Quarter 3, FY2026

(Jan.-Sep. 2026)

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www.monotaro.com

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Jan.-Sep. 2026 Financial Result Overview Highlights

FY2026 Q3 Highlights

- **Q3 sales of MonotaRO.com Business and Enterprise Business in line with plan; anticipated reaction (pullback) to Q2 increase in demand for petroleum-based products was offset by higer-than-expected retention.**
- **MonotaRO.com: Retention of new-category purchases exceeded expectations, and the Preferred Delivery Date Service launched in August also contributed to higher order frequency. Enterprise Business: Expansion into large unused sites ran ahead of plan.**
- **Higher NB margin and PB ratio lifted margin above plan.**

Consolidated Results

Net Sales	Operating Income	Net Income attributable to owners of the parent
287.2 bil. JPY	**41.1 bil. JPY**	**27.9 bil. JPY**
YoY +19.0% vs. Plan +1.8%	YoY +23.8% vs. Plan +6.1%	YoY +18.9% vs. Plan +5.8%

MonotaRO (Non-consol.)

Net Sales	**277.9 bil. JPY**	YoY vs. Plan	+19.2% +1.7%
MonotaRO.com Business (Incl. Royalty)	**182.5 bil. JPY**	YoY vs. Plan	+17.3% +2.5%
Enterprise Business	**95.4 bil. JPY**	YoY vs. Plan % to Sales	+23.0% +0.2% 34.3%
Operating Income	**42.0 bil. JPY**	YoY vs. Plan % to Sales	+23.2% +5.9% 15.1%

Sales / OP Income

- Margins ahead of plan, driven by NB margin improvement, mainly from price pass-through of higher purchase costs, and a higher PB mix.

MonotaRO.com Business

- Although pullback in demand for petroleum-based products was anticipated, Q3 landed in line with plan, supported by higher-than-expected retention and stronger demand for control equipment.

Enterprise Business

- Expansion into large unused sites ran ahead of plan; despite a shortfall in office-related products, Q3 results met plan.

Jan.-Sep. 2026
(Consol.) Financial Result Overview

Jan.-Sep. 2026 Consol.

Financial Result P/L Outline

	Jan.-Sep. 2025 Result		Jan.-Sep. 2026 Plan		Jan.-Sep. 2026 Result			
	Amount (mil. JPY)	Sales Ratio	Amount (mil. JPY)	Sales Ratio	Amount (mil. JPY)	Sales Ratio	YoY	vs Plan
Sales	241,400		282,350		287,299		+19.0%	+1.8%
Gross Profit	71,833	29.8%	83,530	29.6%	86,201	30.0%	+20.0%	+3.2%
SG&A Exp.	38,558	16.0%	44,722	15.8%	45,009	15.7%	+16.7%	+0.6%
Operating Income	33,274	13.8%	38,807	13.7%	41,192	14.3%	+23.8%	+6.1%
Current Income	33,300	13.8%	38,606	13.7%	40,826	14.2%	+22.6%	+5.7%
Net Income (Tax Rate)	23,136 (30.5%)	9.6%	26,183 (32.2%)	9.3%	27,692 (32.2%)	9.6%	+19.7%	+5.8%
Net Income attributable to owners of the parent	23,485	9.7%	26,399	9.3%	27,933	9.7%	+18.9%	+5.8%

Jan.-Sep. 2026 Consol.

Financial Result B/S Outline

	Sep. 2025	Dec. 2025	Sep. 2026	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Assets				
Cash	35,501	47,293	38,239	19.8%
Accounts Receivable	36,316	42,614	38,052	19.7%
Inventory	22,906	22,436	30,402	15.7%
Others	9,182	10,772	10,977	5.7%
Total Current Assets	103,908	123,116	117,672	60.9%
Tangible Fixed Assets	47,794	54,958	61,321	31.7%
Intangible Fixed Assets	7,746	7,685	7,617	3.9%
Investments and Other Assets	8,190	7,484	6,640	3.4%
Total Fixed Assets	63,731	70,127	75,580	39.1%
Total Assets	167,639	193,243	193,252	

	Sep. 2025	Dec. 2025	Sep. 2026	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Liabilities				
Accounts Payable	22,041	25,018	24,212	12.5%
Short-term Debt, etc.*1	182	109	193	0.1%
Others	13,905	28,430	15,471	8.0%
Total Current Liabilities	36,129	53,558	39,877	20.6%
Long-term Debt	13,000	13,000	28,000	14.5%
Others	3,773	3,751	3,871	2.0%
Total Long-term Liabilities	16,773	16,751	31,871	16.5%
Total Liabilities	52,903	70,310	71,748	37.1%
Net Assets				
Shareholders' Equity	113,948	122,174	120,927	62.6%
Treasury Stock	△876	△876	△5,083	△2.6%
Others	788	759	575	0.3%
Total Net Assets	114,736	122,933	121,503	62.9%
Total Liabilities & Net Assets	167,639	193,243	193,252	

*1: Includes short-term debt & current portion of long-term debt.

Jan.-Sep. 2026 Consol.

Financial Result C/F Outline

	Jan.-Sep. 2025 Result	Jan.-Sep. 2026 Result
	mil. JPY	mil. JPY
Cash Flow from Operating Activity		
Net Income before Tax	33,300	40,816
Depreciation	5,132	4,667
Increase or Decrease in Accounts Receivable (△ = increase)	△2,772	4,575
Increase or Decrease in Inventory (△ = increase)	△2,305	△7,951
Increase or Decrease in Accounts Payable (△ = decrease)	2,241	△825
Tax payment	△12,631	△15,784
Increase or Decrease in Accrued Consumption Taxes (△ = decrease)	△716	△1,641
Others	△346	△734
Total	21,901	23,121
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	△12,532	△16,230
Acquisition of Intangible Assets	△3,543	△1,738
Others	△1,264	△244
Total	△17,340	△18,213
Cash Flow from Financing Activity		
Proceeds from Long-term Debt	13,000	15,000
Repayments of Long-term Debt	△210	—
Cash Dividends Paid	△12,413	△17,777
Acquisition of Treasury shares	△138	△10,173
Acquisition of shares from non-controlling interests	—	△1,206
Others	△133	△1
Total	103	△14,158
Currency Exchange Adjustment	7	△27
Net Increase or Decrease in Cash and Cash Equivalent (△ = decrease)	4,671	△9,277
Cash and Cash Equivalent at Beginning of Period	30,370	46,995
Cash and Cash Equivalent at End of Period	35,042	37,718

Jan.-Sep. 2026
(Non-consol.) Financial Result Overview

Jan.-Sep. 2026 Non-consol.

Financial Result P/L Outline 1/3

	Jan.-Sep. 2025 Result		Jan.-Sep. 2026 Plan		Jan.-Sep. 2026 Result			
	Amount (mil. JPY)	Sales Ratio	Amount (mil. JPY)	Sales Ratio	Amount (mil. JPY)	Sales Ratio	YoY	vs Plan
Sales	233,276		273,310		277,974		+19.2%	+1.7%
Enterprise Bus.	77,599	33.3%	95,211	34.8%	95,431	34.3%	+23.0%	+0.2%
Gross Profit	70,081	30.0%	81,398	29.8%	84,197	30.3%	+20.1%	+3.4%
SG&A Exp.	35,926	15.4%	41,667	15.2%	42,135	15.2%	+17.3%	+1.1%
Operating Income	34,154	14.6%	39,730	14.5%	42,062	15.1%	+23.2%	+5.9%
Current Income	34,170	14.6%	39,479	14.4%	41,901	15.1%	+22.6%	+6.1%
Net Income (Tax Rate)	24,001 (29.7%)	10.3%	27,055 (31.5%)	9.9%	28,757 (31.3%)	10.3%	+19.8%	+6.3%

Jan.-Sep. 2026 Non-consol.

Financial Result P/L Outline 2/3 vs. Last Year

	Jan.-Sep. 2025 Result (A)		Jan.-Sep. 2026 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	233,276	—	277,974	—	Amount (mil.JPY)	+44,698	■ Increased demand for petroleum-based products driven by changes in the Middle East situation; increased demand for office-related products; decreased demand for summer products; higher unit prices and volumes for control equipment. ■ Royalty income decreased YoY.
					YoY	+19.2%	
					Sales Ratio	—	
Gross Profit	70,081	30.0%	84,197	30.3%	Amount (mil.JPY)	+14,116	■ Product GP% increased (+0.6pt.: Higher NB product margins and higher PB ratio driven by increased demand for petroleum-based products, etc.). ■ Delivery cost ratio increased (△0.2pt.: Increased shipping cost per box, etc.). ■ Royalty income decreased YoY.
					YoY	+20.1%	
					Sales Ratio	+0.2%	
SG&A Exp.	35,926	15.4%	42,135	15.2%	Amount (mil.JPY)	+6,209	■ Depreciation Exp. ratio decreased (△0.5pt.: Decrease in accelerated depreciation of Order Management System, or OMS, etc.) ■ Labor Exp. ratio decreased (△0.3pt.: Due to productivity improvement, etc.). ■ Facility Rent Exp. ratio decreased (△0.1pt.: Due to increase in sales.) ■ Outsourcing Exp. ratio increased (+0.3pt.: Increased logistics outsourcing exp.) ■ Ad. & Prom. Exp. ratio increased (+0.2pt.: Increased listing ads, TV ads, etc.) ■ Other Exp. ratio increased (+0.1pt.: Increased system usage fee, etc.)
					YoY	+17.3%	
					Sales Ratio	△0.2%	
Operating Income	34,154	14.6%	42,062	15.1%	Amount (mil.JPY)	+7,908	
					YoY	+23.2%	
					Sales Ratio	+0.5%	
Net Income (Tax Rate)	24,001 (29.7%)	10.3%	28,757 (31.3%)	10.3%	Amount (mil.JPY)	+4,756	
					YoY	+19.8%	
					Sales Ratio	+0.1%	

Jan.-Sep. 2026 Non-consol.

Financial Result P/L Outline 3/3 vs. Plan

	Jan.-Sep. 2026 Plan (A)		Jan.-Sep. 2026 Result (B)		Difference (B-A)		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio			
Sales	273,310	—	277,974	—	Amount (mil.JPY)	+4,664	■ MonotaRO.com Business: Exceeded plan due to demand surge for petroleum-based products caused by Middle East tension and higher control equipment sales, etc., despite lower-than-planned retention for office supplies and copy paper, and weaker summer product sales due to a shorter hot-weather period. ■ Enterprise Business: Demand for office-related and summer products fell short of plan; new corporate connections and unused site acquisition ran ahead of plan.
					vs Plan	+1.7%	
					Sales Ratio	—	
Gross Profit	81,398	29.8%	84,197	30.3%	Amount (mil.JPY)	+2,799	■ Product GP% increased (+0.5pt.: Higher NB product margins and higher PB ratio driven by increased demand for petroleum-based products, etc.) ■ Other COGS ratio increased (△0.1pt.: higher card payment fees vs. plan, etc.) ■ Royalties on track with plan.
					vs Plan	+3.4%	
					Sales Ratio	+0.5%	
SG&A Exp.	41,667	15.2%	42,135	15.2%	Amount (mil.JPY)	+468	■ Labor Exp. ratio decreased (△0.1pt.: lower part-time wages vs. plan, etc.) ■ Other Exp. ratio decreased (△0.1pt.: lower maintenance and insurance fee ratios, etc.) ■ Outsourcing Exp. ratio increased (+0.1pt.: higher warehouse-related costs, etc.)
					vs Plan	+1.1%	
					Sales Ratio	△0.1%	
Operating Income	39,730	14.5%	42,062	15.1%	Amount (mil.JPY)	+2,332	
					vs Plan	+5.9%	
					Sales Ratio	+0.6%	
Net Income (Tax Rate)	27,055 (31.5%)	9.9%	28,757 (31.3%)	10.3%	Amount (mil.JPY)	+1,702	
					vs Plan	+6.3%	
					Sales Ratio	+0.4%	

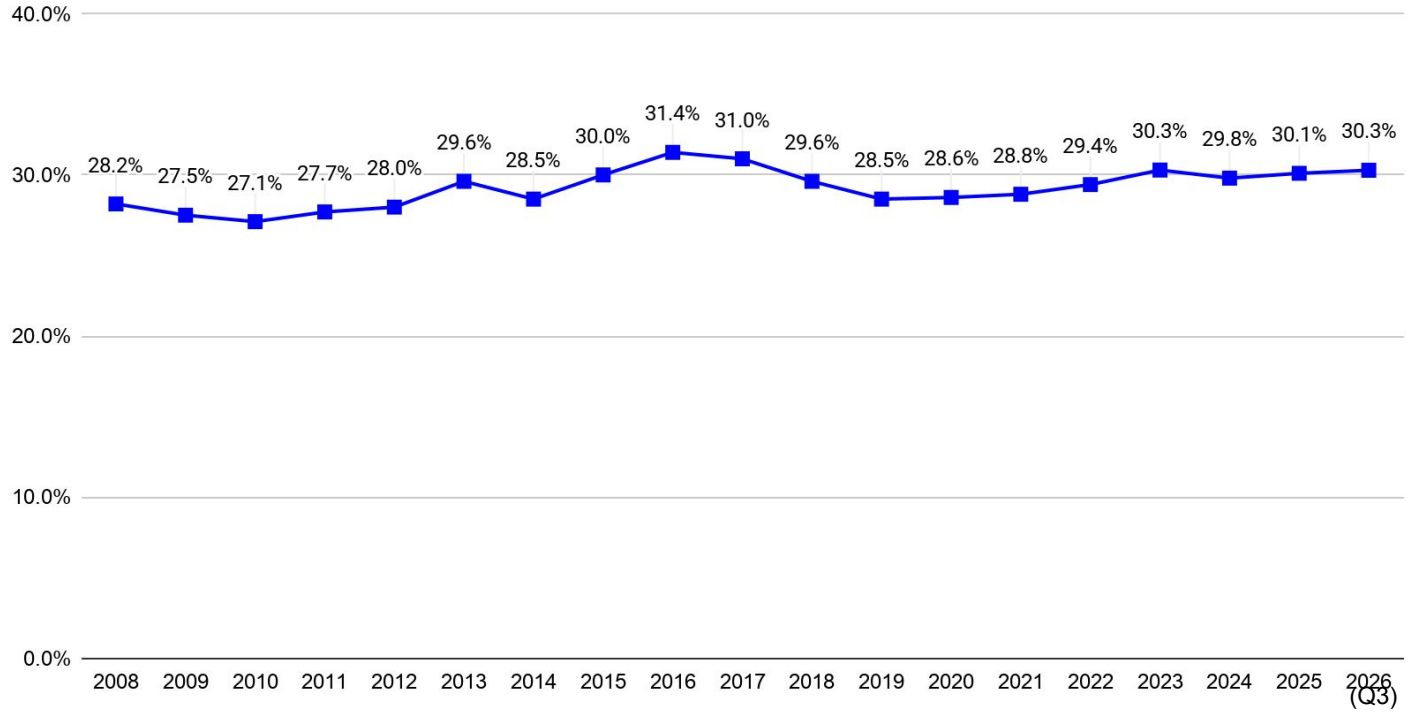
Changes in External Factors and Outlook

- Pullback from advance purchasing of petroleum-based products smaller than anticipated as of Q2
- Sharpening competitive advantage through agile responses to external factors, and turning one-off demand into sustainable growth

