that the president and the executive team actually read the reports. This is only possible because MonotaRO ensures psychological safety. That is not something built in a day.

**Fukushima** The Weekly Report is the lifeblood of the organization. The reports provide insights on a weekly basis into what is happening on the frontline and what needs immediate attention. In addition, President Tamura herself sometimes responds to the reports, which gives me an immediate sense that top management is using primary information from the frontline as a basis for management decisions.

**Nagase** When logistics capacity becomes strained, even our management team joins frontline packaging operations, and this lead-by-example attitude has remained unchanged since MonotaRO's founding. I see that a flat organizational structure unconstrained by job titles significantly impacts our workplace. Even with a headcount in the thousands, maintaining this sense of respect for others and the spirit of taking on challenges will remain a key theme.

**Arai** However, I want to make sure that respect for others does not become an excuse for avoiding saying what



needs to be said. I believe that true respect means not being afraid to give negative feedback, and communicating the facts accurately. Our mission is to develop managers who can do that.

**Fukushima** Conflicts of interest increase as an organization grows, but MonotaRO is remarkable because we are still able to talk things through and help each other. Listening carefully and showing respect can be time consuming, but in the end, they make our organization run more efficiently. I want to continue to embrace the notion that haste makes waste.

### The Future MonotaRO We Are Striving to Build

**Fukushima** MonotaRO brings together people from diverse backgrounds. We aspire to be an organization that continuously evolves by enabling individuals to showcase their unique strengths and contribute to creating customer value.

**Nagase** While our systems and data tend to stand out as our competitive advantage, our people are fundamental to that advantage. The strong relationships among employees, our entrepreneurial spirit and leadership based on respect for others all support MonotaRO's business growth. We will continue to protect and foster an organization that can proudly say that.

**Arai** People are our great asset, and the mission of the Human Resource Development Department is to create an environment where each individual can reach their full potential. MonotaRO will firmly support future growth through initiatives such as MonotaRO Academy and the HRBP framework.



# Sustainability

For more details



## Sustainability Policy

MonotaRO respects the environment, human rights and other foundations of society. We aim for the sustainable development of industrial society through sound business activities and appropriate corporate governance.

### Co-existence and Co-prosperity with the Environment and Society

By providing businesses with MRO procurement services that can rapidly deliver virtually any item they need, MonotaRO aims to serve as an essential foundation for the industrial development and technological innovation needed to support a sustainable society. With this in mind, we believe it is extremely important to safeguard the foundations of society, such as the environment and human rights.

### Promoting Sustainability and Leveraging It for Business Growth

We constantly work to integrate environmental responsibility with business growth, and to that end we sell products that utilize recycled materials and have a low environmental impact. We also develop and propose products and services that support our customers' environmentally conscious activities through procurement.

Furthermore, we aspire to constantly generate new ideas and technologies. As such, we promote a corporate culture of respecting others and taking on challenges. We will develop human resources to drive further growth, operate a fair and transparent personnel evaluation and compensation system, and promote autonomous work styles among employees. We foster a diverse and inclusive workforce and endeavor to create an environment in which every individual can thrive while achieving work-life balance.

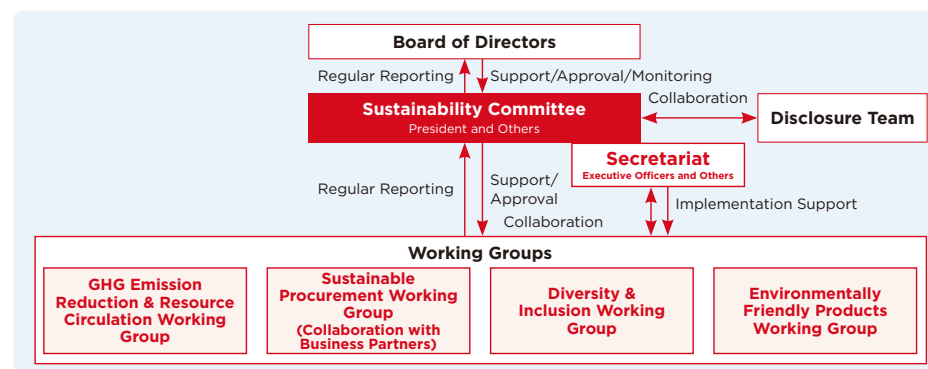
### Main Initiatives to Date

|                                 | Up to 2021                                                                                                                                                                                                                                                           | 2022                                                                                                                                                                                                                                                     | 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2025                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>E</b>                        | <ul style="list-style-type: none"> <li>Roof insulation coating at Kasama Distribution Center</li> <li>Began calculating CO<sub>2</sub> emissions</li> </ul>                                                                                                          | <ul style="list-style-type: none"> <li>Optimized compressor pressure</li> <li>Started use of renewable energy at Kasama Distribution Center and Ibaraki-Chuo Satellite Center</li> <li>Launched the Eco-Friendly Product page (Japanese only)</li> </ul> | <ul style="list-style-type: none"> <li>Ibaraki-Chuo Satellite Center: Roof insulation coating</li> <li>Kasama Distribution Center and Ibaraki-Chuo Satellite Center: Installed heat-shielding film on south-facing windows</li> <li>Optimized lighting in unoccupied areas of Inagawa Distribution Center</li> <li>Started purchase of non-fossil certificates at Inagawa Distribution Center</li> <li>Began disclosure based on TCFD recommendations</li> <li>Began food bank program</li> </ul> | <ul style="list-style-type: none"> <li>Kasama Distribution Center and Ibaraki-Chuo Satellite Center: Introduction of AI automated HVAC control system</li> <li>Started container round-use program</li> <li>Inagawa Distribution Center: Commenced use of solar power supplied by the building owner</li> <li>Held regular "eco exhibitions" to promote consideration and understanding of the environment among employees</li> <li>Calculating and disclosed amount of unnecessary materials from business operations and recycling rate</li> </ul> | <ul style="list-style-type: none"> <li>Headquarters: Introduced Renewable Energy ECO Plan under building owner contract</li> <li>Inagawa Distribution Center: Visualized electricity use and improved the HVAC management schedule during unoccupied times</li> <li>Converted paper cups and release paper into recyclable resources through waste separation</li> </ul> |
| <b>S</b>                        | <ul style="list-style-type: none"> <li>Held a roundtable discussion by employees on the issue of raising children</li> </ul>                                                                                                                                         | <ul style="list-style-type: none"> <li>Announced D&amp;I slogan: MORE!</li> <li>Informed all employees about the <i>Maternity Leave and Childcare Leave Handbook</i></li> <li>Commenced diversity and inclusion awareness survey</li> </ul>              | <ul style="list-style-type: none"> <li>Released and began distributing procurement policy and guidelines</li> <li>Released Safety and Health Policy</li> <li>Established career design leave of absence and family support leave systems</li> <li>Expanded eligibility for the flextime/shortened working hour system (for nursing care, infertility treatment or treatment of illness/injury)</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>Announced Human Rights Policy</li> <li>Began audits of suppliers</li> <li>Began regularly holding D&amp;I Promotion Weeks! events</li> <li>Began conducting an employee engagement survey</li> <li>Began the Office Center initiative (see page 49 for details)</li> </ul>                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Distributed procurement policy and guidelines to approx. 2,800 companies</li> <li>Held unconscious bias workshop</li> </ul>                                                                                                                                                                                                       |
| <b>G</b>                        | <ul style="list-style-type: none"> <li>Transition to a company with a nomination committee structure (2006)</li> <li>Began regular compliance training</li> <li>Established whistleblowing hotlines</li> </ul>                                                       | <ul style="list-style-type: none"> <li>Announced evaluation and compensation system</li> <li>Released Business Conduct Guidelines</li> </ul>                                                                                                             | <ul style="list-style-type: none"> <li>Established the Management Audit Department (integration of internal control and internal audits)</li> </ul>                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                          |
| <b>External Recognition</b>     | <ul style="list-style-type: none"> <li>MSCI "B" Rank</li> </ul>                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Eruboshi Certification (Three Stars)</li> </ul>                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Kurumin Certification</li> <li>MSCI "A" Rank</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Platinum Kurumin Certification</li> <li>MSCI "AA" Rank</li> <li>Platinum Eruboshi Certification</li> <li>FTSE Blossom Japan Index</li> </ul>                                                                                                                                                                                      |
| <b>Business and Other Areas</b> | <ul style="list-style-type: none"> <li>Promotion of the Sustainability Project</li> <li>Established the Sustainability Committee</li> <li>Identified material issues and established related working groups</li> <li>Opened Ibaraki-Chuo Satellite Center</li> </ul> | <ul style="list-style-type: none"> <li>Launched the Sustainability section on our website</li> <li>Opened Inagawa Distribution Center</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>Relocated headquarters</li> <li>Launched a contactless delivery service</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Launched a delivery date and time specification service</li> <li>Introduced estimated delivery date display function</li> <li>Received a letter of appreciation for our response to the 2024 Noto Peninsula Earthquake</li> <li>Signed an agreement with Ishikawa Prefecture for the supply of materials in the event of a disaster</li> </ul>                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                          |

## System for Promoting Sustainability

MonotaRO has a Sustainability Committee consisting of the president and a variety of other members. Working groups meet twice a year in principle, and report to the Sustainability Committee. At least once a year, the Sustainability Committee reports to the Board of Directors on the progress of initiatives and issues, which are discussed and monitored by the Board of Directors. In 2025, the working groups reported to the Sustainability Committee a total of seven times, and the Sustainability Committee reported to the Board of Directors twice, where the matters were deliberated.

### Sustainability Promotion Structure



## Environment

### Material Issue

## Reduction of CO<sub>2</sub> emissions to address climate change

### Relevant Working Group

GHG Emission Reduction & Resource Circulation Working Group



### Fundamental Approach

To better predict the business changes that climate change could bring, we conduct scenario analyses and disclose risks, countermeasures and opportunities based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

For more details, see “Disclosure based on TCFD” on our corporate website.

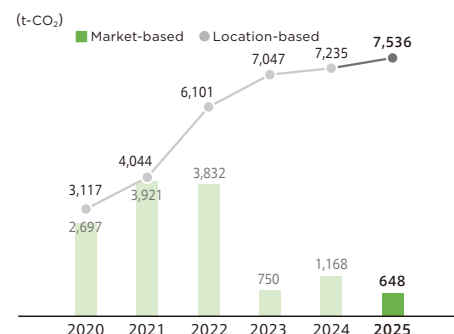
### Indicators and Targets

For Scope 1 and 2 emissions, we have set the goal of reducing absolute CO<sub>2</sub> emissions by 50% from 2020 levels (2,697 t-CO<sub>2</sub>) by 2030.

