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(Securities code 3064)

March 1, 2024

**To Shareholders with Voting Rights:**

Sakuya Tamura  
President & CEO  
**MonotaRO Co., Ltd.**  
3-2-2, Umeda, Kita-ku, Osaka

**NOTICE OF  
THE 24TH GENERAL SHAREHOLDERS' MEETING**

We are pleased to announce the 24th General Shareholders' Meeting of MonotaRO Co., Ltd. (the "Company," and collectively with its subsidiaries, the "Group"). The meeting will be held for the purposes described below.

You can exercise your voting rights via the Internet or in writing. Please review the attached Reference Documents for the General Shareholders' Meeting and exercise your voting rights.

- 1. Date and Time:** Sunday, March 24, 2024 at 10:00 a.m., Japan time
- 2. Venue:** Naniwa banquet room, 20th floor, Hotel Granvia Osaka  
3-1-1 Umeda, Kita-ku, Osaka
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. Business Report, Consolidated Financial Statements for the Company's 24th Term (January 1, 2023 - December 31, 2023) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee
  2. Non-consolidated Financial Statements for the Company's 24th Term (January 1, 2023 - December 31, 2023)

**Proposals to be resolved:**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Election of Eight (8) Directors

**4. Exercise of Voting Rights**

Please refer to "Exercise of Voting Rights" below.

**5. Matters concerning measures for providing information in electronic format**

When convening this general meeting of shareholders, the Company takes measures for providing the information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in an electronic format are taken) in an electronic format, and posts this on each of the following websites on the Internet as well as the Company's website listed at the end of this report as NOTICE OF THE 24TH GENERAL SHAREHOLDERS' MEETING. Please access any website to review the information.

"Website with the information materials for the general meeting of shareholders"

<https://d.sokai.jp/3064/teiji/> (in Japanese only)

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese only)

(Access the TSE website indicated above, enter “MonotaRO” in the “Issue name (company name)” or the Company’s securities code “3064” in the “Code” and Search. Then select “Basic information” followed by “Documents for public inspection/PR information” and review the information from the “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”)

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When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

If revisions are to be taken arise to the matters for which measures for providing information in an electronic format are taken, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website listed at the end of this report and each of the aforementioned websites.

Delivered paper-based documents will include documents that describe the matters for which measures for providing information in electronic format will be taken, but such paper-based documents shall exclude the following matters pursuant to the provisions of laws and regulations and Article 13 Paragraph 2 of the Articles of Incorporation.

- (i) Subscription Rights to Shares, Etc. and Basic Policy for Frameworks to Ensure Properness of Operations (Internal Control System), Etc. in the Business Report
- (ii) Consolidated statement of changes in net assets and Notes to consolidated financial statements in the Consolidated financial statements
- (iii) Non-consolidated statement of changes in net assets and Notes to non-consolidated financial statements in the Non-consolidated financial statements

Therefore, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements posted in such paper-based documents are part of the documents subject to audit by the Accounting Auditor for the Accounting Auditor’s Report and the Audit Committee when creating the audit report.

The Company’s website: <https://www.monotaro.com>

**Exercise of Voting Rights**

Voting rights exercisable at a general shareholders' meeting are important rights of shareholders. Shareholders are requested to exercise their voting rights after reviewing the Reference Documents for the General Shareholders' Meeting. Voting rights can be exercised in the following three ways:

**By the Internet**

Enter your vote for or against each proposal in accordance with the instructions on the next page.

Exercise cut-off time: All data entry to be completed no later than 6:00 p.m., Friday, March 22, 2024, Japan time

**By mail**

Indicate your vote for or against each proposal in the enclosed Voting Rights Exercise Form and return it without affixing a stamp.

Exercise cut-off time: To be received no later than 6:00 p.m., Friday, March 22, 2024, Japan time

**By attending the General Shareholders' Meeting**

Submit the enclosed Voting Rights Exercise Form at the reception desk.

Date and time: Sunday, March 24, 2024 at 10:00 a.m., Japan time

**Exercise of Voting Rights**

- (1) Please note that in the event that voting rights have been exercised in duplicate through both the Internet and postal mail (Voting Rights Exercise Form), the voting rights exercised via the Internet shall prevail.
- (2) In the event that voting rights are exercised multiple times via the Internet, the last exercised vote shall prevail. Furthermore, in the event that voting rights are exercised in duplicate through a personal computer or smartphone, the last exercised vote shall prevail.
- (3) Please note that in the event that the voting rights have been exercised through postal mail (Voting Rights Exercise Form) and where no vote for or against a proposal has been indicated on the Voting Rights Exercise Form, the vote shall be treated as for the proposal.

## **Exercise of Voting Rights via the Internet, etc.**

### **Log in via QR Code**

You can log in to the website for exercising voting rights without having to enter the Login ID and Temporary Password presented on the Voting Rights Exercise Form.