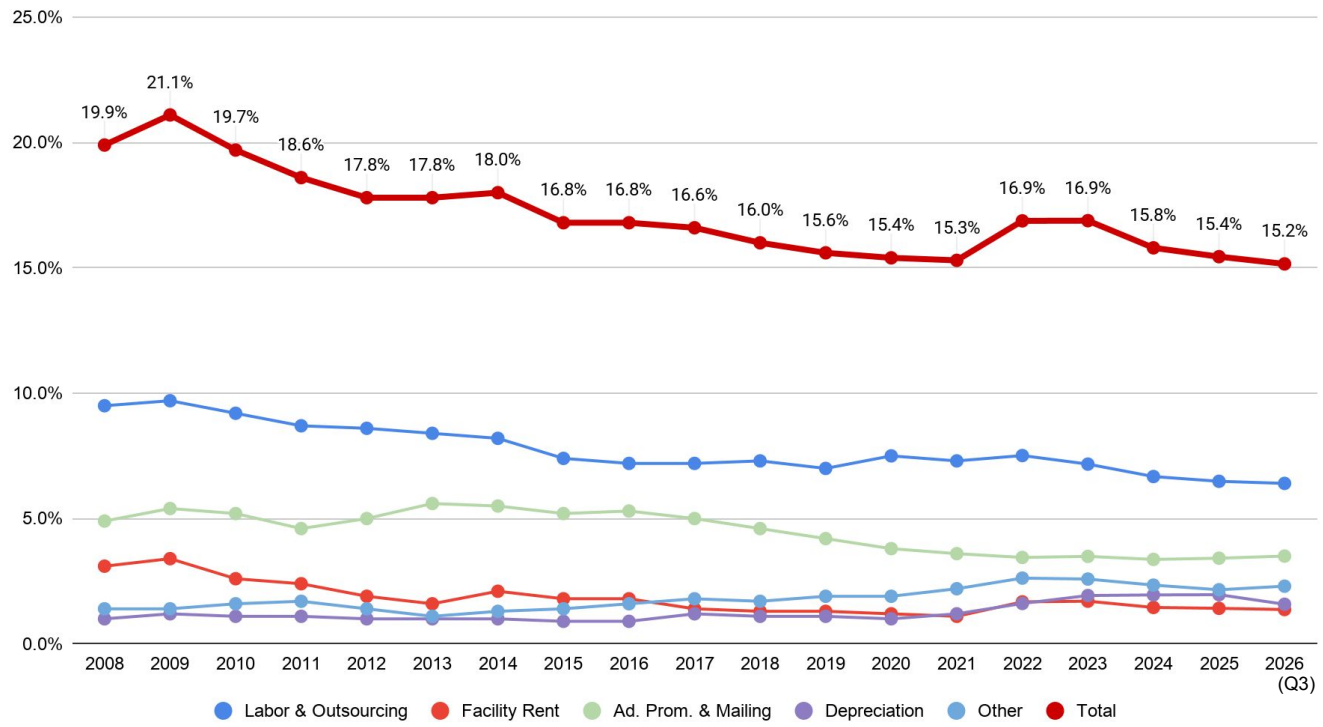
	Initial Plan	Situation through Q3	Outlook
Petroleum-based products	—	• Pullback among "existing customers" (approx. 50% of the demand increase) smaller than anticipated. Part of this demand is attributed to customers switching from other suppliers. • Remaining approx. 50% ("existing customers' new-category purchases + new customers") maintained retention rates above both our expectations and those for office-related products, even as of September, which still included the pullback.	• Retention expected to remain high, as customers shifted their purchasing from offline to online channels. Retention to be confirmed from October onward, after the pullback has run its course.
Office-related products	• Expected Q4 2025 inflow to converge to a certain retention rate by March and continue through fiscal year-end.	• Inflow customers retained at approx. 70% of plan, contributing positively YoY.	• Retention has remained flat since Q2; assume same level going forward.
Summer products	• Expected summer product demand to begin increasing from June.	• Short hot-weather period; below plan.	• Peak season has passed; no recovery to plan expected.
Control equipment	No specific assumptions	• In addition to higher unit prices following price increases by some manufacturers, number of purchasing customers and purchase volume also increased, significantly exceeding prior year.	• Unit price uplift from price increases to continue for the time being. Continue monitoring volume trends.

Non-consol. Progress - Gross Profit Ratio

- **Despite lower royalty income and higher delivery costs, GP ratio exceeded both prior year and plan, driven by higher NB product margins and a higher PB ratio.**



Non-consol. Progress - SG&A Expense Ratio



Expense Breakdown		
	Jan.-Sep. 2025 Result	Jan.-Sep. 2026 Result
Labor	4.2%	3.9%
Outsourcing	2.2%	2.5%
Facility Rent	1.5%	1.4%
Ad & Promotion	3.1%	3.3%
Mailing	0.2%	0.2%
Depreciation	2.1%	1.6%
Others	2.2%	2.3%
Total	15.4%	15.2%

Distribution-related Cost vs. Last Year / vs. Plan

- Distribution-related Cost sales ratio Jan.-Sep. 2026 Result: 5.9%.
  - 0.3pt. lower than Jan.-Sep. 2025 Result.
    - Depreciation expense ratio decreased: △0.2pt. (decrease in cost-to-sales ratio driven by sales growth and higher utilization rate at Inagawa DC)
    - Facility Rent expense ratio decreased: △0.1pt. (decrease in cost-to-sales ratio driven by sales growth and higher utilization rate at Inagawa DC)
    - Labor and outsourcing expense ratio: ±0.0pt. (increase in warehouse staffing costs, etc.)
  - 0.1pt. lower than Plan.
    - Other expense ratio decreased: △0.1pt. (due to timing difference and decrease of maintenance and repair, supplies expenses, etc.)
    - Labor and outsourcing expense ratio: ±0.0pt. (Increase in temporary staffing costs due to estimate variances, etc.)

	Jan.-Sep. 2025 Result		Jan.-Sep. 2026 Plan		Jan.-Sep. 2026 Result			
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YoY	vs Plan
Sales (Non-consol.)	233,276		273,310		277,974		+19.2%	+1.7%
Depreciation	2,642	1.1%	2,524	0.9%	2,546	0.9%	△3.7%	+0.8%
Labor & Outsourcing	6,393	2.7%	7,566	2.8%	7,705	2.8%	+20.5%	+1.8%
Facility Rent	2,764	1.2%	2,967	1.1%	3,015	1.1%	+9.1%	+1.6%
Others	2,792	1.2%	3,293	1.2%	3,164	1.1%	+13.3%	△3.9%
Total	14,593	6.3%	16,351	6.0%	16,432	5.9%	+12.6%	+0.5%

Jan.-Sep. 2026 Non-consol.

Financial Result B/S Outline

	Sep. 2025	Dec. 2025	Sep. 2026	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Assets				
Cash	34,808	46,736	37,012	18.8%
Accounts Receivable	35,695	42,031	37,328	19.0%
Inventory	21,618	21,072	28,957	14.7%
Others	8,741	10,269	10,410	5.3%
Total Current Assets	100,864	120,111	113,707	57.9%
Tangible Fixed Assets	46,910	54,148	60,629	30.8%
Intangible Fixed Assets	7,674	7,614	7,577	3.9%
Investments and Other Assets	12,807	12,419	14,640	7.4%
Total Fixed Assets	67,392	74,182	82,847	42.1%
Total Assets	168,257	194,293	196,554	

	Sep. 2025	Dec. 2025	Sep. 2026	
	mil. JPY	mil. JPY	mil. JPY	Ratio
Liabilities				
Accounts Payable	21,258	24,134	23,286	11.8%
Short-term Debt, etc.	—	—	—	—
Others	13,100	27,587	14,664	7.5%
Total Current Liabilities	34,358	51,721	37,951	19.3%
Long-term Debt	13,000	13,000	28,000	14.2%
Others	3,534	3,548	3,632	1.8%
Total Long-term Liabilities	16,534	16,548	31,632	16.1%
Total Liabilities	50,893	68,270	69,583	35.4%
Net Assets				
Shareholders' Equity	117,336	126,006	126,959	64.6%
Treasury Stock	△876	△876	△5,083	△2.6%
Stock Acquisition Rights	28	16	12	0.0%
Total Net Assets	117,364	126,022	126,971	64.6%
Total Liabilities & Net Assets	168,257	194,293	196,554	

Jan.-Sep. 2026
(Overseas Subsidiaries)
Financial Result Overview

Overseas Subsidiaries Financial Result P/L Outline 1/2

NAVIMRO (South Korea)

- Marketing optimization efforts since last fiscal year have been successful. Sales exceeded both prior year and plan, supported by strong new customer acquisitions and higher repeat rates.
- Formulated and executed strategies tailored to South Korea's unique market environment (e.g., in the testing & research category)

	Jan.-Sep. 2025 Result			Jan.-Sep. 2026 Plan			Jan.-Sep. 2026 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
Sales	6,820	△7.0%	△1.7%	7,210	+5.6%	+6.1%	7,640	+11.9%	+6.0%	+9.1%	+2.8%
Op.Income	10	△117.8%	—	0	—	—	70	+300.0%	—	+287.1%	—
Net Income x Share (*1)	0	△104.0%	—	0	—	—	70	—	—	—	—

MONOTARO INDONESIA (Indonesia)

- Ongoing improvements in repeat rates for existing BtoB customers pushed sales above both prior year and plan.
- Established competitive advantage via tailored initiatives, including in-house delivery and strengthened import channels. Proactive customer acquisition in non-manufacturing sectors has also been successful.

	Jan.-Sep. 2025 Result			Jan.-Sep. 2026 Plan			Jan.-Sep. 2026 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
Sales	1,000	+9.1%	+15.1%	1,310	+30.9%	+30.9%	1,340	+34.0%	+2.4%	+34.0%	+2.4%
Op.Income	△230	—	—	△190	—	—	△280	—	—	—	—
Net Income x Share (*1)	△130	—	—	△190	—	—	△250	—	—	—	—

Overseas Subsidiaries Financial Result P/L Outline 2/2

■ IB MONOTARO (India)
- Improved services, including in-house delivery, drove both new customer acquisition and repeat purchases, with sales exceeding both the prior year and plan.
- Established a competitive advantage through an expanded product lineup, private brand (PB) development, and a proprietary product procurement system. Growth has begun among focus customers (BtoB).

	Jan.-Sep. 2025 Result			Jan.-Sep. 2026 Plan			Jan.-Sep. 2026 Result				
	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	YoY (Local Currency)	Amount (mil.JPY)	YoY	vs Plan	YoY (Local Currency)	vs Plan (Local Currency)
Gross Merchandise Value (*2)	600	△38.6%	△34.7%	660	+9.5%	+8.8%	630	+5.4%	△3.7%	+6.6%	△2.0%
Sales (*2)	460	△34.1%	△29.9%	480	+4.5%	+3.9%	500	+7.9%	+3.2%	+9.1%	+5.0%
Op.Income	△650	—	—	△600	—	—	△630	—	—	—	—
Net Income x Share (*1)	△380	—	—	△340	—	—	△420	—	—	—	—

*1: Calculated by multiplying Net Income by Share Ratio at end of each fiscal year for reference.
*2: Only commission portion of sales by sellers in marketplace is recognized as sales.
* : Sales and profit/loss less than 10 million JPY are rounded down as shown in explanation material in Japanese language.