From 2020 through 2024, we built new distribution centers to accommodate business expansion and relocated our headquarters. Our electricity usage and location-based CO<sub>2</sub> emissions increased due to the start of operations at two distribution centers, the expansion of productivity-enhancing equipment such as robots, and an increase in the number of employees in line with business expansion.

On the other hand, since 2022 we have switched to renewable energy plans, purchased non-fossil certificates, and implemented energy-saving measures. As a result, we have maintained low emissions even during business expansion, and have already achieved our original target of a 50% reduction compared with 2020 levels (market-based). At the Mito Distribution Center, which is scheduled to begin operations in 2028, we have decided to introduce solar power generation facilities through an on-site PPA, anticipating an increase in electricity usage and CO<sub>2</sub> emissions as business expands. We will continue our initiatives while maintaining our current reduction targets.

CO<sub>2</sub> Emissions Related to Business Operations (Scope 1 and Scope 2) (t-CO<sub>2</sub>)



### Current Initiatives

#### ► Expanding Use of Renewable Energy

- We use electricity from renewable energy sources not only in buildings we own, but also at facilities we lease.
  - Inagawa Distribution Center: The facility has used solar-generated electricity sourced from the property owner since 2024.

- Headquarters (JP Tower Osaka building): We have used electricity from a renewable energy plan contracted by the building owner since April 2025.
- Ibaraki-Chuo Satellite Center: We are installing solar panels starting in summer 2026.
- Mito Distribution Center (scheduled to begin operations in 2028): We plan to cover approximately 40% of the electricity consumed with renewable energy by installing solar power generation panels.

#### ► Energy-Saving Measures

- We are implementing the following energy-saving measures to maintain a comfortable work environment and reduce HVAC electricity use.
- Control inflow of outside air: Vinyl curtains installed at the loading bays of each facility improve air-conditioning efficiency.
- Optimization of air-conditioning operation (since 2025): The Inagawa Distribution Center has monitored electricity use and revamped air-conditioning management schedules during unoccupied periods.

To better predict the business changes that climate change could bring, we adopted, with the support of external experts, a “below 2°C scenario,” in which the increase in global average temperatures by the end of the 21st century is kept below 2°C compared with pre-industrial levels, and a “4°C scenario,” which assumes an increase of 4°C or more. In 2022, we conducted a scenario analysis of MonotaRO Co., Ltd. (Japan), which accounts for more than 95% of net sales. The analysis assumed transition risks in 2030 (referring to IEA NZE2050 and IEA SDS) and physical risks in 2050 (referring to RCP 2.6 and RCP 8.5).

#### ► Assumed Risks and Opportunities

- Risks:** Chronic risks (increased cost of modifying work environments due to extreme heat and addressing increased absenteeism), acute risks (shutdown of distribution centers and shipping delays due to wind and water damage), and transition risks (increase in costs, customer churn and loss of reputation due to carbon pricing and delays in adopting technologies) were identified. We are working to minimize these risks by automating operations, decentralizing operating bases, introducing energy-saving equipment and renewable energy, developing and supplying environmentally friendly products, and appropriately disclosing information.
- Opportunities:** We are projecting sales expansion fueled by trends associated with climate change, including increased demand for disaster prevention and disaster recovery products and heatstroke prevention products, and a shift in demand to environmentally friendly products. In addition, we are working to reduce CO<sub>2</sub> emissions through improvements in shipping efficiency, including selecting shipping bases based on delivery routes and shortening delivery distances by improving package consolidation and loading rates. We will take full advantage of these opportunities by strengthening our development and supply systems for environmentally friendly products and related services according to customer needs, while further enhancing logistics efficiency.

## Environment

### Material Issue

## Achieving a resource-recycling model through waste reduction and recycling

### Relevant Working Group

GHG Emission Reduction & Resource Circulation Working Group



### Fundamental Approach

We aim to achieve a resource-recycling model that makes effective use of valuable resources by reducing waste generated from business operations and promoting the recycling of discarded materials.

### Promotion Structure and Current Initiatives

**Product Damage Reduction Subcommittee:** Waste reduction through improvements related to product damage, product expirations and disposal of products returned by customers

- Damage reduction: Currently formulating damage assessment standards
- Reduction of damage in warehouses and during shipping: Identified priority products and implemented joint improvement activities at three bases
- Reduction of damage during receiving: Established a collaborative improvement process with suppliers
- Cross-site rollout of reduction measures: Implemented common tools and workflows across sites
- Food bank program (Inagawa Distribution Center): In collaboration with the local government, we began a food bank program to provide items that do not meet our internal criteria for sale, thereby turning “wastefulness” into “helping one another.”



Example of product with exterior damage

### Food Bank Program

**Comment from a Member of the Inagawa Social Welfare Council**  
Food is distributed directly to low-income households, mainly in the town of Inagawa. We also work with groups that need food assistance, such as children's cafeterias and senior care facilities. We have received messages of sincere gratitude from people who are struggling. Delivery of food is also a valuable opportunity to connect people with counseling services.

#### Comments from Recipients

Many recipients have sent comments such as, “I was able to use the money I saved on food to pay my child's education expenses” and “I am glad my children were able to eat some nutritious food.”

#### Donations Made

We have made donations four times in total, and are steadily delivering assistance to those in need. Especially during the long summer and winter holiday periods, we were able to distribute food packages of 2-3 kg each to between 54 and 56 households. In addition to helping the community, this program leads to reduction of food waste and related costs for MonotaRO, making it a win-win initiative.



Left: Inagawa Social Welfare Council member  
Right: MonotaRO employee

**Valuables and Recycling Subcommittee:** Encourage recycling by promoting separation of waste and selecting collection partners

- Inagawa Distribution Center: Promoting recycling of mixed waste and strengthening separation of plastics
- Kasama Distribution Center and Ibaraki-Chuo Satellite Center: Began recycling of release paper and paper cups. Obtaining recycling certification for wood chips.
- Promoting conversion of trash generated in operations into valuable materials: Cardboard, stretch film, polypropylene strapping, release liners for payment slips, plastic pallets, etc.
- Reduction of waste sent to incinerators or landfills: Promoting conversion into valuable materials and selecting collection partners

| Unneeded Materials Emissions and Recycling Rate                       | 2023         | 2024         | 2025         |
|-----------------------------------------------------------------------|--------------|--------------|--------------|
| Amount of waste generated (t)                                         | 1,289        | 1,214        | 1,429        |
| Amount of general business waste (t)                                  | 261          | 235          | 202          |
| Amount of industrial waste (t)                                        | 1,028        | 979          | 1,227        |
| Final disposal amount of industrial waste (incineration/landfill) (t) | 623          | 489          | 396          |
| Amount of valuable materials (t)                                      | 3,771        | 4,084        | 4,536        |
| <b>Total amount of valuable materials and recycled materials (t)</b>  | <b>4,176</b> | <b>4,575</b> | <b>5,367</b> |
| Total amount of unneeded materials* (t)                               | 5,060        | 5,298        | 5,965        |
| <b>Recycling rate (%)</b>                                             | <b>82.5%</b> | <b>86.4%</b> | <b>90.0%</b> |

\* Unneeded materials are classified into valuable materials and waste

### Support for the No-Foodloss Project



We support the No-Foodloss Project, a national campaign of the Ministry of Agriculture, Forestry and Fisheries.

### Example of Liner Separation

#### Invoices



#### Barcode labels



We separate and collect release paper for recycling.



## Environment

### Material Issue

## Proposal and development of environmentally friendly products

### Relevant Working Group

#### Environmentally Friendly Products Working Group



### Fundamental Approach

We are working to provide appropriate, easy-to-understand information to make it easier for customers to purchase environmentally friendly products.

### Current Initiatives

#### ► Update of Eco-Friendly Product Page (Japanese only)

We have expanded our lineup of products, including those compliant with the Green Purchasing Act and Forest-certified items, to enable customers to choose from a wider range of environmentally friendly products.

### Five key points of material procurement and related certifications

Considering the environment when selecting MRO supplies is critical in building a sustainable future.

This does not just mean using renewable resources and environmentally friendly materials—it requires thinking about the environment in all processes, including energy used during product manufacturing, the impact on the environment after the item is used and the method of material procurement.

Products manufactured with consideration for the environment or by more sustainable methods carry various environmental labels.

Below are some of the benefits denoted by each of these environmental labels.

We hope our customers will use these labels as a reference when purchasing environmentally friendly products.



#### ► Eco-Friendly Product Mark

To facilitate customers' purchases of environmentally friendly products, we add the "Eco-Friendly Product" mark to certain products that fall under the categories of "Eco Mark-certified products" and "products compliant with the Green Purchasing Act."



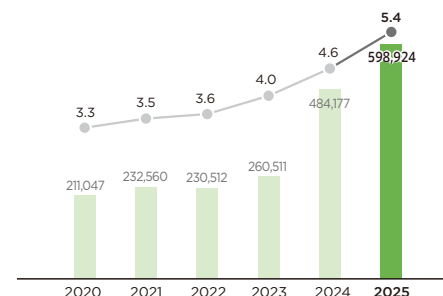
#### ► Sustainability-themed Product Features

We send out special features by direct mail to build recognition of sustainable products.



### Performance of Environmentally Friendly Products

- Number of environmentally friendly products offered (SKUs)
- Share of sales derived from environmentally friendly products (non-consolidated) (%)



### ► Eco-Friendly Product Exhibitions and Hands-on Events

To raise awareness of environmentally friendly products within the Company, we hold internal exhibitions and hands-on events where employees can actually see, touch and try products. Five manufacturers participated in 2024 and six in 2025.



### The 3R (Recycle, Repair and Reuse) Services We Provide

In addition to the activities of the sustainability working groups, MonotaRO provides services that help customers promote the 3Rs and reduce their environmental impact.

### Examples of 3R Services for Customers

#### Recycling services

- Battery remanufacturing service and sale of remanufactured items
- Recycled batteries for cordless power tools
- Recycled batteries for handheld terminals
- Recycled batteries for laptop computers
- Recycled batteries for electric bicycles

#### Repair and calibration

- Fixed-rate repair of pneumatic tools
- Fixed-rate repair of measuring and surveying instruments
- Calibration of measuring and surveying instruments
- Fixed-rate repair of power tools
- Lever block repair service

#### Rental

- Rental of measuring and surveying instruments
- Rental of laboratory instruments
- Rental of transceivers
- Rental of welding equipment
- Rental of construction machinery

#### Other services

- Injector cleaning
- Ink cartridge collection box (free)
- Sale of rebuilt parts

## Social

### Material Issue

## Cooperation with suppliers aiming at the development of an industrial society that considers the environment and human rights

Relevant Working Group

Sustainable Procurement Working Group



### Human Rights Policy

We have referenced the International Bill of Human Rights and the labor standards set forth by the International Labour Organization (ILO) in formulating our human rights policy. We respect the human rights of all workers and work to create a safe and hygienic work environment. We also treat each and every MonotaRO employee and business partner with respect and strive to realize a society in which diversity is respected.