- 1 Please scan the QR code printed on the Voting Rights Exercise Form.  
\* QR code is a registered trademark of DENSO WAVE INCORPORATED.
- 2 Please indicate your vote for or against the proposal according to the directions on the screen.

### **Entering Login ID and Temporary Password**

Website for exercising voting rights:  
<https://evote.tr.mufg.jp/>

- 1 Please access the website for exercising voting rights.
- 2 Enter the Login ID and Temporary Password shown on the Voting Rights Exercise Form, then click “Log in.”
- 3 Please indicate your vote for or against the proposal according to the directions on the screen.

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

# Reference Documents for the General Shareholders' Meeting

**Proposal 1:** Appropriation of Surplus

Appropriation of surplus is proposed as described below.

Matters relating to the year-end dividend

The year-end dividend for the 24th term is proposed as described below in consideration of the business performance for the current fiscal year and future business expansion.

**Type of dividend property** Cash

**Allotment of dividend property to shareholders and the total amount thereof:** 8 yen per share of the Company's common stock  
Total dividends: 3,975,252,832 yen

**Effective date of dividends from surplus:** March 25, 2024

**Proposal 2:** Election of Eight (8) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Shareholders' Meeting. Accordingly, the election of eight (8) Directors is proposed in accordance with the decision made by the Nomination Committee, increasing the number of Directors by one (1) in order to enhance the management supervisory function.

The candidates for Director are as follows:

No.	Name	Gender	Position and responsibilities at the Company	Significant concurrent positions	
1	Masaya Suzuki	Male	Director Chairman & CEO	Managing Director, Endless Assortment Business, W.W. Grainger, Inc.	<u>Reelection</u>
2	Sakuya Tamura	Female	President & CEO	–	<u>New election</u>
3	Masahiro Kishida	Male	Director Chairperson, Nomination Committee Compensation Committee Member	Representative Partner, INTEGRITY LLC.	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
4	Tomoko Ise	Female	Director Chairperson, Audit Committee Nomination Committee Member	Partner, TMI Associates Osaka Office	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
5	Mari Sagiya	Female	Director Chairperson, Compensation Committee Audit Committee Member Nomination Committee Member	–	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
6	Hiroshi Miura	Male	Director Audit Committee Member Nomination Committee Member	Representative CPA of Global Management Advisory Office	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
7	Kiyoshi Nakashima	Male	–	Director and Chairman, Macnica, Inc. Director and Chairman, MACNICA HOLDINGS, INC.	<u>New election</u> <u>Outside</u> <u>Independent</u>
8	Barry Greenhouse	Male	Director Nomination Committee Member	Senior Vice President, Merchandising & Supplier Management, W.W. Grainger, Inc.	<u>Reelection</u>

Reelection

Candidate for Director to be reelected

New election



Candidate for Director to be newly elected



Outside

Candidate for Outside Director



Independent

Candidate for independent officer as defined by the Tokyo Stock Exchange

No.	Name (Date of birth) Responsibilities	Career summary and positions (Significant concurrent positions)	Number of shares of the Company held
1	<p>Masaya Suzuki (July 24, 1975) Gender: Male</p>  <p>–</p> <p>Reelection</p>	<p>April 1998      Joined Sumitomo Corporation November 2000      Seconded to the Company; System Team Manager, the Company March 2006      Advanced Materials and Specialty Iron &amp; Steel Trade Dept., Sumitomo Corporation May 2006      EC Business Dept., No. 2, Rakuten, Inc. November 2006      Marketing Team Manager, Bookmedia Dept., Rakuten, Inc. April 2007      General Manager, Marketing Dept., the Company March 2008      Executive Officer and General Manager, Marketing Dept., the Company August 2011      Director, K-engine Corporation March 2012      Director, President &amp; COO, the Company January 2013      Director, NAVIMRO Co., Ltd. (to present) March 2014      Director, President &amp; CEO, the Company August 2016      Director, PT Sumisho E-Commerce Indonesia (present PT MONOTARO INDONESIA) (to present) February 2018      Chairman, ZORO Shanghai Co., Ltd July 2018      Outside director, Smaregi, Inc. February 2020      Managing Director, Endless Assortment Business, W.W. Grainger, Inc. (to present) November 2020      Director, IB MONOTARO PRIVATE LIMITED (to present) August 2022      Director, Aldagram Inc. (to present) January 2024      Director, Chairman &amp; CEO, the Company (to present)</p> <p>(Grounds for nominating Mr. Masaya Suzuki as a candidate for Director) Mr. Suzuki has been leading the Company as President &amp; COO since 2012 (President &amp; CEO since 2014) and Chairman &amp; CEO since 2024. Further, Mr. Suzuki possesses abundant knowledge and experience in businesses and operations of the Company and has sufficiently fulfilled his role as Director and CEO. Therefore, the Company requests that Mr. Suzuki continue to serve as a Director of the Company.</p>	1,524,166 shares
2	<p>Sakuya Tamura (August 5, 1982) Gender: Female</p>  <p>–</p> <p>New election</p>	<p>April 2007      Joined Boston Consulting Group April 2010      Joined GE Healthcare Japan Corporation March 2020      Joined the Company April 2021      General Manager, Supply Chain Management Dept., the Company March 2022      Executive Officer and General Manager, Supply Chain Management Dept., the Company March 2023      Senior Executive Officer and General Manager, Supply Chain Management Dept., the Company June 2023      Senior Executive Officer, General Manager, Supply Chain Management Dept. and General Manager, BPM Promotion Dept., the Company January 2024      President &amp; COO, the Company (to present)</p> <p>(Grounds for nominating Ms. Sakuya Tamura as a candidate for Director) Ms. Tamura has been carrying out management with a focus on supply chain management since joining the Company, and has been leading the Company as President &amp; COO since 2024. The Company proposes the new election of Ms. Tamura as a Director, upon having deemed that she is capable of sufficiently fulfilling her role as Director based on such experience.</p>	6,759 shares