Jan.-Sep. 2026
Business Plan & Strategy

Consolidated P/L Plan Outline

	2025 Result		2026 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YoY
Sales	333,880		381,379		14.2%
Gross Profit	99,636	29.8%	113,035	29.6%	13.4%
SG&A Exp.	53,443	16.0%	59,966	15.7%	12.2%
Operating Income	46,192	13.8%	53,069	13.9%	14.9%
Current Income	46,057	13.8%	52,789	13.8%	14.6%
Net Income (Tax Rate)	31,979 (30.5%)	9.6%	35,895 (32.0%)	9.4%	12.2%
Net Income attributable to owners of the parent	32,434	9.7%	36,180	9.5%	11.5%

*: If latest consolidated financial forecast is expected to deviate from previously disclosed forecast by any of the following ranges, revised forecast will be disclosed.
Sales (consolidated): ±5% • Operating Income (consolidated): ±10% • Current Income (consolidated): ±10% • Net Income Attributable to Owners of Parent: ±10%

Non-consol. P/L Plan

	2025 Result		2026 Plan		
	Amount (mil.JPY)	Sales Ratio	Amount (mil.JPY)	Sales Ratio	YoY
Sales (*1)	322,814		368,849		14.3%
Enterprise Bus. (*1)	106,310	32.9%	127,985	34.7%	20.4%
Gross Profit	97,243	30.1%	110,069	29.8%	13.2%
SG&A Exp.	49,864	15.4%	55,840	15.1%	12.0%
Operating Income	47,379	14.7%	54,228	14.7%	14.5%
Current Income	47,406	14.7%	53,869	14.6%	13.6%
Net Income	32,659	10.1%	36,978	10.0%	13.2%
(Tax Rate)	(29.6%)		(31.3%)		

Overseas Subsidiaries Plan

NAVIMRO (South Korea)

	2025 Result			2026 Plan		
	Amount (mil. JPY)	YoY	YoY (Local Currency)	Amount (mil. JPY)	YoY	YoY (Local Currency)
Sales	9,220	△7.3%	△2.1%	9,900	+7.4%	+7.4%
Op. Income	0	—	—	30	+836.4%	+836.4%
Net Income × Share (*1)	0	—	—	30	—	—

MONOTARO INDONESIA (Indonesia)

	2025 Result			2026 Plan		
	Amount (mil. JPY)	YoY	YoY (Local Currency)	Amount (mil. JPY)	YoY	YoY (Local Currency)
Sales	1,400	+10.8%	+16.9%	1,890	+35.2%	+35.2%
Op. Income	△300	—	—	△240	—	—
Net Income × Share (*1)	△170	—	—	△240	—	—

IB MONOTARO (India)

	2025 Result			2026 Plan		
	Amount (mil. JPY)	YoY	YoY (Local Currency)	Amount (mil. JPY) (*3)	YoY	YoY (Local Currency)
Gross Merchandise Value (*2)	790	△39.0%	△35.9%	920	+17.0%	+17.0%
Sales (*2)	600	△35.1%	△31.7%	690	+13.6%	+13.6%
Op. Income	△860	—	—	△790	—	—
Net Income × Share (*1)	△510	—	—	△450	—	—

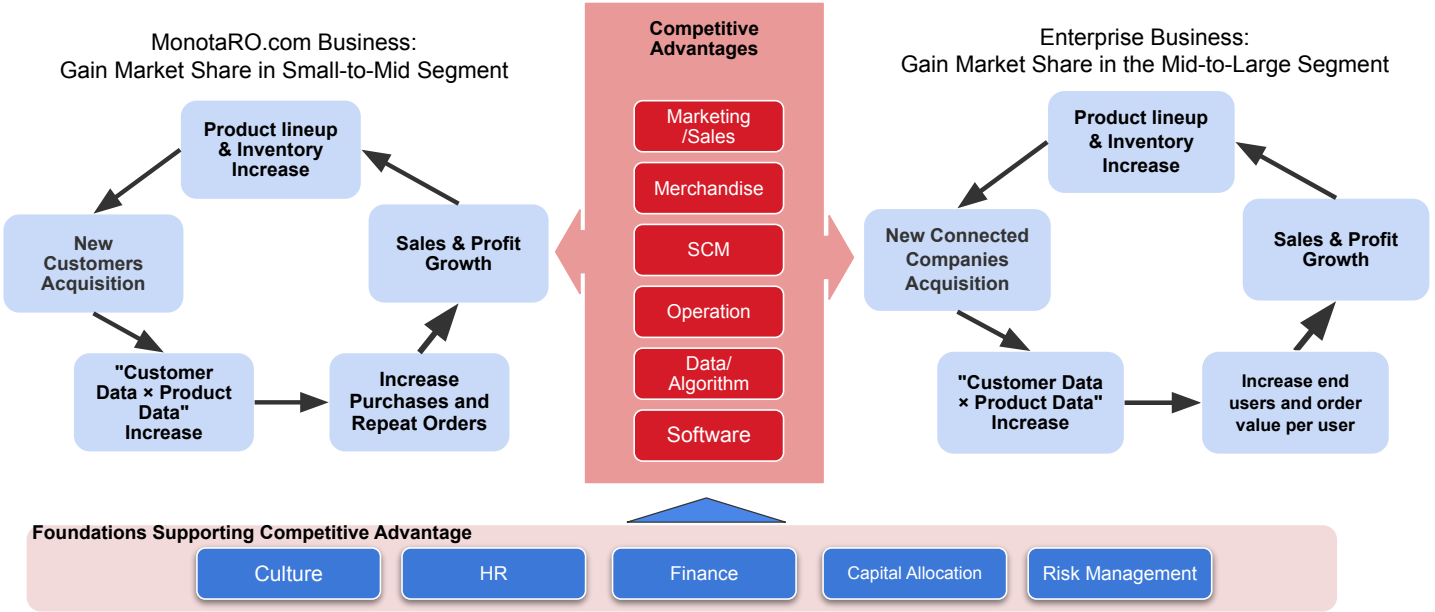
*1: Calculated by multiplying Net Income by Share Ratio at the end of each fiscal year for reference.
*2: Only commission portion of sales by sellers in marketplace is recognized as sales.
*3: Exchange rate is corrected from “Presentation Material for FY2025 Results”

Our Business Model and Financial Target

Corporate Mission

To Innovate Business Procurement Network

Business Strategy & Competitive Advantage



Financial Targets (Mid-Long Term)

Restore 15%+ sales growth and more than double our approx. 3%* market share.
Achieving profit growth that outpaces revenue growth.

*as of 2024

Domestic Business: MRO Market Trends and Our Positioning

Updates in Q3 2026

- Progress in continued purchasing by customers acquired through our “assortment” and “stable supply”, and in site development in Enterprise Business. Improvement measures are underway for office-related products.

Customer Size (Market Size)	Est. MonotaRO Market Share (2025)	Sales Share (2025) ( ): YoY change	Sales Growth (2025) ( ): YoY change	Enterprise Business number of connected companies (*1, 2) End of Sep. 2026	Progress in Jan.-Sep. 2026
Micro	—	9% (△1%)	7% (+6%)	-	
Small approx. 4.6 mil. corps. (approx. 1.5 to 2.5 tril. JPY)	3.3~5.5%	39% (±0%)	15% (+5%)	-	• Promoted measures to encourage new-category purchases by existing customers (enhanced internet advertising from Aug., catalogs in Mar. and Sep., top page renewal in Jun.) • AI agent beta (launched Apr.): user base expanding through testing.
Mid approx. 66 thou. corps. (approx. 1.5 to 2.5 tril. JPY)	2.8~4.8%	22% (±0%)	16% (+1%)	Approx. 3,950 vs. end of Dec. 2025: +approx. 450	• New connections driven by expansion of sales resources are tracking ahead of last year's pace.
Large approx. 6.6 thou. corps. (5 to 6 tril. JPY)	1.6~1.9%	30% (+1%)	24% (△1%)	Approx. 2,000 vs. end of Dec. 2025: +approx. 200	• Standardizing sales activities drove expansion into large unused sites ahead of plan. • Y2 ramp-up for companies acquired in 2025 fell below plan ⇒ Utilize site penetration expertise for onboarding.
Total (8 to 10 tril. JPY)	3.2~4.0%	-	16.9% (+3.4%)		• Pullback from advance purchasing of petroleum-based products smaller than anticipated; retention of new customers and existing customers’ new-category purchases exceeded both our expectations and those for office-related products. • Retention of office-related categories among customers acquired in Q4 2025 was approx. 70% of plan ⇒ improving product lineup, site experience, etc. • Launched the “Preferred Delivery Date Service” that lets customers choose the delivery date when ordering (Aug.), followed by the “Delivery Day Preference Service” in Oct.

*1: Connected Companies (Enterprise Business): Number of delivery-destination entities connected via MonotaRO ONE SOURCE Lite or MonotaRO PunchOut with 5+ registered end users
*2: Updated segment classification of connected enterprises to reflect latest status. As of end-December 2025, connected enterprises numbered 3,481 in Mid and 1,787 in Large.

Status of initiatives to expand share in the Large segment

- **Expanding across diverse industries and sites through our strengths in assortment, lead time, and system usability**
- **Significant upside remains in site penetration and usage rates**
- **Rolling out sales, marketing, and service development based on LTV by industry and site type**

Overview of Large market and site penetration in Enterprise Business

		Large Market			Our Situation					
		No. of Companies (approx.)	No. of Sites (approx.)	Market size	No. of connected companies (approx.)	Target Sites (Approx.)	Sales 2025 (Approx.) YoY(Approx.)	Sales per Site	Room to expand no. of sites	Room to expand users per site
Manufacturing	Large sites *2	1,600	13k	¥1.8T+	850	6k	¥34B (30%)	Large –XL	Mid	Large
	Sites except above		110k	¥1.1T+		62k	¥9B (20%)	Small –Mid	Large	Small –Mid
Non-manufacturing *1	Large Site	5,100	16k	¥1.2T+	1,100	5k	¥6B (25%)	Large –XL	Mid	Large
	Sites except above		900k+	¥0.6T+		220k	¥26B (25%)	Small –Mid	Large	Small –Mid
		6,700	1.1M	¥5.1T+	1,950	300k	¥75B (25%)			

Current focus areas

Expanding site penetration through sales activities.

- Started full-scale standardization of proactive site-level sales activities to increase awareness and support onboarding from Q3 2025 for large sites with high LTV.
- Made progress in standardizing playbook for activating unused large sites, and sales productivity has also improved.
  Started initiatives to develop low-penetration sites.

To drive further growth

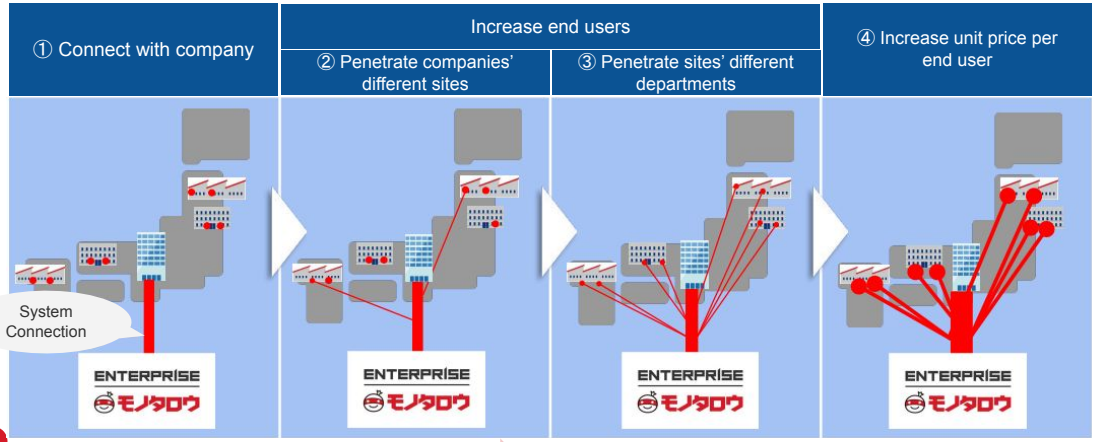
Deepen industry/customer understanding and build foundation for growth.

- Research and evaluation of sales and marketing initiatives based on understanding of industry & site characteristics and LTV.
- Development of services, products & data platform tailored to each industry, site and department.

*1: Non-manufacturing consists primarily of construction, transportation/logistics, and services.
*2: Large sites include factories, R&D centers/labs, and power plants, among others.

Initiatives to increase usage penetration at large sites in Large market

- **Advancing standardization of sales activities to raise penetration within enterprise customers**
- **2026 focus area: penetration of unused large sites at companies already able to use our services**



- Large segment: Large-site composition of existing customer companies (approx. 10,000 sites total)

Unused sites approx. 50%	Low-penetration sites (*1): approx. 42%	Medium-to-high penetration sites approx. 8%

- Revenue mix for these sites (*2)

Low-penetration sites (*1): approx. 30%	Medium-to-high penetration sites approx. 70%

*1: Large sites where our estimated share of the site's indirect materials spend is under 1%
*2: 2025: approx. 40.0 bil. JPY

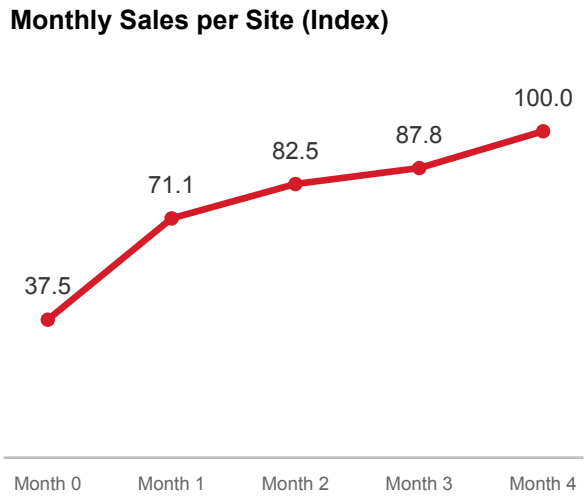
Usage penetration activities at large sites in Large market

- **Standardized countermeasures to site-sales challenges are driving activation of unused sites at faster pace and higher productivity than planned**
- **After activation, site sales show growth in number of users and orders, contributing to future sales growth acceleration**
- **Going forward, we will roll out “activation of unused sites” and standardize development of “unused departments”**

Site sales challenges, countermeasures and progress

Previous challenge	Countermeasures / progress
Low accuracy of internal site-level data makes targeting difficult	Integrated market data with internal data to improve accuracy, calculated LTV of site activation, and identified priority targets
Low clarity on “why they don’t use us”	Most reasons for non-use are “lack of awareness of our services” and “effort to change workflows within the site” Confirmed that sales support from building awareness through introducing purchasing flow can resolve these
Site sales framework not yet established	Developing phase management and supporting best-practice sharing Introduced group-wide morning meetings, more than doubling sales touchpoints

Build-up of site sales after activation*

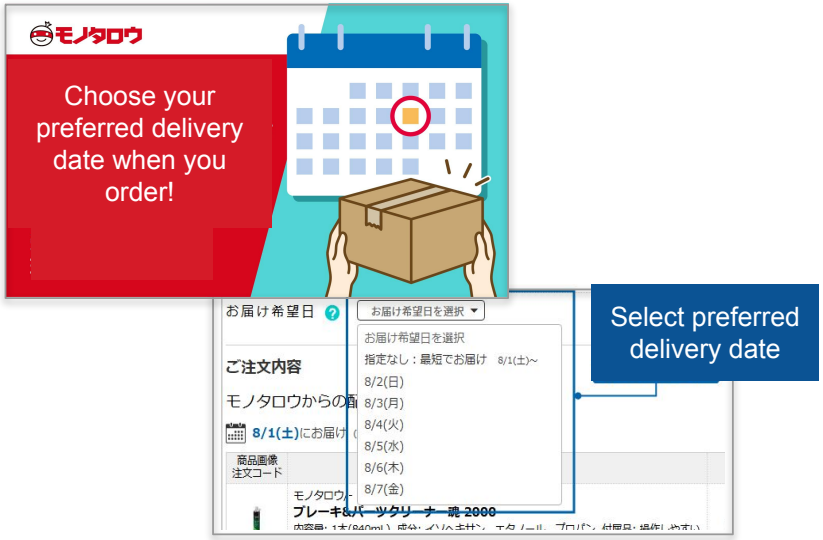


*: Typical sites, average by months elapsed
Indexed: Month 4 = 100; Month 0 = before activation