Human Rights Policy

[https://corp.monotaro.com/en/ir/upload\\_file/m010-m010\\_09/202410\\_Human\\_Rights\\_Policy.pdf](https://corp.monotaro.com/en/ir/upload_file/m010-m010_09/202410_Human_Rights_Policy.pdf)

#### Human Rights Education

We do not tolerate discrimination or harassment based on age, gender, nationality, race, ethnicity, religion, social status, sexual orientation, gender identity, disability, job type or employment status. To foster respect for human rights among employees, we provide harassment training and Grainger's Business Conduct Guidelines training, which includes human rights topics, to all employees once a year. For more details, see the "Commitment to Corporate Ethics" page on our corporate website.

#### Establishment of Consultation and Whistleblower Hotline

See the "Compliance" section on page 58.

#### Fair and Highly Transparent Employee Evaluation and Compensation System

We evaluate the job competence of each employee based on what they do, without regard to age, years of service, gender, nationality, or other such attributes, and have established a fair and highly transparent employee evaluation and compensation system. Evaluations are conducted twice annually.

### Sustainable Procurement Policy and Guidelines

The sustainable procurement policy and guidelines are centered around the following four main points:

- 1 Co-existence and Co-prosperity
- 2 Consideration of Human Rights and Working Conditions
- 3 Legal and Regulatory Compliance and Protection of Confidential Information
- 4 Consideration for the Environment



Sustainable procurement policy and guidelines

[https://corp.monotaro.com/en/ir/upload\\_file/m010-m010\\_03/MonotaRO\\_Procurement\\_Policy\\_and\\_Guidelines.pdf](https://corp.monotaro.com/en/ir/upload_file/m010-m010_03/MonotaRO_Procurement_Policy_and_Guidelines.pdf)

### Current Initiatives

#### Distribution of Procurement Policy and Guidelines and Collection of Self-Assessment Questionnaires

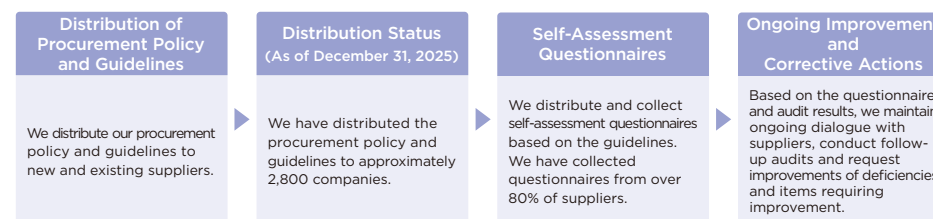
We distribute our procurement policy and guidelines to and collect self-assessment questionnaires from all of the approximately 2,800 first-tier suppliers with whom we have transactions in Japan. For new suppliers, we request their support for our procurement policy and procurement guidelines when concluding business contracts with them.

#### Audits

We conduct sustainability audits through an independent accredited auditing organization, with MonotaRO representatives in attendance. These audits refer to recognized industry and multi-stakeholder standards such as Sedex Members Ethical Trade Audit (SMETA). Where improvements are deemed necessary, we share the relevant findings with suppliers and request corrective action. Approximately 170 companies, representing more than 90% of overseas suppliers that indicated in the questionnaire survey that they had audit reports, have submitted those reports to us.

#### Raising Awareness and Promoting Understanding Internally

We hold briefing sessions for our employees, including those in procurement departments, on our procurement guidelines and related initiatives.



## Social

### Material Issue

## Promoting diversity and inclusion (D&I)

Relevant Working Group

Diversity &amp; Inclusion Working Group



### Fundamental Approach

At MonotaRO, diversity refers to the unique attributes (personalities) of the employees who aspire to grow together with us. Drawing on diversity as a strength, we will continue to generate original ideas, drive innovation and contribute to the further growth of the Company and the advancement of industrial society.



#### MoRE! We transform differences into value!

We recognize and respect each other, believing that each individual's differences are our strengths.

#### MoRE! We act together!

We think of all the employees of MonotaRO as one team, without barriers between organizations and groups.

#### MoRE! A company where everyone wants to continue to work!

We listen closely to each other and continue to address issues that hinder people's ability to continue working and growing.

The "RE" in our slogan MoRE! also encapsulates the following meanings.

#### RE-newal

At MonotaRO, we believe that what is required for promoting D&I is not major change, but the ability to further hone the strengths we already have, and to make them better (more). We are redefining the values we need and improving our systems and frameworks.

#### RE-skilling and RE-training

To achieve our vision of becoming "a company where anyone with enthusiasm and abilities can demonstrate their abilities and play an active role," we embrace employees with diverse experience, expertise, and personalities. We create opportunities for further personal growth, such as retraining and career redevelopment, for employees who have gaps in their careers for various reasons.

### Current Initiatives

#### Fostering an Inclusive Corporate Culture

In 2025, we held the 2nd D&I Promotion Weeks! event. Events included seminars featuring external speakers and a panel discussion led by management on "Our Approach to D&I." A total of 869 people participated.

Content

- MonotaRO management panel discussion
- D&I Seminar: Learning from guest companies
- MonotaRO career design seminar
- Roundtable discussion with working mothers and fathers
- Be Prepared: Life events and work styles at MonotaRO (nursing care edition)
- 7th roundtable discussion on parenting
- Information meeting on babysitter vouchers
- Becoming a workplace where people respect each other and diverse perspectives are valued: Tips for respecting each other and creating a comfortable work environment

• External speaker • In-house seminar

Approximately 80% of employees received unconscious bias training, and in a survey after the training, 92% of respondents said it would lead to behavioral change.



Social media site "note" (Japanese only): "A workplace that reflects who we are," something we can think about together (2nd D&I Promotion Week)

[https://note.com/monotaro\\_note/n/n42f7300f9381](https://note.com/monotaro_note/n/n42f7300f9381)

#### Creating a Place Where Diverse People Can Thrive

We are promoting the expansion of roles for people with disabilities and broadening our efforts from job retention support to support for their active participation and success. In addition, we regularly hold parenting roundtable discussions and "Be Prepared" caregiving seminars to support employees in balancing work with caregiving, pregnancy and childcare.

#### Office Center Initiative

In 2024, we launched the Office Center initiative with the goal of establishing a workplace where people with a variety of diverse backgrounds and characteristics can play active roles. To improve the retention rate of employees with disabilities, the Human Resource Development Department oversees onboarding, while tasks assigned by each department are streamlined and standardized, with a system in place whereby multiple team members check the work. In the course of our work, we have gained insights into recruiting, onboarding, management and retention. Looking ahead, we aim to steadily expand the employment of people with disabilities and the roles they play.

#### External Recognition

We received Platinum certification (the highest level) as a company that excels in both promoting women's empowerment and providing childcare support.



Platinum Eruboshi: Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Platinum Eruboshi certification is issued by the Minister of Health, Labour and Welfare to leading companies that are promoting women's participation and advancement at the highest level. (2025)



Platinum Kurumin: Based on the Law for Measures to Support the Development of the Next Generation, Platinum Kurumin certification is issued by the Minister of Health, Labour and Welfare to outstanding companies that support child-rearing at the highest level. (2025)

Through support for the Welcome Back hiring program and by holding career design seminars, we provide assistance for career development according to life stage.



Social media site "note" (Japanese only): Recognition with Platinum Kurumin and Platinum Eruboshi certifications—Creating a workplace where everyone can be themselves and take on new challenges

[https://note.com/monotaro\\_note/n/n6f5ed4fe3fa4](https://note.com/monotaro_note/n/n6f5ed4fe3fa4)

### Progress of KPIs

#### Female Manager Ratio: 20.9% (+2.6 Points YoY); Target: 25.0% (2030)

We provide position- and level-specific training for all employees, regardless of gender, including basic thinking skills, framework and analogy-based thinking, project management methods, and workshops to share the learning and outcomes gained from solving business issues. During onboarding, we provide information on parental leave and other support systems to help employees balance work and various life stages.

#### Employment of People with Disabilities: 2.41% (+0.3 Points YoY); Target: 2.7% (2026)

In addition to existing measures to promote the employment of people with disabilities, in 2025 we further broadened our support for their active participation and success. We expanded the scope of tasks handled by the Office Center at our headquarters, and by co-presenting actual business case studies with employees at internal conferences, we aim to raise internal awareness and enhance employees' sense of fulfillment at work.



# Roundtable Discussion with Outside Directors

## MonotaRO's Governance Continues to Evolve with a Distinctive Style

As MonotaRO has grown, its corporate governance has evolved to support the enhancement of corporate value through a variety of unique mechanisms.

In this discussion, outside directors Tomoko Ise and Hiroshi Miura look back on the changes since taking office and discuss the characteristics and challenges of MonotaRO's governance, as well as how it should evolve going forward.

Note: This discussion took place in April 2026.

### Evolution of MonotaRO's Governance

**Looking back, what kind of changes and evolution have you seen since you became directors at MonotaRO?**

**Ise** I became an outside director in March 2020. Previously, the Company's outside directors were individuals who had ties with the Company from relatively early in its history, so they had slightly different profiles from the current Board members in terms of their "outside" status. Since March 2020, the Company has added more outside directors, myself included, who had no previous direct relationship with the Company. I believe this has made it easier to incorporate independent perspectives into Board discussions and has enhanced the quality of those discussions. In addition, I have served as an auditor since I was first appointed, but at that time an internal audit office had not yet been fully established. As such, there were certain constraints when it came to discussing audits from a broad perspective based on sufficient information. Following recommendations from the Audit Committee, the Management Audit Department was established in just one year through the integration of the Internal Audit Office and the Internal Control Office, strengthening the internal audit structure. I think this has steadily led to more effective audits and more substantive discussions.

**Miura** That's true. An Audit Committee made up entirely of part-time outside directors, as is the case for MonotaRO, enjoys a high degree of independence and objectivity, but also faces challenges in developing a deep understanding of the business operations that are the subject of its audits. Accordingly, support from the internal audit departments is essential for the Audit Committee to effectively perform its function of monitoring business execution. When I arrived here in 2022, the Internal Audit Office was staffed by only two people. Now, we have hired specialists such as people with experience at

**Tomoko Ise**  
Outside director

**Hiroshi Miura**  
Outside director





## Roundtable Discussion with Outside Directors

audit firms, and are steadily widening the scope of operational audits. I believe that the defensive side of our governance framework is underpinned by sustained efforts to strengthen internal audit and control functions, with a focus on reinforcing the foundations of governance and ensuring its effectiveness amid the Company's rapid expansion.