No.	Name (Date of birth) Responsibilities	Career summary and positions (Significant concurrent positions)	Number of shares of the Company held
3	<p>Masahiro Kishida (March 30, 1961) Gender: Male</p>  <p>Chairperson, Nomination Committee and Compensation Committee Member</p> <p>Reelection Outside Independent</p>	<p>April 1983      Joined PARCO CO., LTD. May 1992      Joined The Japan Research Institute, Limited July 1996      Joined Booz, Allen &amp; Hamilton Inc. (present Booz &amp; Company Inc.) October 2002    Partner, Roland Berger Ltd. September 2006   Partner, Booz, Allen &amp; Hamilton Inc. (present Booz &amp; Company Inc.) March 2012      Director, the Company (to present) April 2013      Partner, A.T. Kearney, K.K. January 2014      CEO and Representative Director, A.T. Kearney, K.K. January 2018      Member of the Board, A.T. Kearney Ltd. January 2021      Representative in Japan, Russell Reynolds Associates Japan, Inc. July 2023      Representative Partner, INTEGRITY LLC. (to present)</p> <p>(Grounds for nominating Mr. Masahiro Kishida as a candidate for Outside Director and overview of expected roles) The Company proposes the re-election of Mr. Masahiro Kishida as an Outside Director in the expectation that he will apply his expertise and extensive experience in corporate management and marketing policies as a management consultant to the management of the Company. It is hoped that, after being elected, Mr. Kishida will monitor and supervise the management of the Company from an independent standpoint by leveraging his expertise as a management consultant.</p>	0
4	<p>Tomoko Ise (June 18, 1978) Gender: Female</p>  <p>Chairperson, Audit Committee Nomination Committee Member</p> <p>Reelection Outside Independent</p>	<p>October 2004    Admitted to the bar                       Joined TMI Associates August 2014    Joined Pillsbury Winthrop Shaw Pittman LLP June 2015      Returned to TMI Associates January 2019    Counsel, TMI Associates March 2020      Director, the Company (to present) November 2021   Counsel, TMI Associates Osaka Office January 2022    Partner, TMI Associates Osaka Office (to present) September 2022   Outside Auditor, Kirindo Holdings Co., Ltd. (to present)</p> <p>(Grounds for nominating Ms. Tomoko Ise as a candidate for Outside Director and overview of expected roles) The Company proposes the re-election of Ms. Tomoko Ise as an Outside Director in the expectation that she will apply her expertise and abundant experience as a lawyer to the management of the Company. It is hoped that, after being elected, Ms. Ise will monitor and supervise the management of the Company from an independent standpoint by leveraging her expertise as a lawyer. Although Ms. Ise has not previously been directly involved in management of a company, the Company deems that she will properly carry out her duties as an Outside Director for the reasons stated above.</p>	0