Enhancing shopping experience to expand wallet share

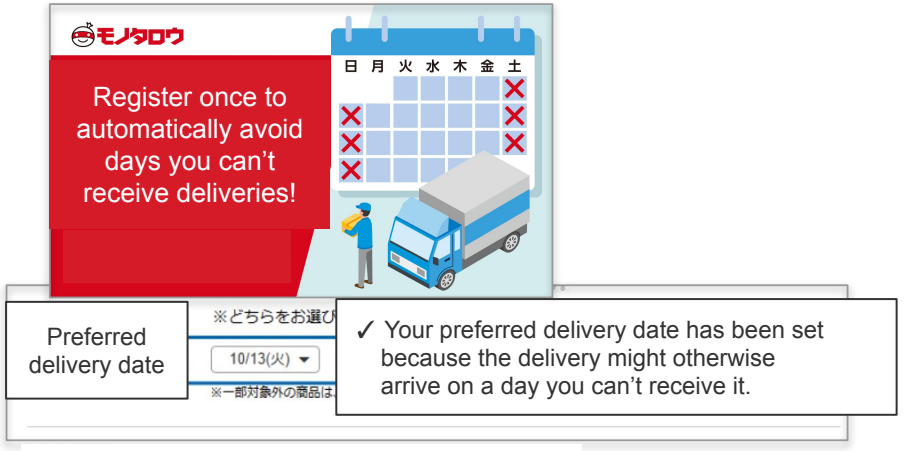
■ Preferred Delivery Date Service (from August)

- Launched “Preferred Delivery Date Service”*, which allows customers to specify receipt date when ordering, meeting BtoB-specific need for planned procurement of materials
- Well received by customers since launch, and we aim to raise awareness further



■ Delivery Day Preference Service (from October)

- Also launched “Delivery Day Preference Service”*, which automatically avoids days of week when deliveries cannot be received, with one-time registration per delivery address
- Developed after usage analysis of Preferred Delivery Date Service showed that most BtoB customers specified “Monday of following week”



We will keep raising awareness to further improve customer convenience

*: Eligible channels: Preferred Delivery Date = MonotaRO.com, MonotaRO ONE SOURCE Lite; Delivery Day Preference = MonotaRO.com (PC version)

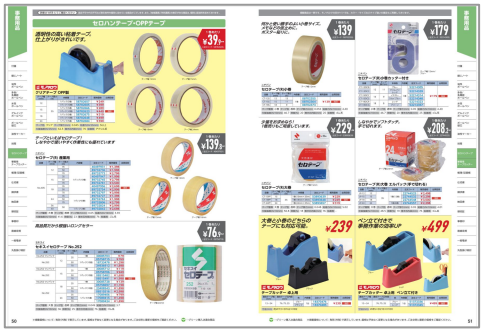
Promoting new-category purchases to expand wallet share

Paper Catalog

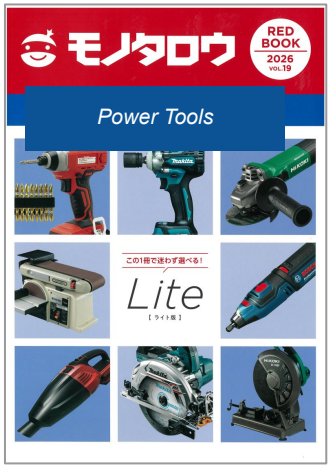
- Based on analysis showing that new-category purchases by existing customers contribute to LTV growth, published catalogs for first time since 2022 (Mar.: Office Supplies, Lighting, Cleaning Supplies, and Daily Essentials; Sep.: Power Tools)
- New-category purchases increased among recipients for both the Office Supplies and Power Tools editions
- Plan to continue publishing in FY2027 with expanded categories

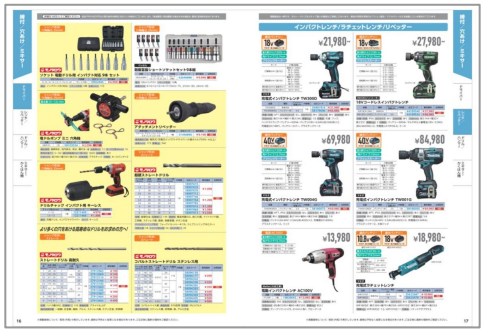
Office Supplies, Lighting, Cleaning Supplies, and Daily Essentials





Power Tools





Our Competitive Advantage in the AI Era

Integrating AI into innovation of business procurement network

Strengthening competitive foundation

Differentiating via product range and stock availability

- Long-tail products
- Private Brand
- Number of same-day shipping items

Data foundation based on integration of product information and customer operations data

- Structuring information by customer operations and tasks
- Integration with product information and purchase history
- Enabling optimal product selection and suggestions based on business understanding

Improving operational productivity

Enhancing software development productivity

- All engineers are already using AI tools for development
- We will transform development process to be AI-centric moving forward

Improving internal operational productivity

- Implementing AI agents for call centers. AI now handles 42% of the operations in targeted area
- Expanding AI utilization to Sales, Marketing, and Merchandising

Enhancing value proposition

Enhancing purchasing decision-making (AI Purchasing Agent) (to be launched in 2026)

- Optimized product recommendations based on business operations and tasks
- Decision support leveraging historical purchase and similarity data

Automating and integrating customer business processes

- Evaluating value of shortening procurement processes via project management app "KANNA"

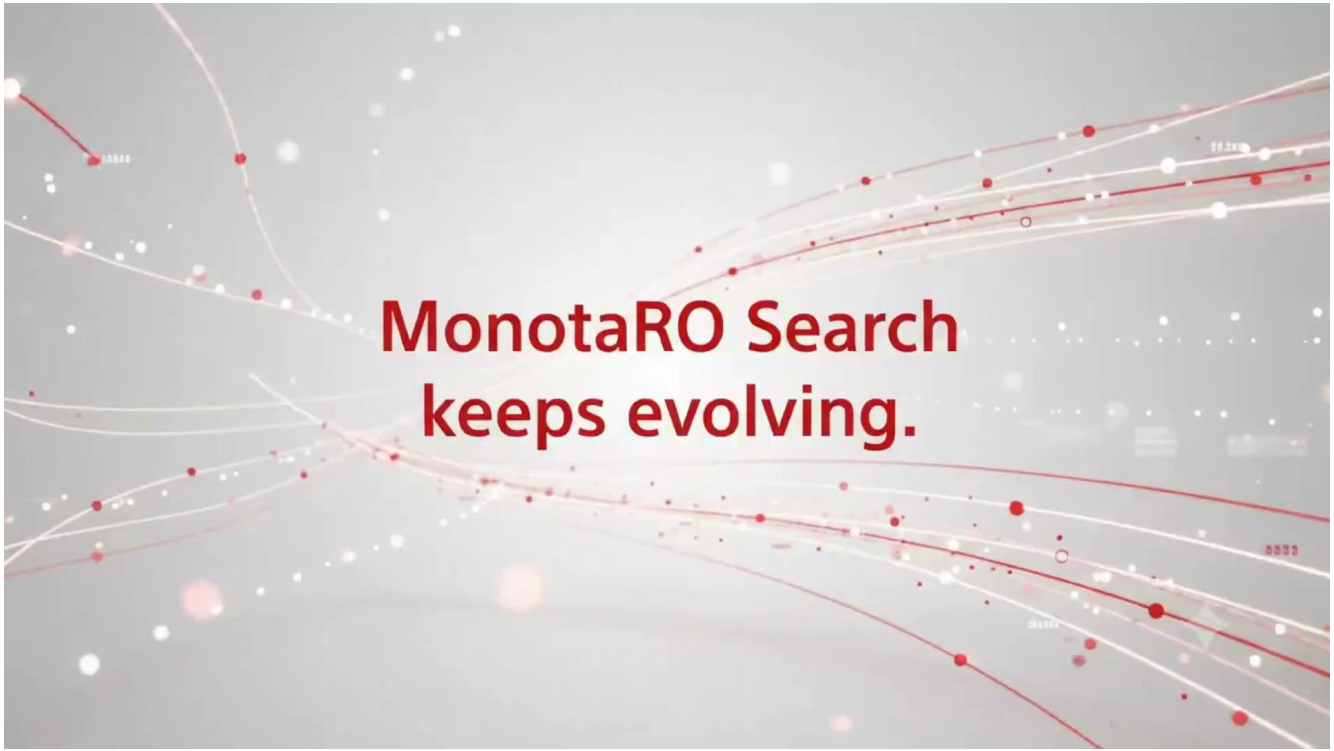
Product search advantage that stays relevant in the AI era

	Structured data on over 28 million items	+	High-precision search system	+	Vector search (introduced Nov. 2024)
Advantage	Data structured around customers' desired specs enables product filtering		• Optimizes search results based on past purchase and industry information		• Supports fuzzy natural-language search even without keyword matches
Details	Structured product data supports customers in narrowing down products Keyword: Work gloves Filter elements: Gauge, size, pack quantity; Color, features, mass (g/dozen); Thickness (cm), length (cm); Country of origin, brand; Eco-friendly products; Reviews, price; Estimated shipment **Gauge number**: ☐ 7 (361) ☐ 8 (51) ☐ 10 (236) **Features**: ☐ **Touch panel compatible (8)** ☐ **Stretchability and Flexibility (139)** ☐ **Low dust generation (15)**		• Even for same keyword, display order differs by user's industry Keyword: Gloves Medical users →  Manufacturing users →  • Supports specialist terms and industry jargon not in the product master Keyword: "Neko" (cat)  Wheelbarrow		• Improved search hit rate: **zero-result searches down approx. 70%** **Before**  White line on factory floor **After**  White line on factory floor

Becoming even more trusted in the AI era

Building advantages to be even more trusted in the AI era

- **MonotaRO AI (AI Purchasing Agent) Video**



Watch the video here: https://youtu.be/vLQYKtGwi5Q

AI Purchasing Agent: Value and Expected Business Impact (1)

■ Presents “the usual” items from purchase history, even from vague requests



Value proposition	Expected business impact
● Better product search experience ・Handles vague searches, such as by intended use ・Handles vague searches for reorders ・Faster search for substitute and compatible products	● Repeat purchase frequency ↑ ● New category purchases ↑

AI Purchasing Agent: Value and Expected Business Impact (2)

■ Just enter a task to get the materials you need across categories

I want to gather the necessary items to repaint a truck bed black.

(1) Surface preparation (polishing old paint films and rust)

• This is a water-resistant cloth paper that can be used for removing rust and old paint film, as well as for foot installation.



Polishing Cloth Sheet
モノタロウ
¥299～
Same-day

(2) Rust prevention (primer)

• A spray that applies directly over rust, allowing you to prevent rust and apply a top coat simultaneously. It's an easy-to-use option for repairing cargo beds.



Oil-based high-durability spray for steel parts
Asahipen
¥1,698～
Same-day

(3) Black topcoat paint

• This oil-based black paint for the chassis is suitable for painting the entire cargo bed black. It is also used for rust prevention on undercarriages and under the cargo bed.



Chassis Black Oil-Based Spray Type
モノタロウ
¥389～
Same-day

(4) Masking and Protection

• Masker with fabric tape to protect areas that do not need to be blackened. Comes with a corona treatment to prevent paint splatter.



Masker with Cloth Tape Corona Treatment (Green)
モノタロウ
¥119～
Same-day

(5) Painting tools

• This is an interior urethane roller that blends well with the uneven surface of painted surfaces.



Honshoku Roller (Special Urethane)
KLASS (Class / Formerly:
¥2,998～
Same-day

Value proposition	Expected business impact
• More efficient purchasing process ・Lists the products needed for each use case ・One-stop purchasing with no missed replenishments ・Bundled suggestions across multiple categories	• Items per order / AOV ↑

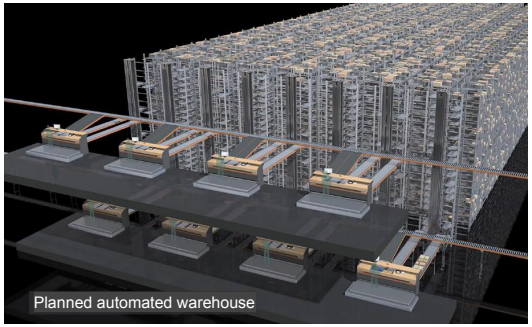
Mito DC: Plan and Progress

Overview of Mito DC

Floor(s)	4 floors
Total Floor Area	approx. 74,000 ㎡
Inventory Capacity	500 thou. SKU
Shipping Capacity	300 thou. line/day (×3 productivity per capita of Kasama DC)
Start of construction	May 2025
Completion of construction	May 2027 (planned)
Start of operations	May 2028 (planned)
Investment amount	51.3 bil. JPY
Assets	Ownership of all DC assets (land, buildings, material handling equipment, etc.)

Mito DC Progress Status

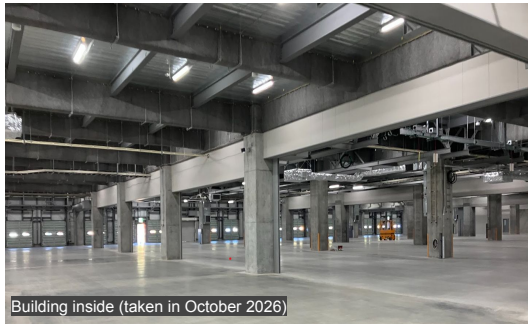
- Groundbreaking ceremony held in May 2025, construction started
- Structural frame and exterior work completed. Interior (walls, ceilings), building services (piping, etc.), office building, and exterior paving work underway; overall progress remains on schedule.