### Role of the Board of Directors of a Company with a Nomination Committee Structure

**Many listed companies have recently been reexamining their institutional design. MonotaRO has adopted the structure of a company with a nomination committee, which is considered the most advanced model. Please talk about the effectiveness of this structure, and any challenges associated with it.**

**Miura** The Company was established as a joint venture between Grainger, Inc., an SEC-listed company in the United States, and Sumitomo Corporation. As a result, when the “company with committees”<sup>\*</sup> structure was introduced in Japan, MonotaRO naturally adopted the same governance structure as its parent companies at an early stage. In addition, all committee members are outside directors (excluding the president, chairman and non-Japanese directors dispatched from Grainger). Outside directors also chair the Audit Committee, the Nomination Committee and the Compensation Committee. Board of Directors meetings devote at least as much time to educational sessions on the Company's business led by executive officers as they do to resolutions and reports. It is not uncommon for our quarterly in-person Board meetings to run from 8:00 a.m. to 6:00 p.m. (laughs).

**Ise** That's true. Another characteristic of MonotaRO is that, after every in-person Board meeting, the directors hold a “Board session” to exchange views among

themselves. As MonotaRO has adopted a company with a nomination committee structure, business execution is entrusted to executive officers, and Board meetings often provide opportunities for them to explain matters directly to the Board. During Board sessions, however, executive officers are asked to leave, and discussions are held solely among the directors. In these sessions, rather than dealing with individual agenda items, directors reflect on the proceedings of that day's Board meeting, and exchange candid views. In addition, we exchange views on how to prepare for more effective discussions, including which topics should be addressed, how time should be allocated for each one and what information would help deepen the discussion. For instance, one issue that arises from having outside directors make up a majority of the Board is that management, in an effort to explain complex internal circumstances and challenges in detail, tends to provide an overwhelming volume of information to the Board. As a result, we also discuss ways to improve the efficiency of Board meetings, including whether materials can be made more concise and whether enough time is being allocated to substantive discussions. These initiatives have enabled us to engage in deeper discussion at the formal Board of Directors meetings and allocate time to more substantive topics.

**Miura** On the other hand, a company with a nomination committee structure is not necessarily the best institutional design in every case. Depending on the size and structure of the organization and the degree of diversification, there are also many companies that achieve a high level of governance through full-time auditors and other frameworks. In the end, it is not about whether the form of institutional design is good or bad, but how well it works. MonotaRO also must continue to strengthen its system of support provided by the internal audit departments, as mentioned earlier, in order for the Audit Committee to perform its central role.



**Ise** The role of the Board of Directors has long been debated from the standpoint of whether it should prioritize its advisory function as a management board or its supervisory function as a monitoring board. As MonotaRO has adopted a company with a nomination committee structure, discussions are basically centered on monitoring and oversight. However, particularly since 2020, as more outside directors with business and management experience at other companies have joined the Board, there has been an increase in the practical and management-oriented advice provided during meetings. The boundary between the advisory and monitoring roles is not always clear, and the balance between them can change depending on the Company's circumstances and stage of development. I think it is important to flexibly adjust the balance between the two while determining what is most suitable for MonotaRO at a particular time.

### MonotaRO's Unique Governance Mechanisms and Features

**MonotaRO has continued to achieve strong growth since its founding, but what are the unique governance mechanisms that have supported that growth?**

<sup>\*</sup> At the time of the 2002 revision of the Commercial Code

## Roundtable Discussion with Outside Directors



**Miura** Well, there are lots of unique points (laughs). If I were to mention one impressive example, it might be the succession process for the president. The appointment of the current president was not something that was formally decided by the Nomination Committee. Instead, a highly transparent and unique process was used in which open discussion among all directors took place over several years.

**Ise** By the time I was appointed as an outside director, the succession process was already under way. I recall that the founder and then-Chairman Kinya Seto, the then-President Masaya Suzuki, and the then-Nomination Committee Chairperson Masahiro Kishida first focused on discussing how the process itself should be carried out. In addition, all directors except the president were involved as members of the Nomination Committee, and opportunities for discussion were provided outside the formal committee process. Ongoing candid discussions, including with the president, were also held. I think we were very conscious of trying to design the best approach for the Company from a practical standpoint, whether or not it was done through formal frameworks. This way of making key decisions through a series of open discussions in non-hierarchical settings is one distinguishing feature of MonotaRO's governance. The

result has been greater effectiveness and transparency throughout the whole process, as well as a higher sense of satisfaction and acceptance among everyone involved.

**Miura** Another point worth noting in that regard is that Mr. Suzuki, who was one of the founders and still relatively young, promoted the succession to the next president in an open and systematic manner. At MonotaRO, there are guidelines for the terms of directors and executive officers, including the president, and except in unavoidable circumstances, even the president systematically develops and nominates successor candidates in line with those guidelines. Succession is one of the most challenging issues that many companies face. While there is generally a reluctance to openly discuss the timing of a president's transition, the president himself argued that the longer top management remains in office, the more difficult succession becomes, and he successfully completed the transition process. I am truly impressed by the deliberateness and transparency with which other executives also calmly pass the baton to the next generation according to their term of office.

### Future Direction and Key Challenges in Corporate Governance

**The Tokyo Stock Exchange is currently discussing revisions to the Corporate Governance Code (CGC) aimed at strengthening the functions of boards of directors and promoting growth investments. In this context, could you share your thoughts on the direction MonotaRO should take in its corporate governance and the challenges it should address going forward?**

**Ise** One key theme to consider when thinking about the future of governance is the approach to overseas bases. Last year, MonotaRO added overseas subsidiaries in India and China, bringing the total to five. MonotaRO

needs to further raise the level of sophistication of the governance and audits of overseas subsidiaries as well as in Japan. To do that, I think it will be necessary to strengthen coordination with local audit functions and take steps to improve effectiveness, such as increasing opportunities for communication.

**Miura** In addition, the CGC emphasizes the importance of a capital allocation strategy in enhancing corporate value. One of the most important growth investments at MonotaRO is the construction of distribution centers every few years, and a new large-scale distribution center in Mito is now being built. When considering how to fund the construction of the new distribution center, the Company conducted a rigorous quantitative analysis of the optimal capital structure with its ROE targets in mind. The Board of Directors then devoted considerable time to discussions on maximizing shareholder returns and enhancing corporate value, which I believe is a good example of MonotaRO's proactive governance.

**Ise** I really think so, too. The distribution center investments and discussion of the optimal capital structure that you mentioned are all connected to the larger equity story of how MonotaRO will grow in the future. The mindset of innovating and transforming its business model in response to the demands of the times, rather than just maintaining and expanding successful models of the past, is one of MonotaRO's strengths. Similarly, MonotaRO's governance is not in its final form, and will evolve flexibly through consistent dialogue based on the Company's stage of development. To earn the support of its diverse stakeholders, including shareholders and investors, MonotaRO will continue to pursue governance that ensures fair and transparent management while providing strong support for taking on challenges in the future.



# Management Team



Peter Kenevan  
Director

Hiroshi Miura  
Director

Tomoko Ise  
Director

Kiyoshi Nakashima  
Director

Abe Thomas  
Director

Kayako Omura  
Director

Masaya Suzuki  
Director,  
Chairperson of the Board

Sakuya Tamura  
Director,  
President and CEO

Masahiro Kishida  
Director

Yasunori Ogawa  
Director

# Corporate Governance

## Fundamental Approach to Corporate Governance

We recognize the importance of ensuring the soundness, transparency, agility and efficiency of management to respond to the expectations and trust of all stakeholders, including shareholders, and to continuously improve our corporate value. Corporate governance is the mechanism by which we carry out that management, and we will strive to strengthen and enhance it going forward.

## Corporate Governance System

The corporate governance of MonotaRO Co., Ltd. (“the Company”) is the organizational framework established to ensure the validity, legality and appropriateness of disclosures regarding the Company’s decision-making and business execution in order to respond to the expectations and trust of all stakeholders, including shareholders, and to continuously improve our corporate value.

We believe that separating management supervision and business execution and ensuring transparent management are key elements at the core of an effective corporate governance system, and have therefore adopted the structure of a company with a nomination committee. Executive officers manage organizational operations under authority delegated by the Board of Directors, while the Board of Directors supervises the business execution of executive officers. In addition, the Company has established three committees: the Nomination Committee, the Compensation Committee and the Audit Committee.

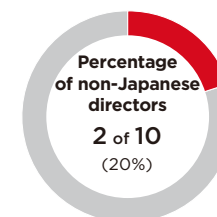
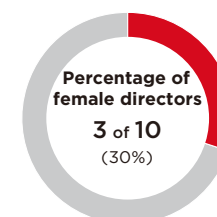
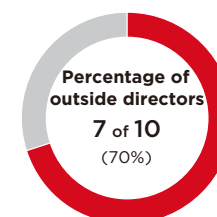
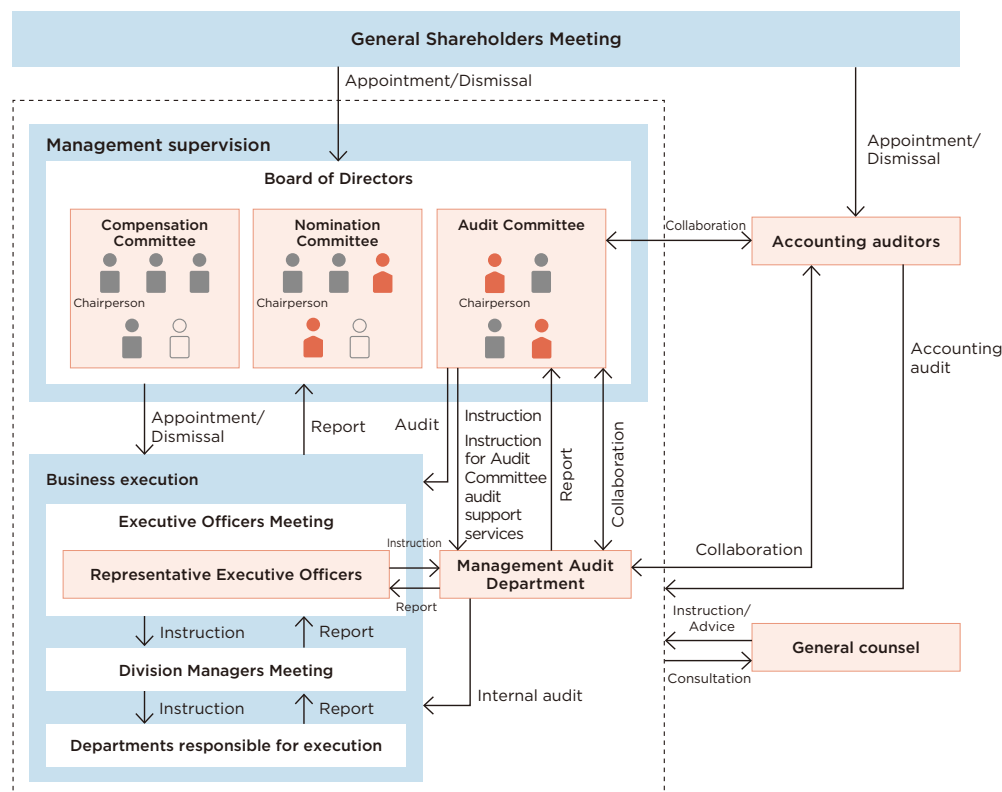
## Features of Our Corporate Governance

Seven of the ten members of the Board of Directors are independent outside directors (an outside director ratio of 70%), and their in-depth knowledge in their respective areas of expertise is reflected in the Company’s management. In all three committees, a majority or all of the committee members are independent outside directors to ensure

the objectivity and transparency of management. Based on the idea that diversity in decision-making is essential to sustainable growth, the Company promotes the advancement of women, and the percentage of female directors is 30%. Together with the appointment of non-Japanese directors, we have established a structure that is highly effective in supervising business execution from diverse perspectives.