No.	Name (Date of birth) Responsibilities	Career summary and positions (Significant concurrent positions)	Number of shares of the Company held
5	<p>Mari Sagiya (November 16, 1962) Gender: Female</p>  <p>Chairperson, Compensation Committee Audit Committee Member Nomination Committee Member</p> <p>Reelection Outside Independent</p>	<p>April 1985      Joined IBM Japan, Ltd. July 2002      Director, IBM Japan, Ltd. July 2005      Vice President, IBM Japan, Ltd. July 2014      Vice President, SAP Japan Co., Ltd. January 2016   Vice President, salesforce.com Co., Ltd. June 2019      Outside Director, Mizuho Leasing Company, Limited (to present)                     Outside Director, Kokusai Pulp &amp; Paper Co., Ltd. March 2020     Director, the Company (to present) June 2021      Outside Director, JBCC Holdings Inc. (to present) June 2022      Independent Director, Mitsubishi Corporation (to present)</p> <p>(Grounds for nominating Ms. Mari Sagiya as a candidate for Outside Director and overview of expected roles) The Company proposes the re-election of Ms. Mari Sagiya as an Outside Director in the expectation that she will apply her broad insight and abundant experience gained at senior management positions in multiple IT companies to the management of the Company. It is hoped that, after being elected, Ms. Sagiya will monitor and supervise the management of the Company from an independent standpoint by leveraging her extensive knowledge and experience as a former management executive at an IT-related company.</p>	0
6	<p>Hiroshi Miura (April 16, 1959) Gender: Male</p>  <p>Audit Committee Member Nomination Committee Member</p> <p>Reelection Outside Independent</p>	<p>April 1985      Joined Eiwa Audit Corporation (present KPMG AZSA LLC) August 1989     Registered as a certified public accountant February 1992   Seconded to New York Office of Arthur Andersen LLP June 2006      Representative Partner of KPMG AZSA &amp; Co. (present KPMG AZSA LLC) July 2009      Seconded to KPMG London Office (Head of EMA Global Japanese Practice (GJP)) October 2013    Executive Board Member of KPMG AZSA LLC July 2019      Executive Officer of KPMG AZSA LLC June 2021      Outside Audit &amp; supervisory Board Member of MARUWA UNYU KIKAN CO., LTD. (present AZ-COM MARUWA Holdings Inc.) (to present) July 2021      Representative CPA of Global Management Advisory Office (to present) November 2021   Executive Director of ORIX JREIT Inc. (to present) March 2022     Director, the Company (to present) June 2022      Outside Audit &amp; Supervisory Board Member, TOYOTA BOSHOKU CORPORATION (to present)</p> <p>(Grounds for nominating Mr. Hiroshi Miura as a candidate for Outside Director and overview of expected roles) The Company proposes the re-election of Mr. Hiroshi Miura as an Outside Director in the expectation that he will apply his expertise and extensive experience as a certified public accountant to the management of the Company. It is hoped that, after being elected, Mr. Miura will monitor and supervise the management of the Company from an independent standpoint by leveraging his expertise as a certified public accountant.</p>	0

No.	Name (Date of birth) Responsibilities	Career summary and positions (Significant concurrent positions)	Number of shares of the Company held
7	<p>Kiyoshi Nakashima (March 13, 1955) Gender: Male</p>  <p>–</p> <p>New election Outside Independent</p>	<p>April 1981      Joined Macnica, Inc. May 1991      Director, General Manager, Component First Business Department, Macnica, Inc. April 1999      Director, General Manager, Network Business Department, Macnica, Inc. June 2003      Managing Director, Macnica, Inc. March 2004      Representative Director and President, Macnica Networks Corp. April 2005      Director and Executive Vice President, Macnica, Inc. Representative Director and President, Altima, Inc. (present Macnica Altima Company) June 2008      Representative Director, President and CEO, Macnica, Inc. April 2015      Representative Director, President and CEO, Macnica Fuji Electronics, Inc. (present MACNICA HOLDINGS, INC.) June 2019      Representative Director and Chairman, Macnica, Inc. Representative Director, Chairman and CEO, Macnica Fuji Electronics, Inc. (present MACNICA HOLDINGS, INC.) June 2021      Director and Chairman, Macnica, Inc. (to present) Director and Chairman, Macnica Fuji Electronics, Inc. (present MACNICA HOLDINGS, INC.) (to present)</p> <p>(Grounds for nominating Mr. Kiyoshi Nakashima as a candidate for Outside Director and overview of expected roles) The Company proposes the new election of Mr. Kiyoshi Nakashima as an Outside Director in the expectation that he will apply his broad insight and extensive experience as a corporate manager to the management of the Company. It is hoped that, after being elected, Mr. Nakashima will monitor and supervise the management of the Company from an independent standpoint by leveraging his extensive knowledge and experience as a corporate manager.</p>	0
8	<p>Barry Greenhouse (October 5, 1973) Gender: Male</p>  <p>Nomination Committee Member</p> <p>Reelection</p>	<p>July 1996      Joined Heinz Pet Products July 1997      Joined McMaster-Carr Supply Company January 2000      Joined Webvan January 2001      Joined McMaster-Carr Supply Company September 2004      Joined W.W. Grainger, Inc. December 2005      Director, W.W. Grainger, Inc. August 2012      Senior Director, W.W. Grainger, Inc. September 2013      Vice President, W.W. Grainger, Inc. September 2017      Senior Vice President, Global Supply Chain, W.W. Grainger, Inc. November 2019      Senior Vice President, Global Supply Chain &amp; Customer Experience, W.W. Grainger, Inc. March 2020      Director, the Company (to present) September 2023      Senior Vice President, Merchandising &amp; Supplier Management, W.W. Grainger, Inc. (to present)</p> <p>(Grounds for nominating Mr. Barry Greenhouse as a candidate for Director) Mr. Barry Greenhouse has expertise and abundant experience in the field of distribution, as well as overseeing the global supply chain department and merchandising &amp; supplier management department at W.W. Grainger, Inc., the parent company of the Company. The Company proposes his re-election as a Director of the Company to utilize his experience for its business. The Company notes that Mr. Greenhouse has been sent to the Company from W.W. Grainger, Inc., the parent company of the Company.</p>	0

(Notes)

1. There are no special relationships between any of the candidates and the Company.
2. Mr. Masaya Suzuki and Mr. Barry Greenhouse, candidates for Director, are business executives at W.W. Grainger, Inc., which is the parent company of the Company, and their positions and responsibilities are as stated above under “Career summary and positions (Significant concurrent positions).”
3. The legal name of Ms. Tomoko Ise, a candidate for Director, registered in the family register is Tomoko Tanaka.