Planned automated warehouse


Aerial photo (taken in October 2026)



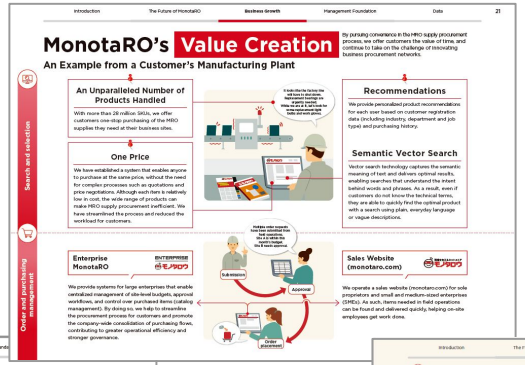
Planned shuttle (transport device)

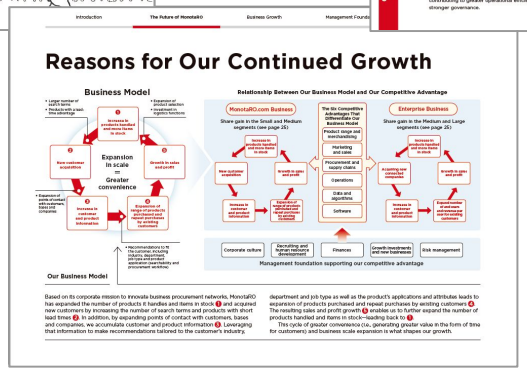

Building inside (taken in October 2026)

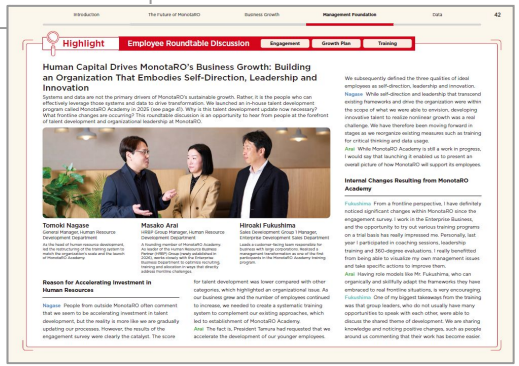
Integrated Report

- Disclosed “Integrated Report 2026” in Japanese and English simultaneously on July 30, 2026
  - Reorganized our updated business model and “6 Core Competitive Advantages,” and presented our path to growth
  - Under the concept of “a report that shows more of ‘everyone’s faces,’” featured more faces and voices of customers, employees, and outside directors
  - Also covered our initiatives in Enterprise Business, AI, logistics, and overseas businesses









Sustainability

External ESG Evaluation

Main external evaluations (global)

MSCI ESG RATINGS	A
FTSE ESG Score	3.5
CDP Score	B-Rating
Rated MORNINGSTAR SUSTAINALYTICS	Medium Risk

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Main index inclusion

MSCI

- MSCI Japan ESG Select Leaders (selected by GPIF)
- ACWI IMI
- JAPAN EMPOWERING WOMEN (WIN) (selected by GPIF)
- WORLD SMALL CAP SCREENED
- WORLD SMALL CAP ESG ENHANCED CTB
- WORLD SMALL CAP LC SCREENED SEL

FTSE

- FTSE JPX Blossom Japan Index (selected by GPIF)
- FTSE JPX Blossom Japan Sector Relative Index (selected by GPIF)
- FTSE4Good Index Series

JPX / Nikkei

- JPX Prime 150 Index
- JPX-Nikkei Index 400
- Nikkei Consecutive Dividend Growth Stock Index

Main external evaluations (domestic)

Platinum Eruboshi certification

Awarded "Platinum Eruboshi" certification by the Minister of Health, Labour and Welfare. This certification recognizes companies with outstanding performance in implementing action plans and achieving targets under the Act on the Promotion of Female Participation and Career Advancement in the Workplace (certified in 2026).

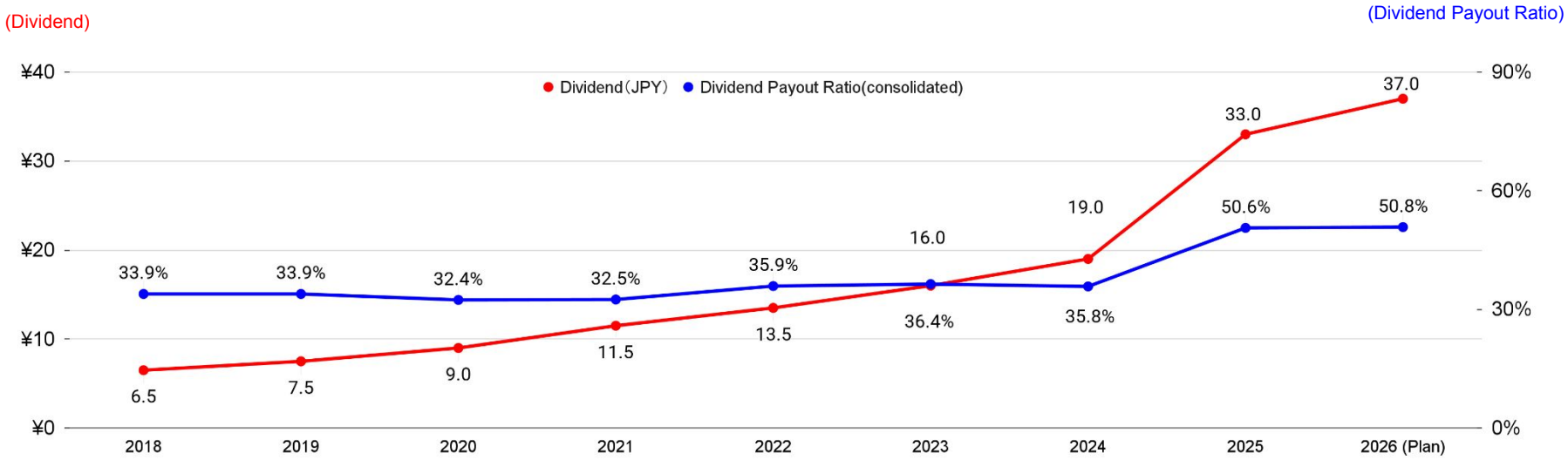
Platinum Kurumin certification

Awarded "Platinum Kurumin" certification by the Minister of Health, Labour and Welfare as an outstanding "Childcare Support Employer." This recognition is based on the Act on Advancement of Measures to Support Raising Next-Generation Children (certified in 2025).

Shareholder Return

Dividend

- Dividend
  - Dividend Policy: Aiming to maintain dividend payout ratio of 50% or higher based on net income attributable to owners of the parent.
  - 2025 Dividend (actual): 33.0 JPY/share (Interim: 15.0 JPY/share actual; Year-end: 18.0 JPY/share actual).
  - 2026 Dividend (plan)　: 37.0 JPY/share (Interim: 18.0 JPY/share actual; Year-end: 19.0 JPY/share plan).



Reference

Business Overview, Features, and Differentiation Strategies

- Corporate Mission
  - To innovate business procurement network
- Main Business
  - Electronic Commerce of indirect materials for factories, construction work, and automotive related businesses. (over 29,700 thou. SKU, including approx. 831 thou. SKU available for same-day shipment and approx. 793 thou. SKU in stock).
- Features of Products for Sale

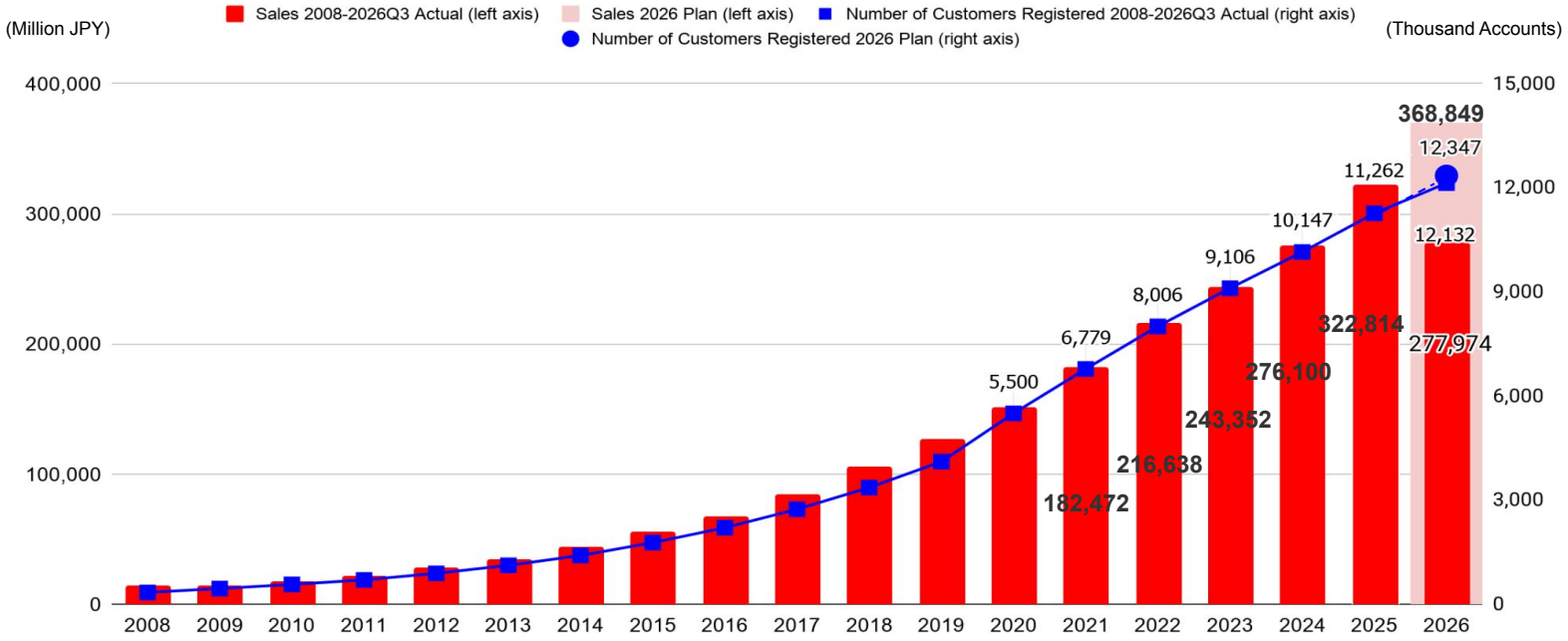
・Variety of products, convenience is more important than price for customers.

- Number of Employees (consolidated, as of Sep. 30, 2026)

	Regular employee		Part-time and temporary employee		Total	
Head Office, etc. (MonotaRO JPN)	1,340	(808)	477	(438)	1,817	(1,246)
Distribution Center (MonotaRO JPN)	260	(198)	1,656	(1,537)	1,916	(1,735)
Total (MonotaRO JPN)	1,600	(1,006)	2,133	(1,975)	3,733	(2,981)

- Main Competitors
  - Door-to-door tool dealers, hardware stores, auto parts dealers, Internet shopping sites, etc.
- Main Customer Base
  - Manufacturing, construction/engineering, automotive related, etc.
- Market Size
  - 8 to 10 trillion JPY
- Business Strategy
  - Gaining market share through pursuit of customer convenience by enhancing our competitive advantages: merchandising, marketing/sales, supply chain, operations, software, data/algorithms.

Progress - Sales & Customer



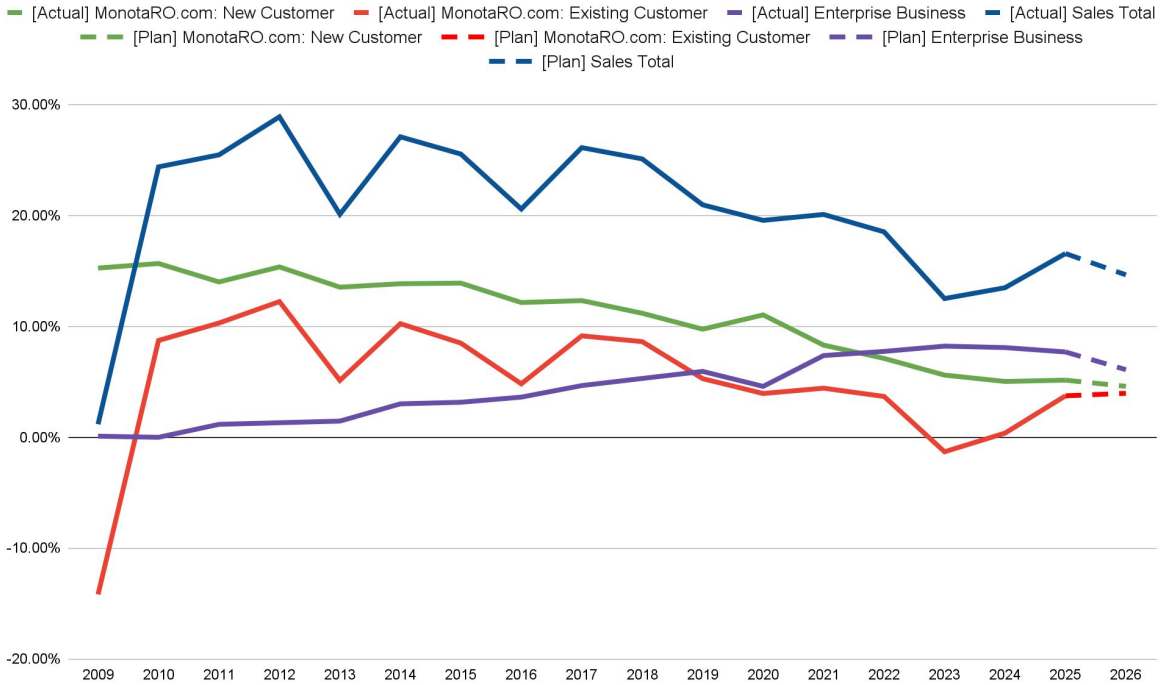
	Dec. 2025		Sep. 2026		Dec. 2026 (Plan)	
Number of Registered Customers (thousand accounts)	11,262	1,114	12,132	870	12,347	1,085
		(vs. Dec. 2024)		(vs. Dec. 2025)		(vs. Dec. 2025)