### Corporate Governance Overview (As of March 31, 2026)

○ Internal Director (Male)    ○ Internal Director (Female)    ● Outside Director (Male)    ● Outside Director (Female)





## Corporate Governance

## Activities of the Board of Directors and Committees

## Functions and Main Activities and Matters Discussed by the Board of Directors and Committees

| Functions                     |                                                                                                                                                                                                                                                                                                                                                                                                                    | Main Activities and Matters Discussed                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board of Directors</b>     | The Board of Directors meets regularly (at least 12 times a year) to resolve statutory matters, formulate major management policies and strategies to achieve sustainable growth and increased corporate value, and supervise business execution. Seven of the 10 directors are outside directors, including one attorney and one certified public accountant.                                                     | <ul style="list-style-type: none"> <li>Monitor current status and financial results of the Company and its subsidiaries</li> <li>Appointment of representative executive officers and executive officers</li> <li>Budget and settlement of accounts</li> <li>Investment in logistics facilities</li> <li>Board effectiveness evaluation</li> <li>Important regulation revisions</li> </ul>                |
| <b>Nomination Committee</b>   | The Nomination Committee (composed of five directors, of whom four are outside directors) decides proposals to submit to the General Shareholders Meeting concerning the appointment and dismissal of directors.                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Nomination of director candidates</li> </ul>                                                                                                                                                                                                                                                                                                                       |
| <b>Compensation Committee</b> | The Compensation Committee (composed of five directors, of whom four are outside directors) formulates compensation guidelines for directors and executive officers and determines compensation on an individual basis.                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>Determination of individual compensation amounts for directors and executive officers</li> </ul>                                                                                                                                                                                                                                                                   |
| <b>Audit Committee</b>        | The Audit Committee audits the validity, legality and appropriateness of business execution by the directors and executive officers, and makes recommendations for the appointment and dismissal of accounting auditors at the General Shareholders Meeting. This committee meets once a month in principle. It is composed of four outside directors, including one attorney and one certified public accountant. | <ul style="list-style-type: none"> <li>Monitor status of development and operation of internal control system (risk management, governance, etc.)</li> <li>Monitor status of overseas subsidiary management</li> <li>Confirmation of progress of business plan and status of investments</li> <li>Monitor conflicts of interest</li> <li>Compliance</li> <li>Evaluation of accounting auditors</li> </ul> |

## Committee Assignments and Skill Matrix (As of March 31, 2026)

| Name              | Position and Responsibilities      | Length of Tenure | Attendance at Board of Directors Meetings* | Committee Membership and Attendance |              |            | Skills and Experience                                                                                                 |                                    |                                                     |                |                                   |                        |
|-------------------|------------------------------------|------------------|--------------------------------------------|-------------------------------------|--------------|------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------|----------------|-----------------------------------|------------------------|
|                   |                                    |                  |                                            | Nomination                          | Compensation | Audit      | CEO/Senior management                                                                                                 | Merchandising, marketing and sales | Procurement, supply chain and operations management | IT and digital | Risk management and legal affairs | Finance and accounting |
| Masaya Suzuki     | Director, Chairperson of the Board | 14 years         | 15/15                                      |                                     | ○<br>4/4     |            | Well-acquainted with our business and have the ability to appropriately carry out the Company's management activities |                                    |                                                     |                |                                   |                        |
| Sakuya Tamura     | Director, President and CEO        | 2 years          | 15/15                                      |                                     |              |            |                                                                                                                       |                                    |                                                     |                |                                   |                        |
| Masahiro Kishida  | Outside director                   | 14 years         | 15/15                                      | ○<br>4/4                            | ◎<br>4/4     |            |                                                                                                                       | ●                                  |                                                     |                |                                   |                        |
| Tomoko Ise        | Outside director                   | 6 years          | 15/15                                      | ○<br>4/4                            |              | ◎<br>19/19 |                                                                                                                       |                                    |                                                     |                | ●                                 |                        |
| Hiroshi Miura     | Outside director                   | 4 years          | 15/15                                      |                                     |              | ○<br>19/19 |                                                                                                                       |                                    |                                                     |                | ●                                 | ●                      |
| Kiyoshi Nakashima | Outside director                   | 2 years          | 15/15                                      | ◎<br>3/3                            | ○<br>2/2     | 6/6        | ●                                                                                                                     | ●                                  |                                                     |                |                                   |                        |
| Peter Kenevan     | Outside director                   | 1 year           | 11/11                                      |                                     | ○<br>—       | 13/13      |                                                                                                                       |                                    |                                                     | ●              |                                   | ●                      |
| Kayako Omura      | Outside director                   | 0 years          | —                                          | ○<br>—                              |              | ○<br>—     | ●                                                                                                                     |                                    |                                                     | ●              |                                   |                        |
| Yasunori Ogawa    | Outside director                   | 0 years          | —                                          |                                     | ○<br>—       | ○<br>—     | ●                                                                                                                     | ●                                  |                                                     |                |                                   |                        |
| Abe Thomas        | Director                           | 0 years          | —                                          | ○<br>—                              |              |            |                                                                                                                       | ●                                  | ●                                                   |                |                                   |                        |

Chairperson = ◎  
Committee member = ○

\* Attendance at Board of Directors and committee meetings is for 2025

Note: This matrix identifies the fields in which we have expectations of directors regarding particular abilities or experience. It is not an exhaustive list of their skills.

## Corporate Governance

### Selection Criteria

#### Selection Criteria for Internal Director Candidates

- Those who have expertise and business experience related to the Company's competitive advantage and the foundation that supports it, and have displayed the ability to appropriately carry out the Company's management activities
- Those who have displayed exceptional managerial acumen and business execution ability
- Those who have displayed exceptional leadership, decision-making ability, foresight and planning
- Those who have the personality and insight suitable for the role of a director
- Those who have no health problems that would hinder the execution of their responsibilities as a director

#### Selection Criteria for Outside Director Candidates

- Those who are deemed to be independent in accordance with the stipulations of the separately defined Criteria for Judging the Independence of Candidates for Outside Directors
- Those who have displayed the ability to appropriately carry out the Company's management activities (as detailed in the skill matrix)
- Those who have the personality and insight suitable for the role of outside director and are capable of engaging in constructive discussions
- Those who have no health problems that would hinder the execution of their responsibilities as an outside director



See the *Corporate Governance Report* for more details.

[https://corp.monotaro.com/en/ir/upload\\_file/m008-m008\\_17/CGReport-20260401.pdf](https://corp.monotaro.com/en/ir/upload_file/m008-m008_17/CGReport-20260401.pdf)

### Training for Executives

To ensure that outside directors are able to participate in discussions with a proper understanding of the Company's business and condition, we provide opportunities to visit customers as well as conduct business briefings for newly elected directors. Directors are given opportunities to deepen their understanding of agenda items, including through training sessions by outside lecturers, which are conducted as necessary.

### Results of Board Effectiveness Evaluation

We conduct an evaluation by all directors of the effectiveness of the Board of Directors at least once a year at a meeting of the Board of Directors. Based on the results

of the evaluation, we discuss ways to further enhance the functions of the Board and disclose the details as necessary.

#### Effectiveness Evaluation Process

##### Questionnaire of Directors

For the effectiveness evaluation of the Board of Directors (including a peer review), we engage a third-party organization every other year, and conduct a questionnaire of directors internally in years when we do not use a third-party organization. In 2025, a third-party organization conducted a questionnaire and interviews of each director regarding the effectiveness of the Board of Directors. This process also included a peer review.

##### Evaluation



##### Positive Aspects

We have determined that the Board of Directors is generally effective, with active discussions taking place among members with diverse backgrounds.



##### Issues Identified

For the Board of Directors to achieve greater effectiveness, there is room for improvement in the selection of agenda items, the allotment of time at Board meetings, and the support provided to outside directors to enable deeper understanding and discussion of proposals.

##### Improvements for the Future

The Board of Directors will implement the following measures to enhance its effectiveness.

- Improve planning of the annual schedule for the Board of Directors and support for outside directors
- Create a system to enable new directors to quickly demonstrate their expertise and contribute to more active discussion, as well as sharing updates on committee activities

## Corporate Governance

### Executive Compensation

#### Executive Compensation Policy

We have established an executive compensation policy to further promote the Company's provision of services based on its mission, and to further incentivize contribution to enhancement of medium- to long-term performance and expansion of corporate value. Individual compensation for directors and executive officers is based on the results of thorough deliberations by the Compensation Committee, which has determined that such compensation is consistent with this compensation policy.

#### Executive Compensation

| Classification     | Total<br>(Million JPY) | Total Compensation by Type (Million JPY) |                       |              | Number of<br>Applicable<br>Executives |
|--------------------|------------------------|------------------------------------------|-----------------------|--------------|---------------------------------------|
|                    |                        | Fixed                                    | Performance-<br>based | Non-monetary |                                       |
| Internal directors | 175                    | 67                                       | 50                    | 57           | 2                                     |
| Outside directors  | 58                     | 58                                       | —                     | —            | 6                                     |
| Executive officers | 170                    | 97                                       | 38                    | 35           | 6                                     |
| Total              | 405                    | 223                                      | 88                    | 92           | 14                                    |

1. At the end of the period, there were eight directors (including six outside directors) and six executive officers, with internal directors also serving as executive officers.
2. The indicator for performance-based compensation is the achievement rate of the consolidated operating income target, which for 2025 was JPY 46,192 million compared with the forecast of JPY 43,000 million (107.4% achievement rate). This indicator was selected as it provides an incentive for improvement of single-year performance. The Company's performance-based compensation is calculated by multiplying the base amount for each position by a payment ratio based on the results of Company performance and individual evaluations.
3. Non-monetary compensation consists of JPY 92 million in restricted stock, and the conditions for allotment of restricted stock are as described in our *Securities Report*.
4. By resolution of the Compensation Committee at a meeting held on January 12, 2018, the Company abolished the retirement benefit system for executives, but the amount accumulated through 2017 will be paid upon retirement.