4. The legal name of Ms. Mari Sagiya, a candidate for Director, registered in the family register is Mari Itaya.
5. The Company has concluded liability limitation agreements with Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, and Mr. Hiroshi Miura, candidates for Director, pursuant to Article 427, paragraph (1) of the Companies Act to limit the liability for damages under Article 423, paragraph (1) of that Act. The upper limit on liability for damages under these agreements will be the total of the amounts prescribed in the items of Article 425, paragraph (1) of the Companies Act. The Company will continue these agreements with Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, and Mr. Hiroshi Miura, candidates for Director, subject to the approval of their reelection as Director. The upper limit on liability for damages under these agreements will be the total of the amounts prescribed in the items of Article 425, paragraph (1) of the Companies Act. If the election of Mr. Kiyoshi Nakashima, a candidate for Director, is approved, the Company plans to enter into the same liability limitation agreement with him.
6. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance policy covers damages arising when an insured person, which includes Directors of the Company, receives a claim for compensation for damages originating from actions in the execution of his/her duties and bears legal responsibility for the compensation for damages (however, this excludes such situations in which the claim originates from actions carried out with full knowledge that such actions were unlawful, etc.). If each candidate for Director is elected and assumes office as Director, they will be insured persons under this insurance policy. Furthermore, the Company plans to renew the insurance policy with the same details at the time of the next renewal in March 2025.
7. Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, Mr. Hiroshi Miura, and Mr. Kiyoshi Nakashima, candidates for Director, are candidates for Outside Directors. The Company has designated candidates for Director Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, and Mr. Hiroshi Miura as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and registered them as such at the Exchange. As Mr. Kiyoshi Nakashima, a candidate for Director, satisfies the requirements of independent officer in accordance with the provisions of the Tokyo Stock Exchange, the Company will register him as independent officer at the Exchange, subject to the approval of his election.
8. At the conclusion of this General Shareholders' Meeting, the terms of office held as Outside Director will be twelve (12) years for Mr. Masahiro Kishida, four (4) years for Ms. Tomoko Ise, four (4) years for Ms. Mari Sagiya, and two (2) years for Mr. Hiroshi Miura.
9. The number of the Company's shares held by each candidate is the number of shares as of the current fiscal year-end (December 31, 2023). Moreover, it includes the number of shares actually held by the shareholding association.

(Reference) Skill matrix of candidates for Directors

The table presents the fields of skill for which the Company has particular expectations of the candidates for Directors. It does not present all of the skills held by each candidate.

Name	CEO/top management of business enterprise	Marketing	Supply chain	IT and digital	Global	Legal affairs and risk management	Finance and accounting
Masaya Suzuki	These candidates have expert knowledge of the Company's business and the ability to appropriately execute management of the Company.						
Sakuya Tamura							
Masahiro Kishida		•			•		
Tomoko Ise					•	•	
Mari Sagiya		•		•	•		
Hiroshi Miura					•	•	•
Kiyoshi Nakashima	•				•		
Barry Greenhouse			•		•		

# **Business Report**

(January 1, 2023 - December 31, 2023)

## **1. Overview of the Group**

### **(1) Business Progress and Results**

The Japanese economy during the fiscal year ended December 31, 2023, generally continued to be unpredictable due to factors such as the rising raw material prices from continued depreciation of the Japanese yen, and economic impacts caused by unstable international situations such as Russia-Ukraine situation and slowdown in Chinese and European economies, although there was progress of coexistence with COVID-19 and normalization of social and economic activities.

In this economic environment, the Company has continually concentrated on acquiring new customers aggressively mainly through internet advertisements (paid listings) and internet search engine optimization (SEO), which can improve the position of the Company's website on the search engines. We also conducted promotion activities including direct mail using e-mail and mail flyers with product listings optimized for each customer, and daily special prices. In addition, we broadcasted TV commercials to enhance our visibility much further.

Furthermore, the total number of product lineup of the Company reached approximately 22 million items in total and 559 thousand items in stock which are available for the same day shipment to meet the increase in demand corresponding to the expansion of our customer base as of the end of the fiscal year ended December 31, 2023.

In addition, in relation to the sales of MRO products to large customers through the integrated purchase systems, both the number of customers and the amount of sales steadily increased. In addition, to strengthen the base of shipping and storage capacity in logistics, the "Inagawa Distribution Center" (Kawabe-gun, Hyogo Prefecture), which started operation in April 2022, underwent the phase 2 of facility expansion in April.