Value Proposition and Business Expansion

■ Value Proposition: To provide value of time through pursuing customer convenience for indirect materials procurement

Business	Customer Segment	Service	Value Proposition by Channel
MonotaRO .com Business	**Micro** Sole Proprietorship, General Consumers, Other	現場を支えるネットストア モノタロウ Support front-line workers to get things done	Sales website monotaro.com 現場を支えるネットストア モノタロウ **Online shopping site supporting front-line operations** ● Ready for anyone to start today - Product range - Searchability - Fast delivery
	Small Legal entity with sales <¥2 bil. Market size: ¥1.5 to 2.5 tril. Companies: 4.6 mil. corps.		Companies that have not yet implemented procurement management systems モノタロウ Lite ONE SOURCE **First step to smart procurement** ● Easily centralize MRO procurement ● Visualize and streamline procurement with MonotaRO, which front-line workers are familiar with
	Mid Legal entity with sales <¥30 bil. Market size: ¥1.5 to 2.5 tril. Companies: 66 thou. corps.		
Enterprise Business	**Large** Legal entity with sales ≥ ¥30 bil. Market size: ¥5 to 6 tril. Companies: 6.6 thou. corps.	ENTERPRISE モノタロウ Support overall organization to get things done	Companies that have already implemented procurement management systems モノタロウ PunchOut+ **Seamlessly centralize procurement just by connecting** ● Connect procurement system with MonotaRO's robust purchasing infrastructure ● Consolidate indirect procurement to streamline organizational operations

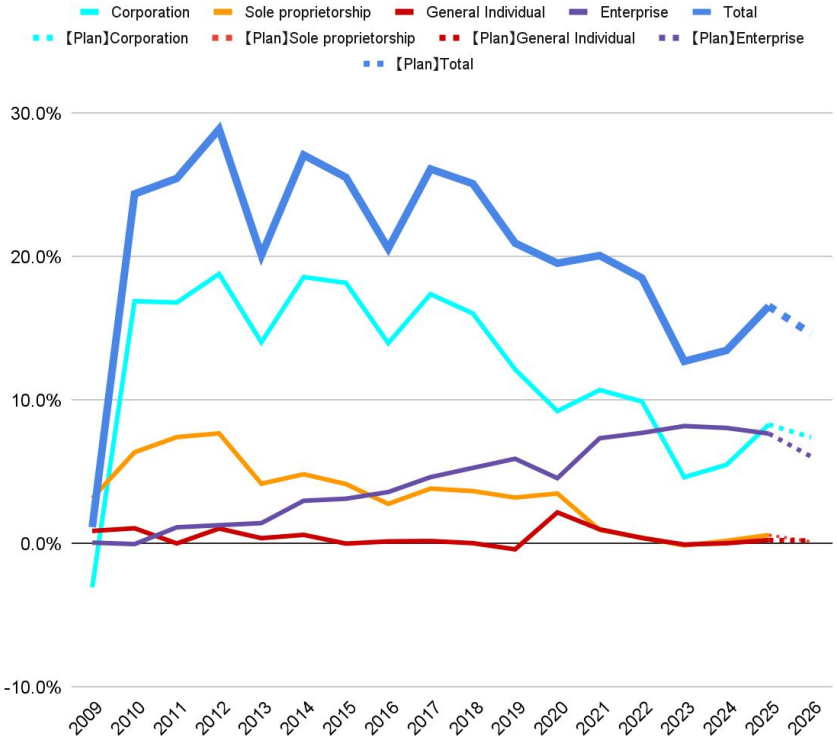
Non-consol. Fiscal Yr. Sales Growth (Service Channel Contribution)



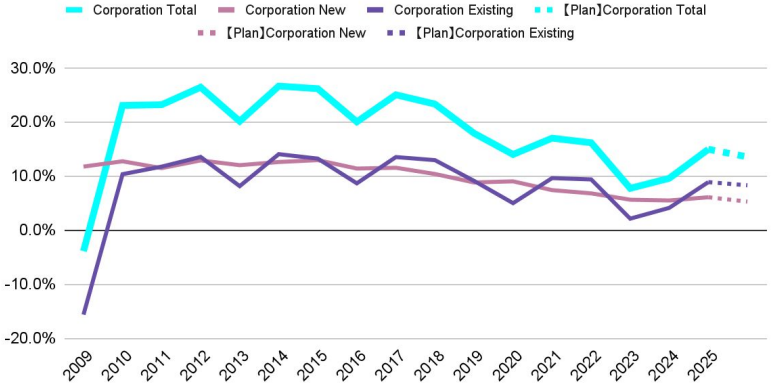
*: Fiscal year contributions of every channel to total sales growth from previous year are organized and shown based on status as of end of 2025.
*: “MonotaRO.com: New Customer” indicates contribution of sales from customers acquired each fiscal year, and “MonotaRO.com: Existing Customer” indicates contribution of sales from customers acquired before corresponding year.
*: Previously, orders placed via monotaro.com by customers of Enterprise Business were classified as sales of "Enterprise Business” (due to past sales management classifications), but from 2024 disclosure materials, they are reclassified as sales of "MonotaRO.com" following accounting system replacement in 2023 (impact on growth rate is negligible).

Non-consol. Sales Growth Contrib. (Corp. New & Existing)

Sales Growth Rate Breakdown

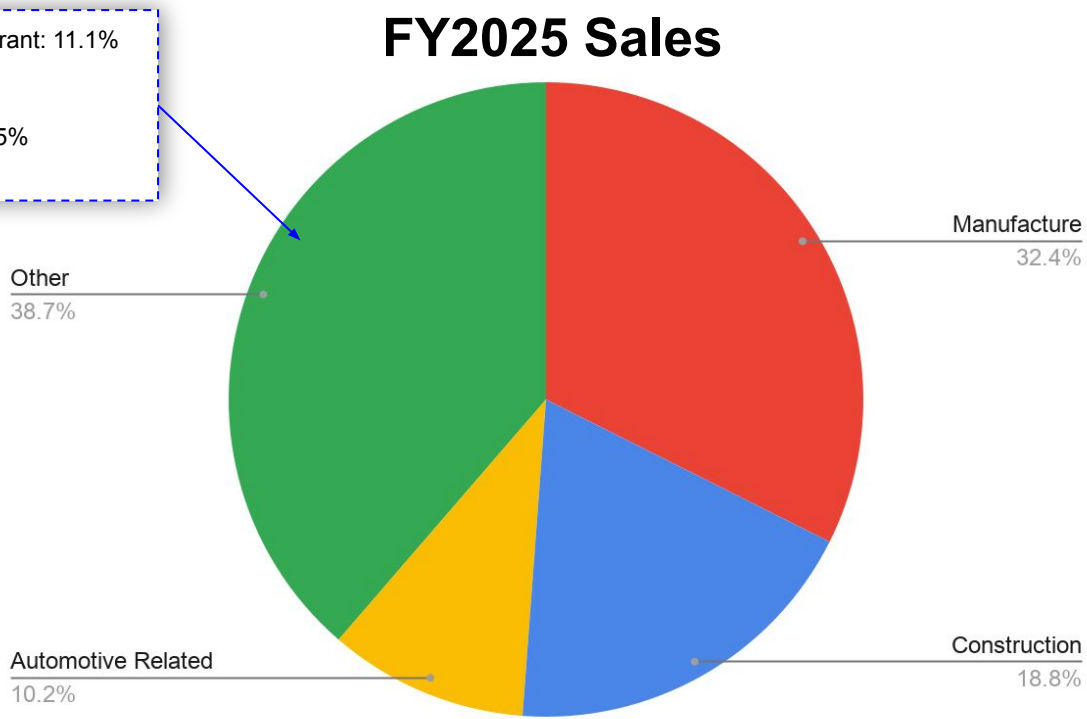


Sales Growth of monotaro.com Corp. Customer
(Contributions of New and Existing Customers)



Non-consol. MonotaRO.com Customer Demographics

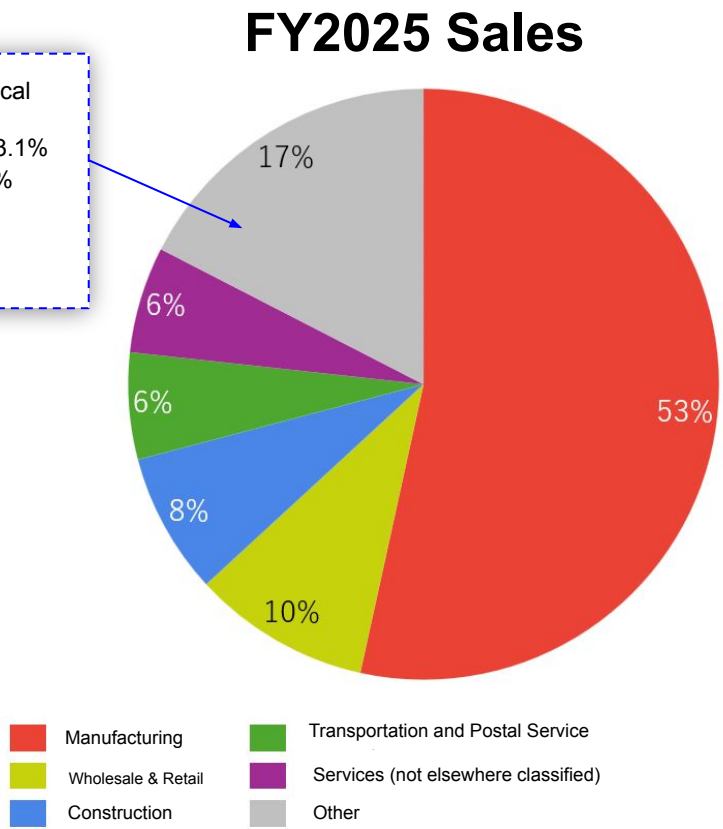
- Wholesale, Retail, Restaurant: 11.1%
- Education: 2.5%
- Agriculture: 2.2%
- Social security/welfare: 1.5%
- Medical: 1.4%



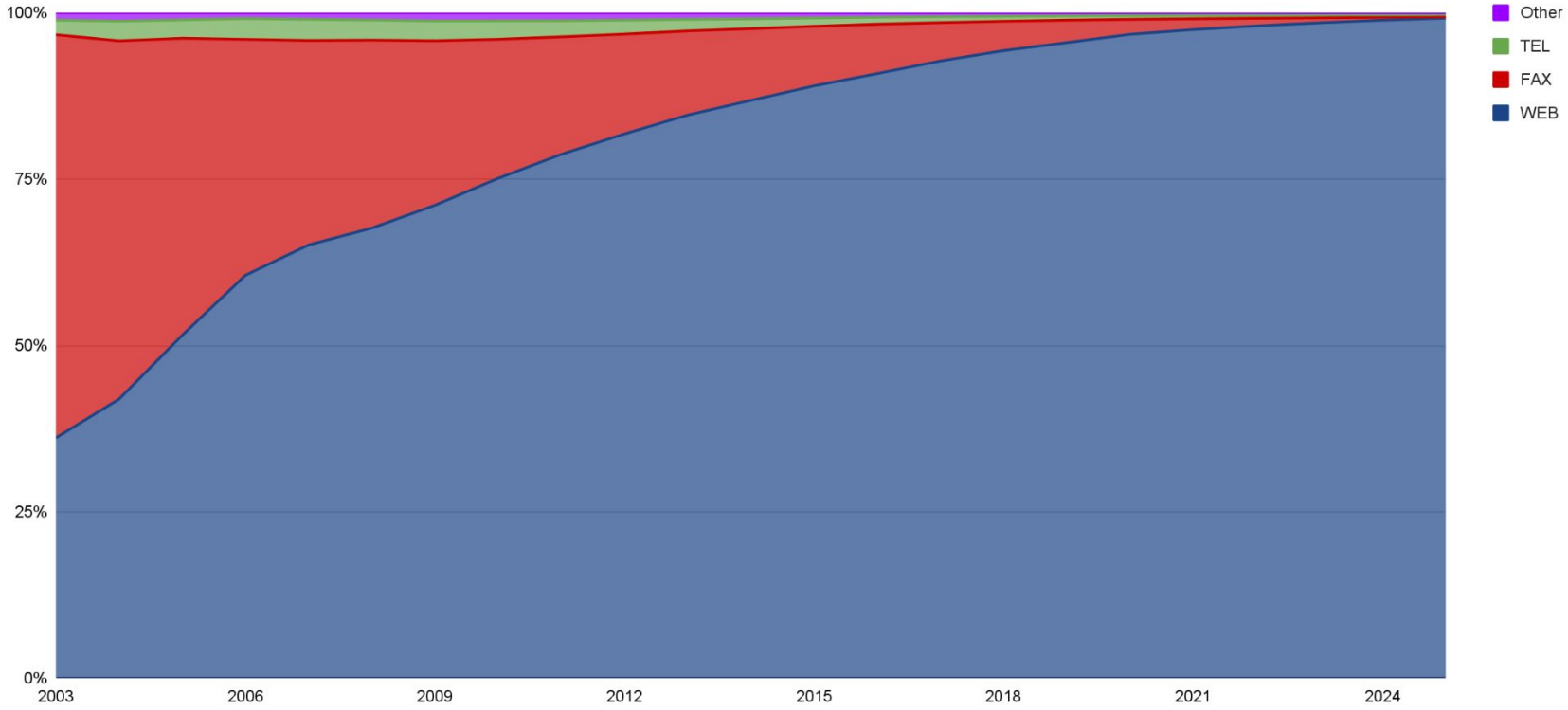
MonotaRO.com Business

Non-consol. Enterprise Business Customer Demographics

- Scientific research, professional and technical services: 4.6%
- Real estate and goods rental and leasing: 3.1%
- Electricity, gas, heat supply and water: 2.1%
- Living-related and personal services and amusement services: 2.0%
- Information and communications: 1.8%