 See the *Corporate Governance Report* for more details.  
[https://corp.monotaro.com/en/ir/upload\\_file/m008-m008\\_17/CGReport-20260401.pdf](https://corp.monotaro.com/en/ir/upload_file/m008-m008_17/CGReport-20260401.pdf)

### Constructive Dialogue with Shareholders

In order to maintain sustainable growth and to increase corporate value over the medium to long term, we recognize the importance of regularly engaging in constructive dialogue with shareholders. We therefore established an IR system centered on the executive officer who is general manager of the Corporate Division, and on the IR/PR Group, which is responsible for IR activities. While carefully managing insider information, we proactively engage in dialogue with shareholders and investors (within a reasonable scope) in order to deepen their understanding of the Company. As a means of dialogue other than individual meetings, we hold financial results briefings for analysts at least once every six months and a seminar for individual investors at least once a year. In addition, we have established a system in which the department in charge of IR makes timely reports to management on the opinions and concerns of shareholders or investors obtained through dialogue.

### Relationship with the Parent Company (As of March 31, 2026)

The Company has a cooperative relationship with its parent company and its group companies, and conducts its business while maintaining management independence. Of the Company's 10 directors, two concurrently serve as employees of the parent company, but this does not hinder the Company's autonomy in management decisions. The Company engages in the sale and purchase of products with the parent company and its group companies. However, the amount of such transactions is not significant, and we recognize that a certain degree of independence from our parent company is ensured.

In addition, while ensuring independence from its parent company, the Company respects its parent company as a stable shareholder and has entered into a memorandum of understanding regarding the following: 1) We shall not issue new shares or take other actions that would result in the parent company's shareholding ratio falling below 50% without the prior written consent of the parent company; 2) the parent company shall have the right to appoint one director or the number of directors mutually agreed upon in writing to serve as directors of the Company; and 3) if the parent company reduces its shareholding ratio to 50% or less, it shall provide prior notification to the Company.

# Compliance

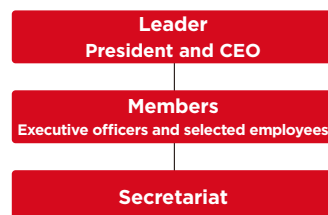
## Promoting Compliance

MonotaRO emphasizes conducting business based on legal compliance and with high ethical standards to ensure that it remains a group of people, both officers and employees, who possess the integrity to continually question the appropriateness of their actions. To this end, we have established the Compliance Committee, developed compliance-related regulations and are promoting awareness of compliance throughout the Company. In addition, the Management Audit Department regularly verifies the adequacy of our systems, and the Audit Committee also conducts its own reviews. These initiatives enhance awareness of compliance throughout the Company and ensure sound management.

## Organizational Structure

The Compliance Committee is led by the president and CEO, with executive officers and representatives from various departments participating as members. The secretariat supports operations, thereby strengthening the organizational supervisory framework.

### Compliance Committee



## Continuous Awareness Building and Educational Activities

We hold training annually to enhance compliance awareness among officers and employees (see “Initiatives for Human Capital” on our corporate website). The training covers general compliance issues, as well as specific topics such as harassment, insider trading and the handling of personal information. We also publish materials and regulations on our intranet as a means for information sharing. Through these initiatives, which enable each officer and employee to reaffirm their commitment to legal compliance and high ethical standards, we aim to instill and reinforce compliance awareness.

| Training                                             | Scope         | Frequency              |
|------------------------------------------------------|---------------|------------------------|
| Business Principles<br>(Business Conduct Guidelines) | All employees | Annual                 |
| Compliance                                           | All employees | At least once per year |

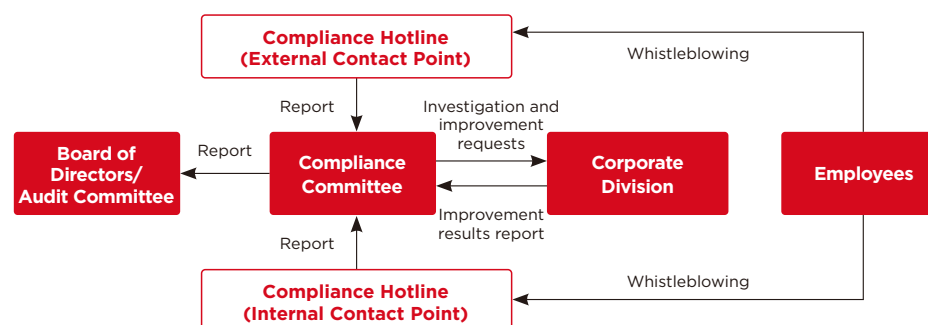
MonotaRO is enhancing the content of its training programs to uphold and strengthen the ethical standards required in a global society.

## Whistleblowing System

To prevent misconduct, harassment and other acts that violate laws or internal regulations, and to enable early detection and resolution, we have established whistleblowing hotlines both internally (Corporate Division) and externally (outside law firm) that enable anonymous reporting. Information about the internal whistleblowing hotline is shared with employees via the Company intranet. When a report is made, it is reported to the Disciplinary Committee, which conducts an investigation according to the nature of the matter. If the investigation reveals misconduct, the Disciplinary Committee takes corrective actions and implements measures to prevent recurrence. All relevant details are reported to the Audit Committee as appropriate.

In addition, the whistleblowing system, as stipulated in internal regulations, ensures that whistleblowers will not suffer any disadvantage, such as dismissal, retaliation or deterioration of the workplace environment due to their reporting, thereby providing thorough protection for whistleblowers.

### Whistleblowing System





# Risk Management

## Managing Risks with an Emphasis on Safety and Business Continuity

### Strengthening the Risk Management System

At MonotaRO, the president and CEO is ultimately responsible for overall risk management. We have established the Risk Management Office under the jurisdiction of the executive officer in charge of risk management.

The Risk Management Office works with each department to identify real and potential risks that cross departmental

lines, and continuously assesses and monitors risks based on defined risk identification and classification criteria. After analyzing and assessing the impact and frequency of risks, if any are found to be especially high in these areas and countermeasures are insufficient, the Risk Management Office shares information and promotes awareness of issues with the relevant departments, and provides recommendations and support for the implementation of sustainable and concrete risk countermeasures.

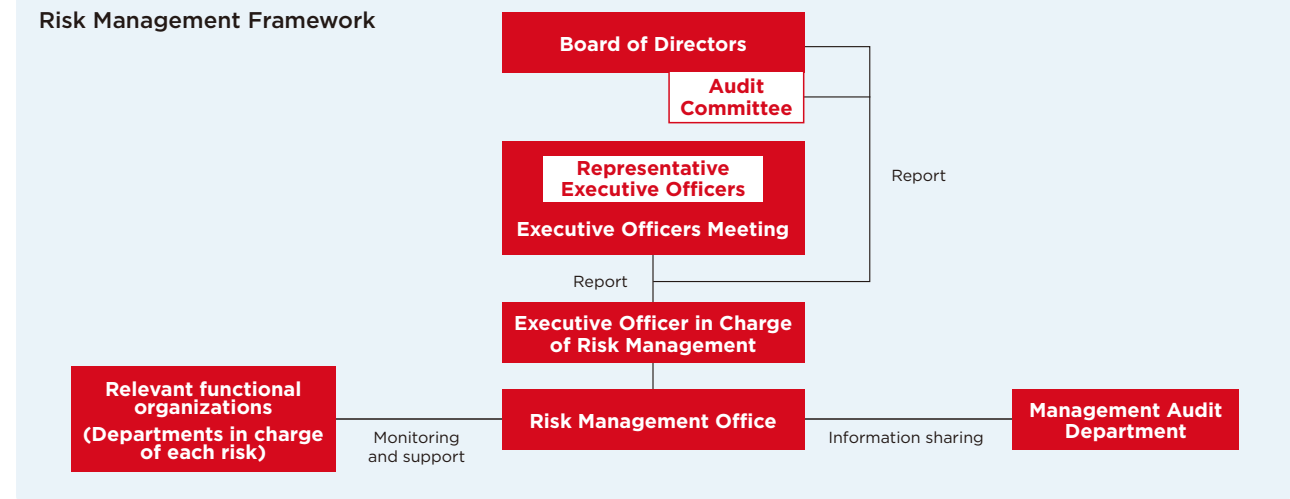
Based on this approach, we are working to increase the safety of business operations by preventing risks from materializing as well as minimizing their impact.

In addition, the Risk Management Office regularly reports to the Executive Officers Meeting and the Board of Directors on the status of risk identification and the response to significant risks.

**Toshiyuki Tanaka**

General Manager, Risk Management Office

### Risk Management Framework



### Our BCP Vision

We will develop, maintain and follow a business continuity plan (BCP) that enables employees to act independently based on established procedures, ensures that critical crisis response information is shared and centralized, and allows the Company to implement the most appropriate measures in a coordinated manner.

## Risk Management

### Approach to Crises and BCP

We define a crisis as a serious event that threatens our business continuity or the achievement of our business objectives. To prevent a crisis from occurring, we conduct risk identification and monitoring in line with defined processes, and implement the necessary countermeasures. However, we recognize that events such as loss of operational capacity at business sites due to a major natural disaster, an information leak caused by a cyberattack, or a service interruption resulting from technical problems are difficult to fully prevent.

In the event of a life-threatening crisis, we will immediately set up a crisis response headquarters led by the president and CEO based on the BCP to respond to the situation. The basic elements of our BCP are 1) to ensure the safety of human life and 2) to prevent secondary disasters. In order to minimize negative impacts on MonotaRO and our business procurement networks, which include suppliers and customers, we are promoting the development, implementation and strengthening of our BCP.

### How We Identify Risks

Our aim is to support the development of industrial society by innovating business procurement networks. We identify all factors that may hinder or impede our

1. Risks related to changes in the business environment
2. Risks related to information systems and information and cyber security
3. Risks related to large-scale disasters
4. Risks related to legal affairs, compliance and litigation
5. Risks related to product liability for private brand products

business objective as a risk. Examples of significant risks are presented on the bottom left.