Consequently, we have successfully obtained 1,100,027 newly registered accounts for the fiscal year ended December 31, 2023 and the number of registered accounts totaled 9,106,521 as of the end of the fiscal year ended December 31, 2023.

In addition, NAVIMRO Co., Ltd., which is our Korean subsidiary, aggressively engaged in acquiring new customers mainly through paid listings and focused on increasing both its product lineup and the number of products in stock in order to expand its customer base.

All of our efforts mentioned above resulted in net sales of 254,286 million yen (12.5% increase from the previous fiscal year), operating income of 31,309 million yen (19.4% increase from the previous fiscal year), ordinary income of 31,538 million yen (19.5% increase from the previous fiscal year), and net income attributable to owners of the parent of 21,813 million yen, a corresponding 16.9% increase.

(Note) The number of accounts represents the number on a non-consolidated basis.

**(2) Capital Investments**

The amount of investments of the Company for the fiscal year totaled 10,116 million yen, which mainly consists of logistics facilities associated with phase 2 operation of the Inagawa Distribution Center, furniture and fixtures resulting from relocation of headquarters, and development of software with respect to accounting system updates and other such applications.

The payments for these investments are made by our own funds.

**(3) Fund Procurement**

Not applicable.

**(4) Trends in Assets and Income****(i) Trends in assets and income of the Group**

Classification		21st term ended December 31, 2020	22nd term ended December 31, 2021	23rd term ended December 31, 2022	24th term ended December 31, 2023 (Consolidated fiscal year under review)
Net sales	(Millions of yen)	157,337	189,731	225,970	254,286
Net income at- tributable to owners of the parent	(Millions of yen)	13,771	17,552	18,658	21,813
Net income per share	(Yen)	55.44	35.33	37.55	43.90
Total assets	(Millions of yen)	81,263	95,789	111,737	128,352
Net assets	(Millions of yen)	47,658	60,283	72,621	86,982
Net assets per share	(Yen)	188.25	119.33	145.11	173.94

- (Notes)
1. Net sales do not include any consumption taxes.
  2. In the 22nd term, the Company implemented a 2-for-1 share split on April 1, 2021, and net income per share and net assets per share were calculated on the assumption that the share split was made at the beginning of the 22nd term.
  3. Net income per share and net assets per share are calculated by excluding the number of treasury stock.

**(ii) Trends in assets and income of the Company**

Classification		21st term ended December 31, 2020	22nd term ended December 31, 2021	23rd term ended December 31, 2022	24th term ended December 31, 2023 (Fiscal year under re- view)
Net sales	(Millions of yen)	151,798	182,472	216,638	243,352
Net income	(Millions of yen)	13,139	17,701	19,044	22,072
Net income per share	(Yen)	52.89	35.63	38.33	44.42
Total assets	(Millions of yen)	80,962	95,154	110,781	127,332
Net assets	(Millions of yen)	48,138	60,661	73,637	88,253
Net assets per share	(Yen)	193.50	121.90	148.13	177.55

- (Notes)
1. Net sales do not include any consumption taxes.
  2. In the 22nd term, the Company implemented a 2-for-1 share split on April 1, 2021, and net income per share and net assets per share were calculated on the assumption that the share split was made at the beginning of the 22nd term.
  3. Net income per share and net assets per share are calculated by excluding the number of treasury stock.

**(5) Significant Parent Company and Subsidiaries**

**(i) Relationship with parent company**

Our parent company is W.W. Grainger, Inc. which, indirectly through its wholly owned subsidiary Grainger Global Holdings, Inc., holds 250,112,000 shares of the Company (percentage of the total number of voting rights held by shareholders is 50.34%).

**(ii) Significant subsidiaries**

Company name	Capital	The Company's percentage of equity participation	Principal business
NAVIMRO Co., Ltd.	KRW 17 billion	100.0%	Selling MRO products
PT MONOTARO INDONESIA	IDR 337.124 billion	51.0%	Selling MRO products
IB MONOTARO PRIVATE LIMITED	INR 34 million	53.0%	Selling MRO products

- (Notes)
1. Through the incremental investment by the Company and Sumitomo Corporation in April 2023, the amount of the capital for PT MONOTARO INDONESIA reached IDR 337.124 billion.
  2. Through the incremental investment by the Company and Indiamart Intermesh Limited in June 2023, the amount of the capital for IB MONOTARO PRIVATE LIMITED reached INR 34 million.

**(6) Issues to be Addressed**

While the economic outlook remained unpredictable, mid-to-small manufacturers, the Group's major customers, still remain under a severe business environment. In order to continue strong growth in this economic environment, we have adopted the following strategies.