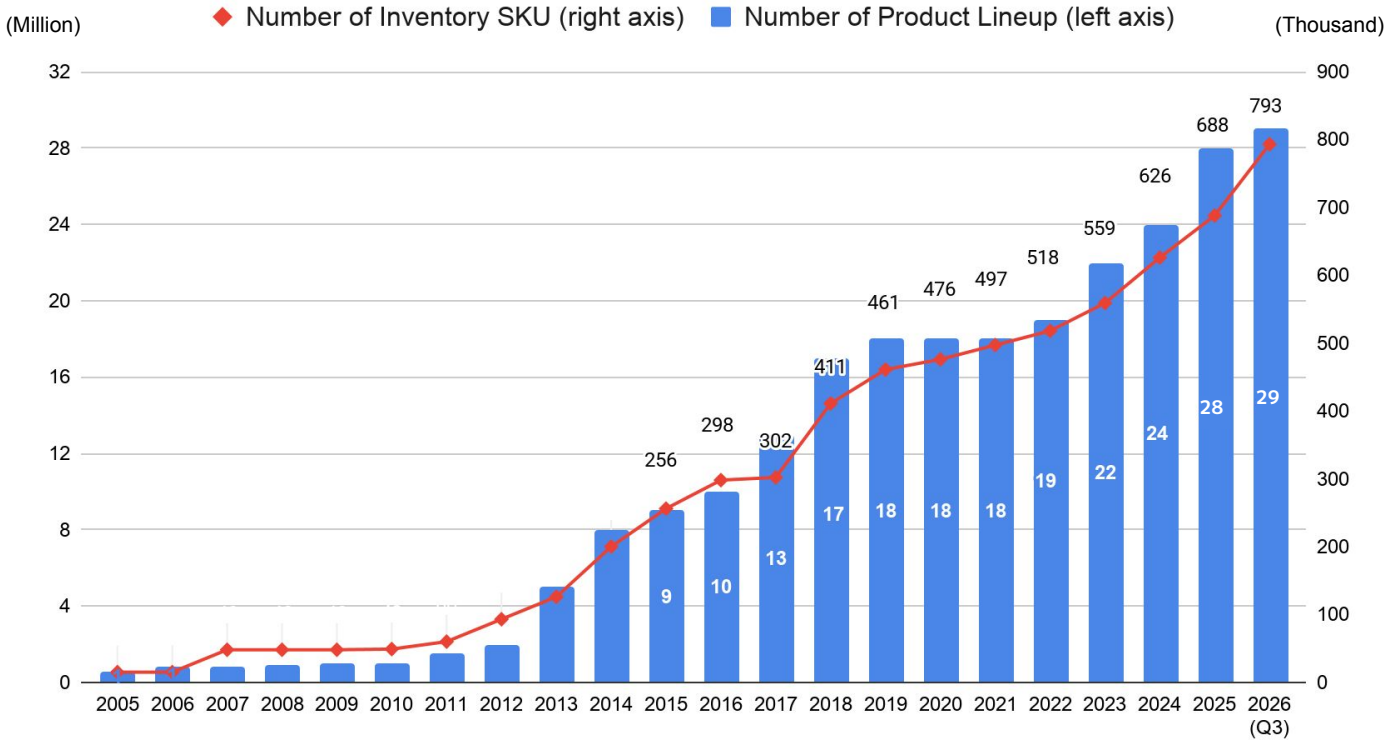


Non-consol. Internet Purchase Order Ratio



Reference

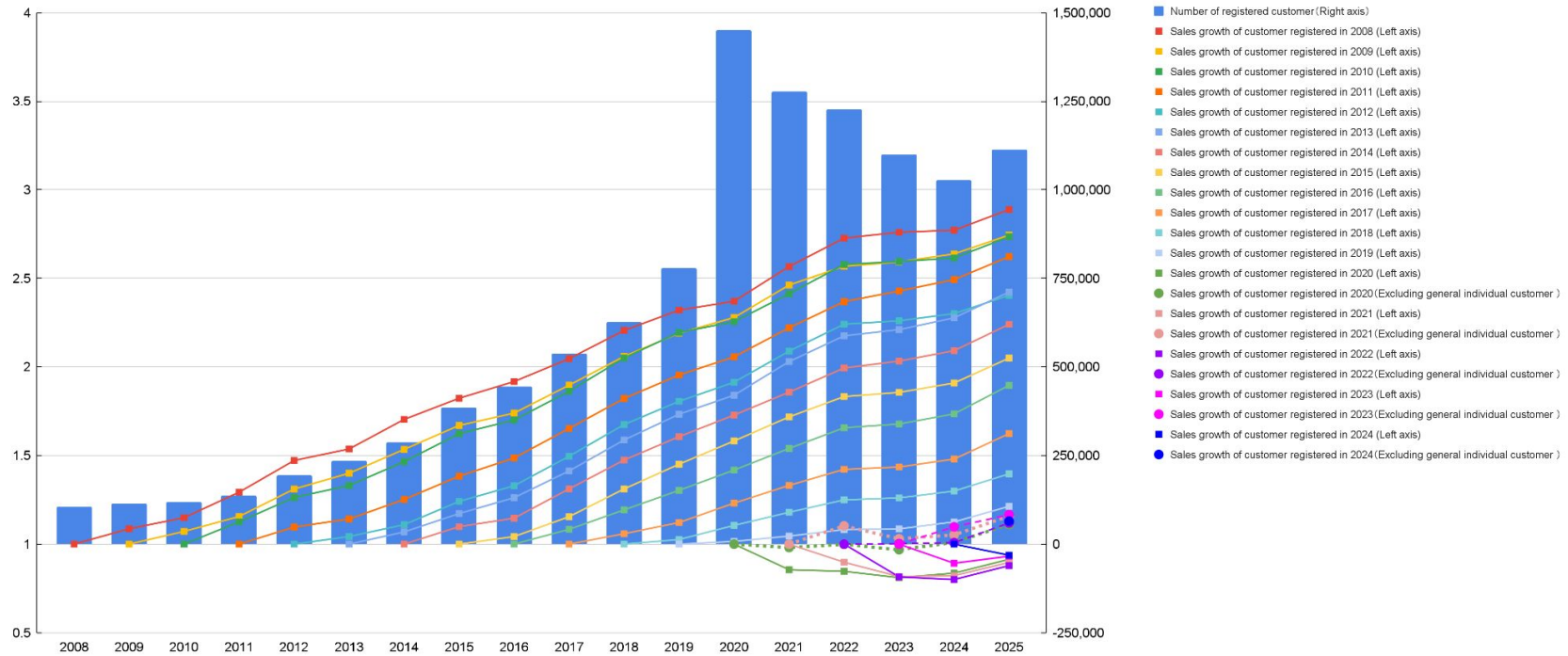
Non-consol. Product Lineup & Inventory



Non-consol. Customer Growth by Year Registered

(Growth Rate of Sales)

(Number of Registered Customers)

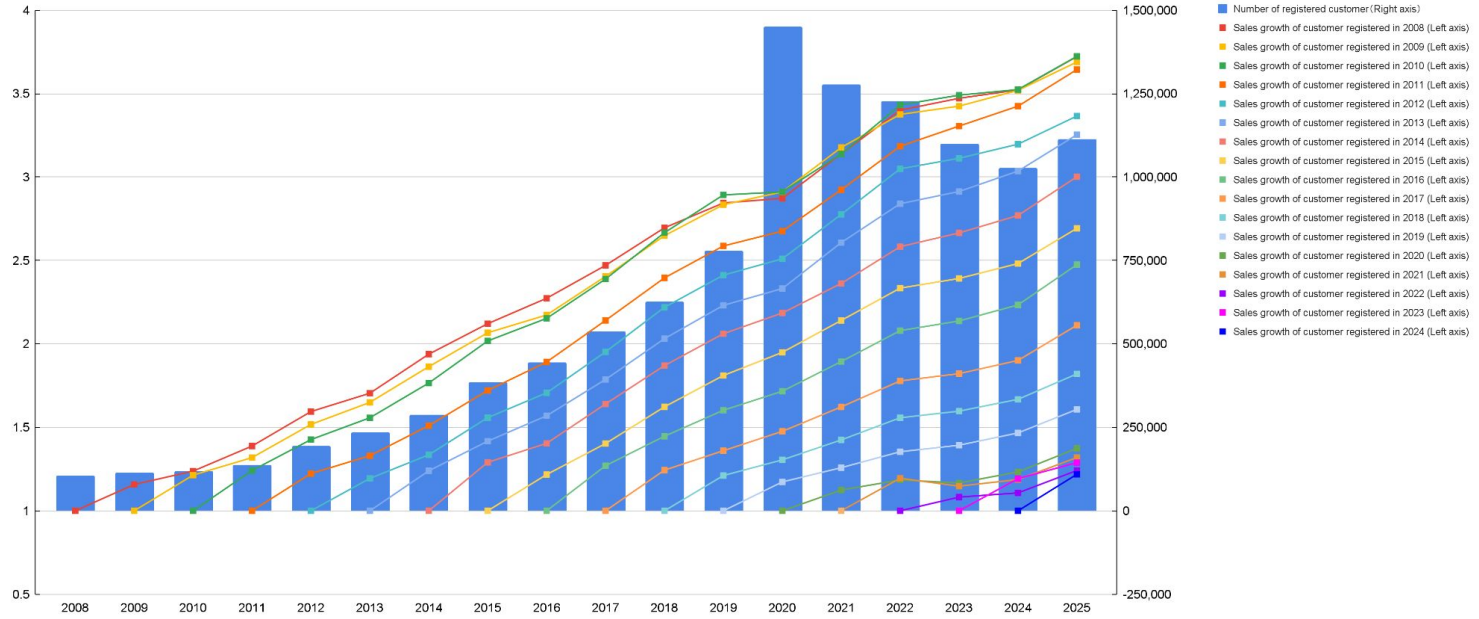


*: Above number of ‘monotaro.com’ registered customers and sales growth are updated retroactively at end of 2025
(sales for customers who switched to Enterprise Business are not included).
*: Line chart (left axis) shows sales growth ratio of customers registered each year by setting sales in registered year as ‘1.’

Non-consol. Customer Growth by Year Registered (Corp.)

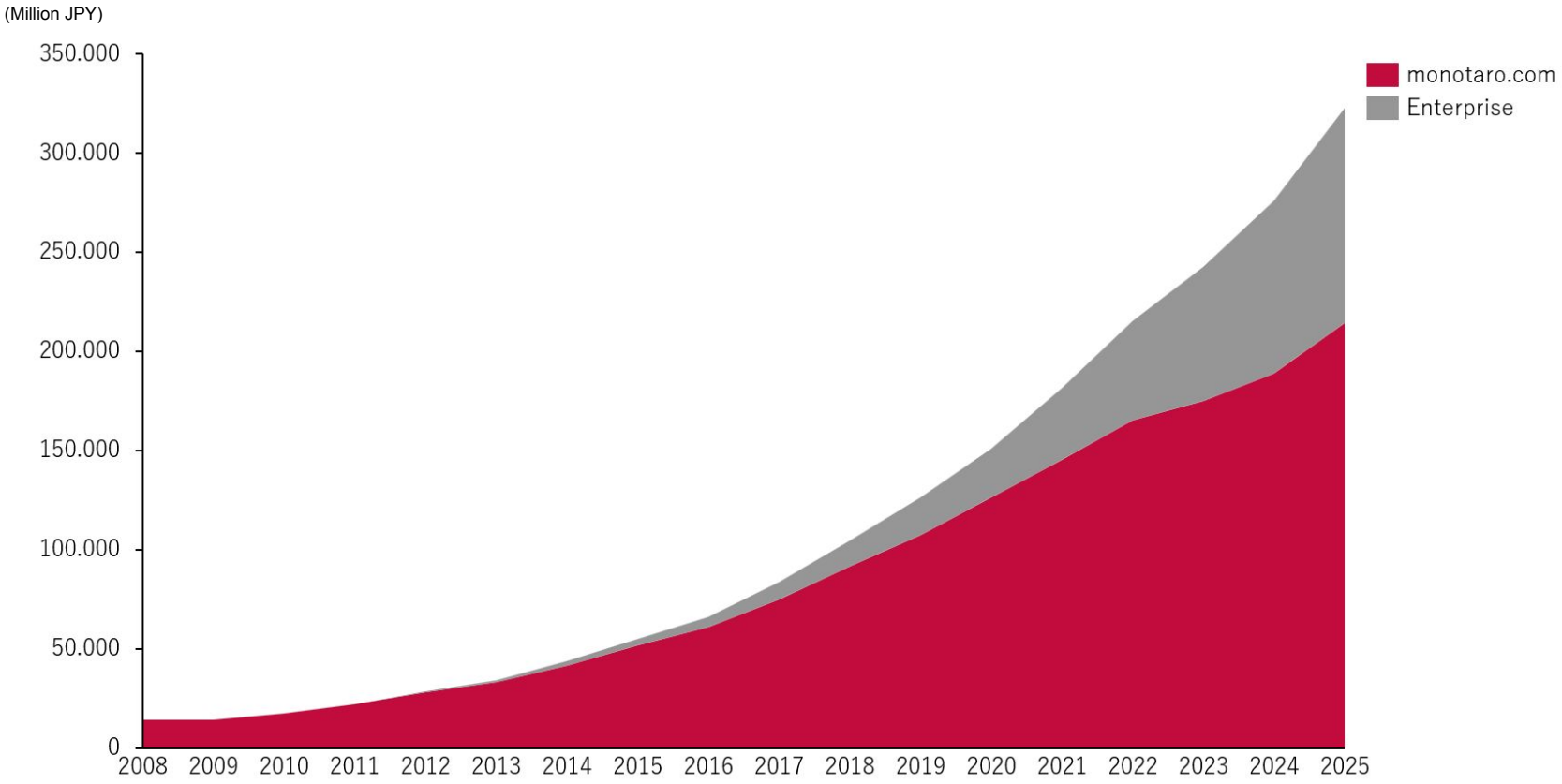
(Growth Rate of Sales)

(Number of Registered Customers)