We also analyze and assess other risks, such as climate change as well as geopolitical and pandemic-related risks, based on our risk identification process. Risks to be given priority are determined through discussions with the representative executive officers and the executives in charge of relevant departments.

### Information Security Measures

In recent years, information security risks have remained high amid the rising number of ransomware incidents in Japan and worldwide, as well as the growing sophistication of cyberattacks. While advances in AI will contribute significantly to improving industrial productivity, risks such as information leaks resulting from inappropriate use of services are growing. We recognize that cyber security risk is a serious threat to our business continuity and to the maintenance and expansion of social trust.

- **Bolstering defensive measures with technology**

To respond to increasingly sophisticated cyberattacks, we continue to introduce security solutions and make operational improvements.

- **Strengthening internal information management**

We have formulated and made employees aware of rules and guidelines, and are conducting employee training and implementing systematic measures to address improper handling of information that is not due to internal fraud or malicious intent.

- **Response to contractors and suppliers**

We also place importance on information management at the contractors and suppliers involved in our business



operations. We conduct risk assessments and inspections for handling of personal information in particular, and promote proper management and use of information in collaboration with related parties.

Our goals in implementing these initiatives are to ensure business continuity, build social trust and reduce cyber security risk.

### Future Initiatives

From 2025 onward, we will continue training and verification efforts to improve the effectiveness of the BCP, and further enhance our ability to respond to emergencies. Risks are constantly shifting, and it is imperative to properly identify and evaluate new risks while monitoring changes in key risks. In the future, we will deepen the linkage between risk management and business strategy, and build a framework to support timely decision-making even in an uncertain environment. By doing so, we will contribute to the sustainable enhancement of corporate value.

# 11-Year Financial Summary

|                                                 |                       | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021     | 2022     | 2023     | 2024     | 2025     |
|-------------------------------------------------|-----------------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| <b>Financial Statements (Consolidated)</b>      |                       |         |         |         |         |         |         |          |          |          |          |          |
| Cash and deposits                               | (Million JPY)         | 11,189  | 7,229   | 8,688   | 12,381  | 11,155  | 18,843  | 12,379   | 8,887    | 18,644   | 30,727   | 47,293   |
| Total assets                                    | (Million JPY)         | 28,744  | 36,353  | 42,861  | 50,706  | 59,691  | 81,263  | 95,789   | 111,737  | 128,352  | 145,028  | 193,243  |
| Total liabilities                               | (Million JPY)         | 16,112  | 19,089  | 19,644  | 20,867  | 22,179  | 33,604  | 35,505   | 39,115   | 41,369   | 40,761   | 70,310   |
| Total net assets                                | (Million JPY)         | 12,632  | 17,263  | 23,216  | 29,838  | 37,512  | 47,658  | 60,283   | 72,621   | 86,982   | 104,267  | 122,933  |
| Net sales                                       | (Million JPY)         | 57,563  | 69,647  | 88,347  | 109,553 | 131,463 | 157,337 | 189,731  | 225,970  | 254,286  | 288,119  | 333,880  |
| Gross profit                                    | (Million JPY)         | 17,327  | 21,895  | 26,929  | 32,027  | 37,095  | 44,694  | 54,045   | 65,437   | 75,964   | 84,420   | 99,636   |
| Selling, general and administrative expenses    | (Million JPY)         | 10,239  | 12,401  | 15,091  | 18,236  | 21,256  | 25,086  | 29,916   | 39,224   | 44,654   | 47,353   | 53,443   |
| Operating income                                | (Million JPY)         | 7,087   | 9,493   | 11,837  | 13,790  | 15,839  | 19,607  | 24,129   | 26,213   | 31,309   | 37,066   | 46,192   |
| Ordinary income                                 | (Million JPY)         | 7,120   | 9,514   | 11,858  | 13,788  | 15,887  | 19,671  | 24,302   | 26,398   | 31,538   | 37,320   | 46,057   |
| Net income                                      | (Million JPY)         | 4,439   | 6,349   | 8,378   | 9,366   | 10,751  | 13,473  | 17,340   | 18,194   | 21,264   | 25,726   | 31,979   |
| Net income attributable to owners of the parent | (Million JPY)         | 4,439   | 6,368   | 8,464   | 9,515   | 10,984  | 13,771  | 17,552   | 18,658   | 21,813   | 26,338   | 32,434   |
| Operating cash flow                             | (Million JPY)         | 3,758   | 4,982   | 6,097   | 10,537  | 9,064   | 15,269  | 12,258   | 15,483   | 29,932   | 28,662   | 33,726   |
| Investment cash flow                            | (Million JPY)         | (1,073) | (6,101) | (3,284) | (1,467) | (3,765) | (9,015) | (14,290) | (12,535) | (8,401)  | (3,582)  | (17,093) |
| Financial cash flow                             | (Million JPY)         | 4,343   | (2,561) | (1,379) | (5,673) | (6,562) | 1,773   | (5,766)  | (5,514)  | (11,705) | (13,339) | 27       |
| <b>Financial Statements (Non-Consolidated)</b>  |                       |         |         |         |         |         |         |          |          |          |          |          |
| Net sales                                       | (Million JPY)         | 55,607  | 67,105  | 84,656  | 105,331 | 126,543 | 151,798 | 182,472  | 216,638  | 243,352  | 276,100  | 322,814  |
| Gross profit                                    | (Million JPY)         | 16,957  | 21,406  | 26,204  | 31,147  | 36,111  | 43,475  | 52,527   | 63,643   | 73,759   | 82,141   | 97,243   |
| Selling, general and administrative expenses    | (Million JPY)         | 9,593   | 11,624  | 14,035  | 16,868  | 19,681  | 23,325  | 27,993   | 36,558   | 41,084   | 43,591   | 49,864   |
| Operating income                                | (Million JPY)         | 7,363   | 9,782   | 12,168  | 14,278  | 16,430  | 20,149  | 24,533   | 27,085   | 32,675   | 38,550   | 47,379   |
| Ordinary income                                 | (Million JPY)         | 7,398   | 9,800   | 12,177  | 14,250  | 16,444  | 20,194  | 24,647   | 27,239   | 32,891   | 38,805   | 47,406   |
| Net income                                      | (Million JPY)         | 4,718   | 6,631   | 8,699   | 9,825   | 11,309  | 13,139  | 17,701   | 19,044   | 22,072   | 25,984   | 32,659   |
| <b>Shareholder Returns</b>                      |                       |         |         |         |         |         |         |          |          |          |          |          |
| Dividend per share <sup>1</sup>                 | (JPY)                 | 3.0     | 4.5     | 5.5     | 6.5     | 7.5     | 9.0     | 11.5     | 13.5     | 16.0     | 19.0     | 33.0     |
| Dividend payout ratio (consolidated)            | (%)                   | 33.3    | 35.0    | 32.3    | 33.9    | 33.9    | 32.4    | 32.5     | 35.9     | 36.4     | 35.8     | 50.6     |
| <b>Financial Indicators (Consolidated)</b>      |                       |         |         |         |         |         |         |          |          |          |          |          |
| Earnings per share (EPS) <sup>1</sup>           | (JPY)                 | 9.01    | 12.87   | 17.06   | 19.16   | 22.12   | 27.72   | 35.33    | 37.55    | 43.90    | 53.01    | 65.27    |
| Book value per share (BPS) <sup>1</sup>         | (JPY)                 | 25.47   | 34.33   | 46.48   | 59.54   | 74.58   | 94.12   | 119.33   | 145.11   | 173.94   | 208.64   | 246.53   |
| Return on equity (ROE)                          | (%)                   | 40.9    | 43.0    | 42.2    | 36.1    | 33.0    | 32.9    | 33.1     | 28.4     | 27.5     | 27.7     | 28.7     |
| Equity ratio                                    | (%)                   | 43.7    | 46.8    | 53.8    | 58.3    | 62.1    | 57.5    | 61.9     | 64.5     | 67.3     | 71.5     | 63.4     |
| <b>Business-Related Data (Consolidated)</b>     |                       |         |         |         |         |         |         |          |          |          |          |          |
| No. of employees (regular)                      | -                     | 282     | 338     | 377     | 480     | 572     | 765     | 994      | 1,275    | 1,375    | 1,432    | 1,525    |
| No. of employees (other) <sup>2</sup>           | -                     | 807     | 899     | 1,156   | 1,443   | 1,650   | 1,809   | 1,911    | 2,048    | 2,006    | 2,046    | 2,035    |
| <b>Business-Related Data (Non-Consolidated)</b> |                       |         |         |         |         |         |         |          |          |          |          |          |
| No. of employees (regular)                      | -                     | 234     | 250     | 278     | 334     | 401     | 490     | 588      | 710      | 772      | 851      | 931      |
| No. of employees (other) <sup>2</sup>           | -                     | 763     | 829     | 1,083   | 1,349   | 1,536   | 1,680   | 1,805    | 1,911    | 1,842    | 1,875    | 1,869    |
| No. of products handled                         | (Thousands of SKUs)   | 9,000   | 10,000  | 13,000  | 17,000  | 18,000  | 18,000  | 18,000   | 19,000   | 22,000   | 24,750   | 28,850   |
| No. of items in stock                           | (Thousands of SKUs)   | 256     | 298     | 302     | 411     | 461     | 476     | 497      | 518      | 559      | 626      | 688      |
| No. of products available for same-day shipping | (Thousands of SKUs)   | 380     | 450     | 500     | 524     | 590     | 610     | 610      | 610      | 666      | 714      | 755      |
| No. of shares issued                            | (Thousands of shares) | 124,498 | 125,015 | 125,234 | 250,540 | 250,623 | 250,631 | 501,275  | 501,347  | 501,351  | 501,351  | 501,361  |

1. We implemented 2-for-1 stock splits for ordinary shares in October 2015, October 2018 and April 2021. Dividend per share, earnings per share and book value per share have been calculated based on the assumption that those stock splits took place at the beginning of fiscal 2015.

2. The number of other employees (including part-time staff, casual workers and temporary staff dispatched from staffing agencies) represents the average number over the year.