**(i) Acquisition of new customers and improvement of customer lifetime value**

For the Group, acquisition of new customers remains the largest source of growth. We will strive to acquire new customers aggressively based on our data and knowledge accumulated in association with the growth of the Group's business mainly through internet advertisements on the search engines and internet search engine optimization (SEO), which can improve our website's position on search results. In addition, based on customer lifetime value predictions from product search trends and other data, we will strive to improve lifetime value of our new customers through optimization of resources invested in marketing.

**(ii) Expansion of sales of MRO products through coordination with integrated purchase systems for large customers**

Key elements for the Company's growth are the expansion of the Group's short delivery times through its line-up, inventory, and other aspects to meet the demand of large customers and sales of MRO products to large customers through the integrated purchase systems. The Company will promote the use of its services to a greater number of large customers and strive to assist in increasing their productivity and, by extension, their competitive advantage by engaging in aggressive sales activities and further increasing the level of its services.

**(iii) Management of products in consideration of both the satisfaction of customers' demand and profitability**

As our customer base continues to grow, the products that are in high demand have diversified. Thus, we will expand our product lineup including the so-called long tail products that are purchased less frequently by accurately grasping the customers' diversifying demands, and will expand into new categories to further grow our customer base. We will also aggressively promote the adoption of private label items by capitalizing on our expanding product volume in line with the growth of the Group's business to offer products with stable qualities at low prices to customers and endeavor to improve the profitability of the Group.

**(iv) More precise database marketing and provision of product searchability**

By utilizing the data accumulated in line with the growth of the Group's business and conducting deeper analysis of such data, we will strive to further meet our customers' purchase needs and conduct promotion activities with higher effectiveness. In addition, we will continuously improve product searchability and usability of the Group's website by using advanced technologies in the rapidly-advancing information and data analysis field so that each of our customers can find and order the products they need as easily as possible.

(v) Reinforcement of distribution infrastructure as basis of growth

Same-day dispatch of ordered products for quick delivery to our customers is one of our important advantages. Accordingly, in order for our business to continue to grow, it is essential that we maintain prompt and stable delivery of our products to our customers by improving shipping capacity at our distribution centers and increasing the number of products in stock. The Group has been operating the “Kasama Distribution Center” since 2017, and has opened the “Ibaraki Chuou Satellite Center” in 2021, followed by the “Inagawa Distribution Center” in 2022, and is maintaining the shipping capacity and storage capacity of products in stock required in conjunction with the Company’s growth, while already having proceeded with the plan to open the next center. The Group will develop a distribution network that brings forth higher levels of convenience, while appropriately controlling investments and costs.

(vi) Promotion of overseas business

NAVIMRO Co., Ltd., which is our Korean subsidiary, has aggressively promoted customer acquisition activities since the start of its business in 2013. It has successfully expanded its customer base and promoted the expansion of its product lineup and products in stock. We will continue to implement measures to achieve business growth. As for PT MONOTARO INDONESIA, our subsidiary in Indonesia of which we acquired shares in 2016, and IB MONOTARO PRIVATE LIMITED, our subsidiary in India of which we acquired shares in 2020, we will further promote our efforts to establish and expand their respective business bases.

(vii) Initiatives for ESG (Environment, Social, Governance) management and SDGs (Sustainable Development Goals)

In order to strengthen sustainability initiatives, the Group has established the Sustainability Committee, and in addition to enhancing the productivity of our customers, who are business operators, by innovating the business procurement network, will also carry out the following five initiatives as priority issues from the standpoint of their importance to the Company and expectations from society.

- a. Reduce carbon dioxide emissions as a measure against climate change
- b. Cooperate with suppliers to develop a manufacturing society that takes the environment and human rights into consideration
- c. Diversity & inclusion
- d. Realize a resource recycling model through recycling and waste reduction
- e. Develop and propose eco-friendly products

**(7) Principal Business** (As of December 31, 2023)

Sale of industrial MRO products through the internet.

**(8) Principal Business Locations** (As of December 31, 2023)

(i) The Company

Headquarters: 3-2-2, Umeda, Kita-ku, Osaka

Kasama Distribution Center: 1877-3, Tairamachi, Kasama, Ibaraki

Ibaraki Chuou Satellite Center: 3-8, Chuo Kogyo Danchi, Ibarakimachi, Higashi Ibaraki-gun, Ibaraki

Inagawa Distribution Center: Prologis Park Inagawa 1, 101-1, Sashikumi Aza Kodani, Inagawacho, Kawabegun, Hyogo

(ii) Subsidiaries

NAVIMRO Co., Ltd., the Seoul Special City, the Republic of Korea

PT MONOTARO INDONESIA, Jakarta, the Republic of Indonesia

IB MONOTARO PRIVATE LIMITED, New Delhi, India



**(9) Employees (As of December 31, 2023)****(i) Employees of the Group**

Number of employees	Increase/decrease from previous consolidated fiscal year-end	Average age	Average years of service
2,922	+161	34.1 years old	4.1 years

- (Notes)
1. Number of employees includes the number of part-time workers of 1,550.
  2. Average age and Average years of service are calculated based on only the permanent employees.
  3. The increase of 161 employees was due to the new hiring corresponding to the sales growth.
  4. Other than above, the Company had 448 temporary workers.