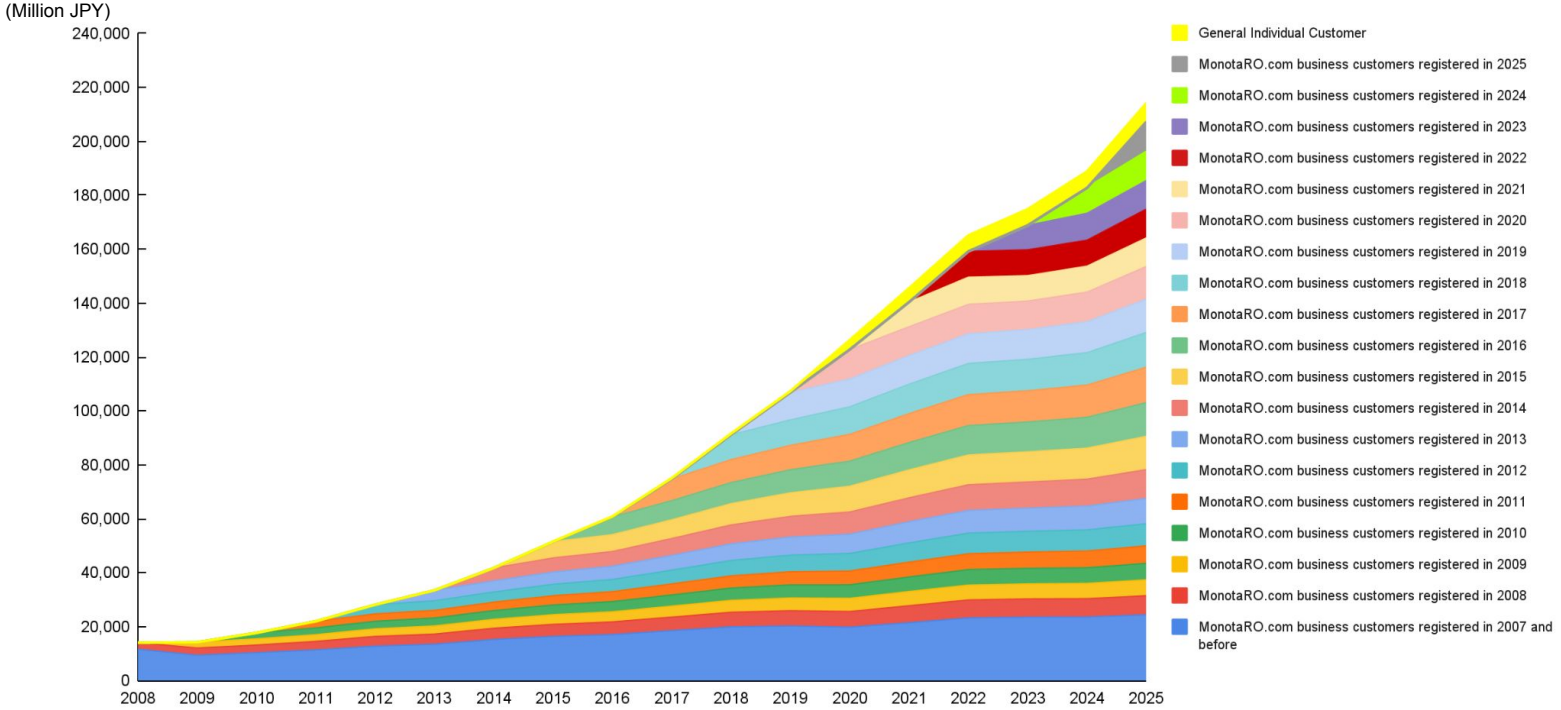


*: Above number of ‘monotaro.com’ registered customers and sales growth are updated retroactively at end of 2025 (sales for customers who switched to Enterprise Business are not included).
*: Line chart (left axis) shows sales growth ratio of customers registered each year by setting sales in registered year as ‘1.’
*: Bar chart is number of new customers acquired that includes those other than corporate customers.

Non-consol. Sales Trend by Business Segment

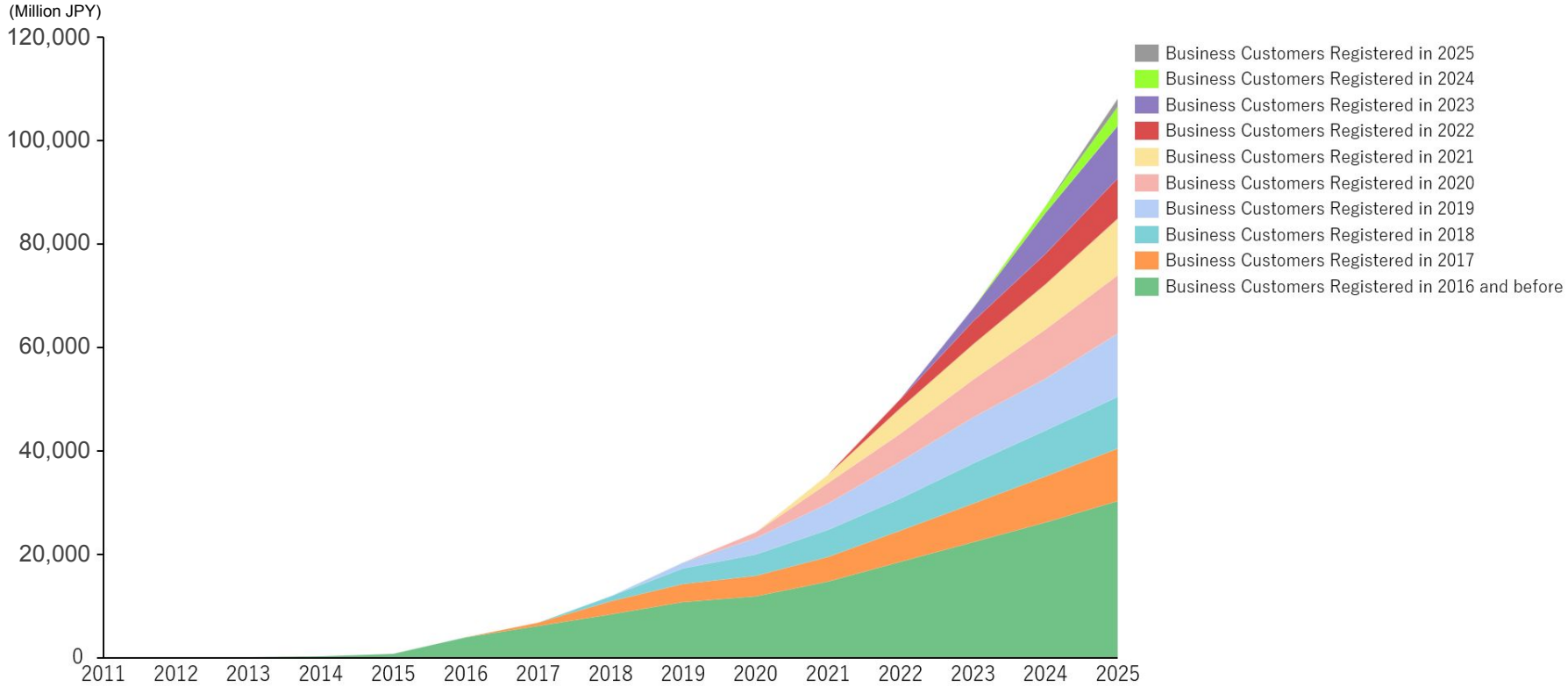


MonotaRO.com Business Sales Trend by Registered Year



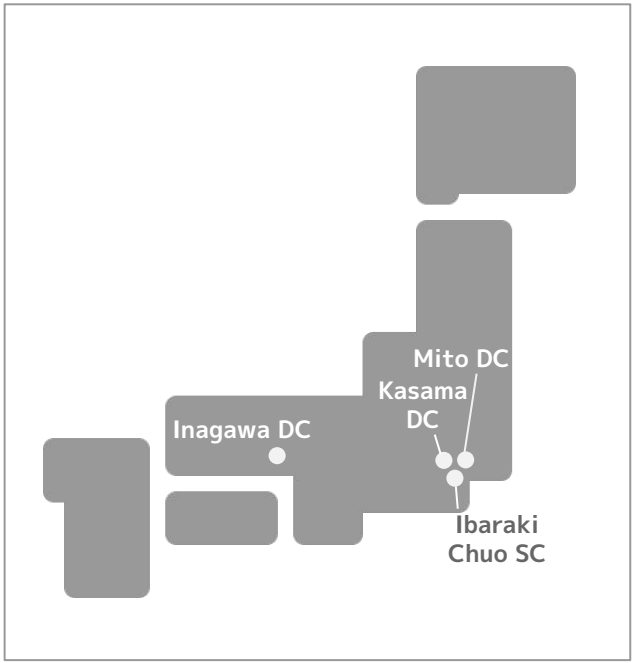
*: Due to annual customer migration from MonotaRO.com to Enterprise Business, sales to MonotaRO.com business customers are calculated by applying customer status at end of fiscal year 2025 to each registration year.
*: General individual customer sales are sum of sales attributed to MonotaRO.com general consumer status at end of fiscal year 2025 for each registration year and IHC MonotaRO sales (IHC has been closed and integrated into MonotaRO.com).

Enterprise Business Sales Trend by Year of Connection



*: Year of connection to the Enterprise Business is defined as the year in which customer connected to one of our channels (MonotaRO ONE SOURCE Lite / MonotaRO PunchOut).

Logistics Sites



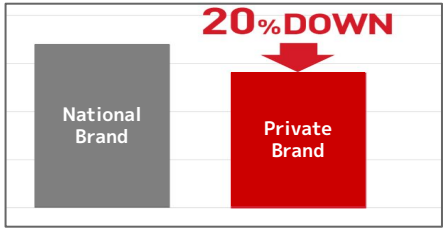
	Kasama DC	Ibaraki Chuo SC	Inagawa DC	Mito DC (planned)
Exterior Image				
Floor(s)	1 floor	1 floor	6 floors (leased)	4 floors
Seismic isolation/ resistance	Earthquake Resistance	Earthquake Resistance	Seismic Isolation	Seismic Isolation
Total Floor Area	approx. 56,000 ㎡	approx. 49,000 ㎡	approx. 194,000 ㎡	approx. 74,000 ㎡
Inventory Capacity	330 thou. SKU	30 thou. SKU	550 thou. SKU	500 thou. SKU
Shipping Capacity	100 thou. line/day	30 thou. line/day	180 thou. line/day	300 thou. line/day
Start of operations	Apr. 2017	Apr. 2021	Apr. 2022	May 2028 (planned)

Strengthening Valuable Private Brand Products

■ Retain customers by expanding products available exclusively at MonotaRO

- Features of private brand products

- Approx. 20% cost reduction compared to national brand



- Approx. 20,000 items in our extensive selection

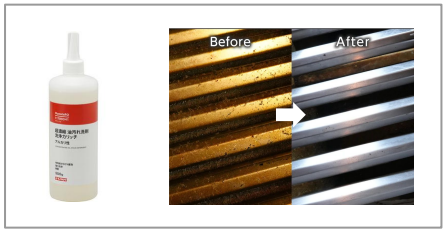


- Quick delivery (Over 90% of items are eligible for same-day shipping)

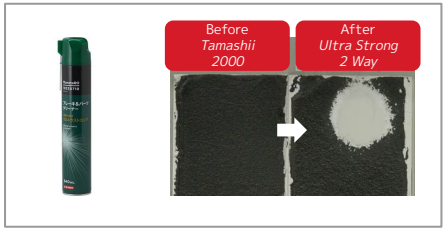


- Development of Valuable Private Brand Products

- **Ultra-Concentrated Grease-Cutting Detergent *Rich Cleaning Power***
  - Original detergent, developed from ground up with significantly increased active ingredients—over 50% by content—to tackle tough grime
  - Primary industries: Manufacturing, Food service



- **Brake & Parts Cleaner *Ultra Strong 2 Way***
  - Improved spray performance delivers cleaning power surpassing conventional products, with approximately 1.3 times undiluted quantity compared to previous versions
  - Primary industries: Automotive Related, Manufacturing



- **Gas Mask**
  - Our subsidiary has taken over development and manufacturing of mask products made by Sanko Chemical Industry Co., Ltd., and we sell them as our private brand
  - Primary industries: Manufacturing, Construction, Automotive Related



Capital Allocation 1/2

Targets for Mid-to-Long-Term Sales and Profit Growth

We will achieve the following mid-to-long-term goals by evolving our business model for domestic and international sales of indirect materials through Internet and developing necessary services to advance this evolution:

- Sales growth: Over 15% YoY
- Profit growth: Growth that outpaces sales growth

To expand business in domestic and international markets, we will invest in technological and operational innovation.

Mid-to-Long-Term Target of ROE Based on Cost of Equity

For the calculation of our cost of equity, we use both the "CAPM Method" and the "Earnings Yield Method" reflecting the return that investors expect from our company. Our cost of equity is calculated to be approximately 7% under the "CAPM Method," and approximately 18% under the "Earnings Yield Method," based on the current stock price and PER levels, and assuming a mid-to-long-term profit growth rate of 15% expected by investors. Based on this, we aim to achieve:

- ROE level of 30% or higher

Capital Allocation 2/2

Growth Investment and Shareholder Return Policy

We classify growth-investment types into (1) capacity expansion in current domain areas, (2) share gains by enhancing functionality in current domain areas, (3) obtaining of new technologies, (4) accelerating overseas expansion of our business model, (5) gaining new competitive advantages by expanding value proposition in procurement process, (6) addressing potential obsolescence of competitiveness due to new technologies.

Among these, we basically use debt to fund investments in (1) capacity expansion in current domain areas, such as investments in distribution centers, since return on investment is relatively predictable.

With respect to dividends, we will implement:

- 50% or higher payout ratio based on consolidated net income attributable to owners of the parent

We direct remaining cash toward growth investments to achieve sales growth YoY exceeding 15% and profit growth exceeding sales growth, while aiming at ROE level of 30% or higher. If we do not make the above growth investments, we will use it for shareholder returns through share buybacks.

Cautionary Statement concerning Forward-looking Statements

This presentation may include forward-looking statements relating to our future plans, forecasts, objectives, expectations, and intentions. Actual results may differ materially for wide range of possible reasons. In light of many risks and uncertainties, you are advised not to put undue reliance on these statements. This material is for information purposes only and is not intended as a solicitation for any transaction.

Contact Us

TEL: 06-4869-7190

FAX: 06-4869-7178

E-Mail: pr@monotaro.com

IR Information: https://corp.monotaro.com/en/ir/index.html



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