# Financial and Non-Financial Highlights

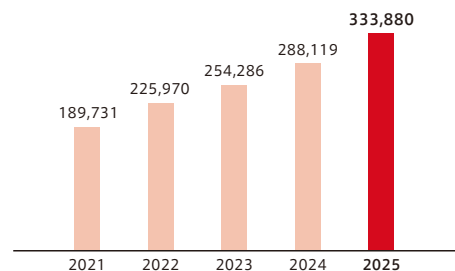
## Financial Highlights (Consolidated)



See the following link for additional financial highlights.  
<https://corp.monotaro.com/en/ir/finance/index.html>

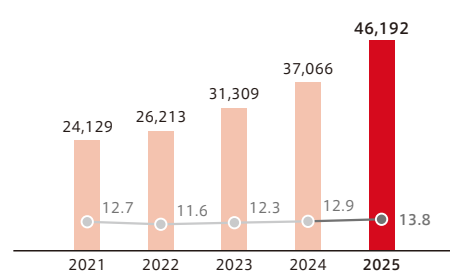
### Net Sales

(Million JPY)



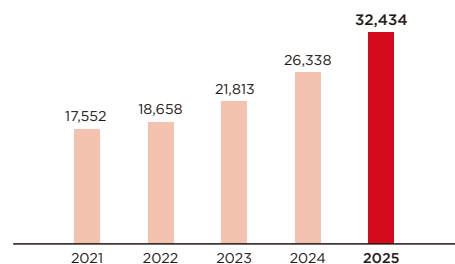
### Operating Income and Operating Income Margin

(Million JPY) ■ Operating Income ● Operating income margin (%)



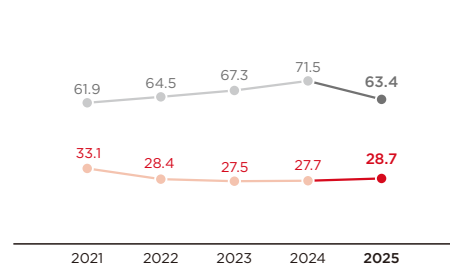
### Net Income Attributable to Owners of the Parent

(Million JPY)



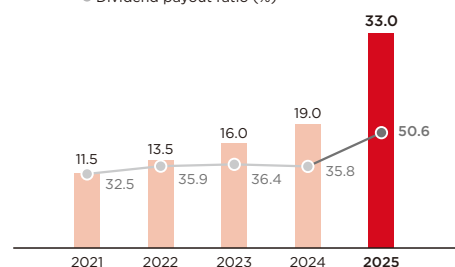
### Return on Equity (ROE) and Equity Ratio

(%) ● ROE ● Equity ratio



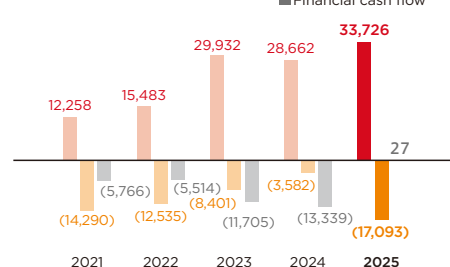
### Dividend

■ Dividend per share (JPY)  
● Dividend payout ratio (%)



### Cash Flows

(Million JPY) ■ Operating cash flow ■ Investment cash flow ■ Financial cash flow



## Non-Financial Highlights (Non-Consolidated)

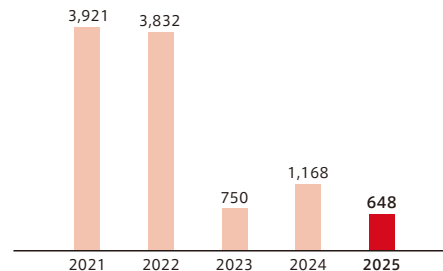


See the following link for additional non-financial highlights.

[https://corp.monotaro.com/en/ir/sustainability/sustainability\\_06.html](https://corp.monotaro.com/en/ir/sustainability/sustainability_06.html)

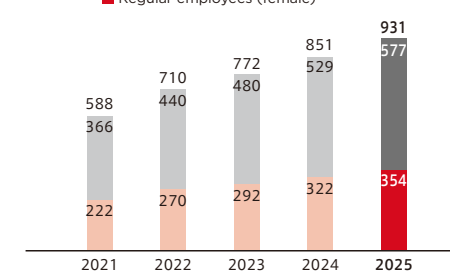
### CO<sub>2</sub> Emissions (Scope 1 and Scope 2) (Market Based)

(t-CO<sub>2</sub>)



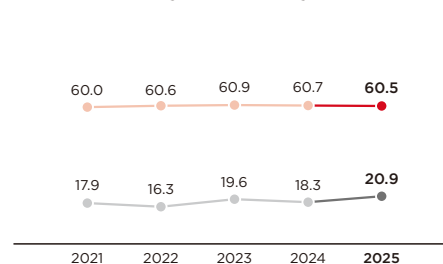
### Employees

■ Regular employees (male)  
■ Regular employees (female)



### Percentage of Female Employees and Female Managers

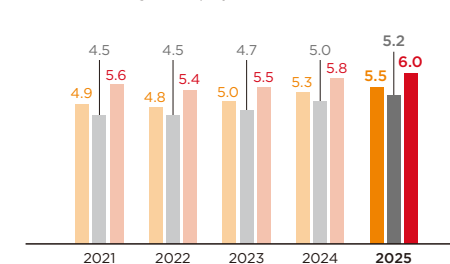
(%) ● Percentage of female employees  
● Percentage of female managers



Note: Includes regular employees, part-time employees and temporary employees

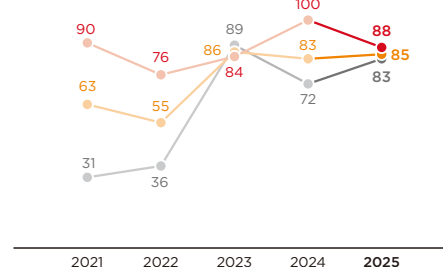
### Average Length of Service

(Years) ■ Regular employees ■ Regular employees (male)  
■ Regular employees (female)



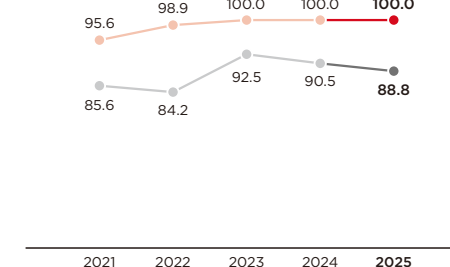
### Childcare Leave Utilization Rate

(%) ● All employees ● Male ● Female



### Health Check Uptake Rate and Paid Leave Utilization Rate

(%) ● Health check uptake rate ● Paid leave utilization rate





# Company Profile and Stock Information (As of December 31, 2025)

## Company Profile

|                 |                                                                                               |
|-----------------|-----------------------------------------------------------------------------------------------|
| Company name    | MonotaRO Co., Ltd.                                                                            |
| URL             | <a href="https://corp.monotaro.com/en/index.html">https://corp.monotaro.com/en/index.html</a> |
| Business        | Online MRO supplies store                                                                     |
| Founded         | October 2000                                                                                  |
| Representative  | Sakuya Tamura<br>Director, President and CEO                                                  |
| Headquarters    | 3-2-2 Umeda, Kita-ku, Osaka, Japan                                                            |
| Employees       | 3,612 <small>(Consolidated, including part-time and temporary employees)</small>              |
| Capital         | JPY 2,048 million                                                                             |
| Settlement date | December 31                                                                                   |

### Distribution Centers

Kasama Distribution Center  
Ibaraki-Chuo Satellite Center  
Inagawa Distribution Center

### Overseas Subsidiaries

NAVIMRO Co., Ltd. (South Korea)  
PT MONOTARO INDONESIA (Indonesia)  
IB MONOTARO PRIVATE LIMITED (India)

### Other Subsidiaries

MONOTARO TECHNOLOGIES INDIA PRIVATE LIMITED (India)  
MONOTARO (Shanghai) Trading Co., Ltd. (China)  
Shin-Sanko Mask Co., Ltd. (Japan)

### For Inquiries About This Integrated Report

IR/PR Group, Business Administration Department,  
Corporate Division, MonotaRO Co., Ltd.  
E-mail: [pr@monotaro.com](mailto:pr@monotaro.com)

## Stock Information

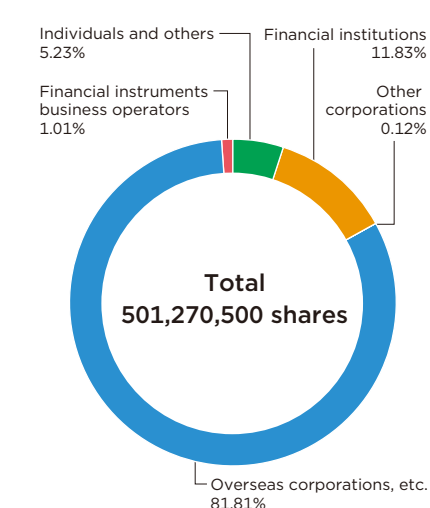
|                                    |                    |                                                |                                              |
|------------------------------------|--------------------|------------------------------------------------|----------------------------------------------|
| Stock code                         | 3064               | Number of shares constituting one trading unit | 100 shares                                   |
| Total number of shares authorized  | 675,840,000 shares | Stock exchange registration                    | Tokyo Stock Exchange Prime Market            |
| Total number of shares outstanding | 501,361,000 shares | Shareholder register administrator             | Mitsubishi UFJ Trust and Banking Corporation |
| Number of shareholders             | 39,016             | Annual General Shareholders Meeting            | March                                        |

## Major Shareholders

| Shareholder                                                                        | Shares Held<br>(Thousand shares) | Shareholding Ratio (%) |
|------------------------------------------------------------------------------------|----------------------------------|------------------------|
| Grainger Global Holdings, Inc.                                                     | 250,112                          | 50.33                  |
| The Master Trust Bank of Japan, Ltd. (Trust Account)                               | 43,475                           | 8.75                   |
| Citibank, N.A., New York, as Depositary Bank for Depositary Shareholders           | 11,200                           | 2.25                   |
| State Street Bank and Trust Company 505103                                         | 11,070                           | 2.23                   |
| Custody Bank of Japan, Ltd. (Trust Account)                                        | 10,959                           | 2.21                   |
| The Bank of New York Mellon 140044                                                 | 8,830                            | 1.78                   |
| State Street Bank and Trust Company 505001                                         | 5,320                            | 1.07                   |
| Northern Trust Company (AVFC) RE UKAI AIF CLIENTS NON LENDING 10PCT TREATY ACCOUNT | 4,576                            | 0.92                   |
| MSIP CLIENT SECURITIES                                                             | 4,488                            | 0.90                   |
| The Bank of New York Mellon 140042                                                 | 4,322                            | 0.87                   |

- For shares held, shares have been rounded down to the nearest thousand shares, and the shareholding ratio has been rounded down to the nearest two decimal places.
- The shareholding ratio is calculated excluding treasury stock (4,446,052 shares).

## Share Distribution by Shareholder Type



- The above excludes 90,500 shares totaling less than a whole share unit.
- Of the 4,446,052 shares of treasury stock, 4,446,000 shares are included under "Individuals and others," and 52 shares are included in "Shares totaling less than a whole share unit."