**(ii) Employees of the Company**

Number of employees	Increase/decrease from previous fiscal year-end	Average age	Average years of service
2,319	+123	36.7 years old	5.0 years

- (Notes)
1. Number of employees includes the number of part-time workers of 1,550.
  2. Average age and Average years of service are calculated based on only the permanent employees.
  3. The increase of 123 employees was due to the new hiring corresponding to the sales growth.
  4. Other than above, the Company had 277 temporary workers.

**(10) Principal Lenders (As of December 31, 2023)**

Lender	Amount borrowed
MUFG Bank, Ltd.	4,500 million yen
Mizuho Bank, Ltd.	663 million yen
Total	5,163 million yen

## 2. Status of Shares (As of December 31, 2023)

(1) **Total Number of Shares Authorized to be Issued** 675,840,000 shares

(2) **Total Number of Issued Shares** 501,351,000 shares

(Note) The total number of issued shares increased by 3,400 shares in total due to the exercise of stock option.

(3) **Number of Shareholders** 59,833 persons

### (4) Major Shareholders (Top Ten Shareholders)

Shareholder name	Number of shares held	Shareholding ratio
GRAINGER GLOBAL HOLDINGS, INC.	250,112,000 shares	50.33%
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,082,800 shares	8.47%
Custody Bank of Japan, Ltd. (Trust Account)	13,506,000 shares	2.72%
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	10,987,201 shares	2.21%
STATE STREET BANK AND TRUST COMPANY 505001	10,208,602 shares	2.05%
SSBTC CLIENT OMNIBUS ACCOUNT	8,711,624 shares	1.75%
MSIP CLIENT SECURITIES	6,675,900 shares	1.34%
THE BANK OF NEW YORK MELLON 140044	6,092,188 shares	1.23%
STATE STREET BANK AND TRUST COMPANY 505103	5,515,010 shares	1.11%
STATE STREET BANK WEST CLIENT - TREATY 505234	4,652,400 shares	0.94%

(Note) Shareholding ratio is calculated after treasury shares (4,444,396 shares) are deducted.

### (5) Shares Issued to Officers of the Company as Compensation for Their Execution of Duties During the Fiscal Year Under Review

	Number of shares	Number of recipients
Executive Officers	58,111 shares	6

(Note) The details of the stock compensation of the Company are stated on page 21 in “3. (2) Compensation, Etc. for Directors and Executive Officers” of the Business Report.

### 3. Company Officers

#### (1) Directors and Executive Officers (As of December 31, 2023)

Name	Position and responsibilities at the Company	Significant concurrent positions
Kinya Seto	Director & Chairman Compensation Committee Member Nomination Committee Member	Director, Representative Executive Officer, President & CEO, LIXIL Corporation
Masaya Suzuki	Director, President & CEO	Managing Director, Endless Assortment Business, W.W. Grainger, Inc.
Masahiro Kishida	Director Chairperson, Nomination Committee Compensation Committee Member	Representative Partner, INTEGRITY LLC.
Tomoko Ise	Director Chairperson, Audit Committee Nomination Committee Member	Partner, TMI Associates Osaka Office Attorney-at-law
Mari Sagiya	Director Chairperson, Compensation Committee Audit Committee Member Nomination Committee Member	
Hiroshi Miura	Director Audit Committee Member Nomination Committee Member	Representative CPA of Global Management Advisory Office Certified Public Accountant
Barry Greenhouse	Director Nomination Committee Member	Senior Vice President, Merchandising & Supplier Management, W.W. Grainger, Inc.
Masato Kubo	Deputy President General Manager of Risk Management Office	
Tetsuya Koda	Executive Vice President General Manager of Business Administration Department	
Hidetoshi Taura	Senior Executive Officer	President Director, PT MONOTARO INDONESIA Director and CEO, IB MONOTARO PRIVATE LIMITED
Sakuya Tamura	Senior Executive Officer General Manager of Supply Chain Management Department General Manager of BPM Promotion Department	
Hiroki Yoshino	Executive Officer General Manager of Logistics Department	
Taisuke Fukawa	Executive Officer General Manager of EC System Engineering Dept.	

- (Notes)
1. Directors Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, and Mr. Hiroshi Miura are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act.
  2. Changes in the position and responsibilities of Director that occurred during the fiscal year ended December 31, 2023 are as follows:

Name	Former positions	New positions	Date
Kinya Seto	Director & Chairman Compensation Committee Member	Director & Chairman Compensation Committee Member Nomination Committee Member	March 29, 2023
Mari Sagiya	Director Chairperson, Compensation Committee Audit Committee Member	Director Chairperson, Compensation Committee Audit Committee Member Nomination Committee Member	March 29, 2023
Hiroshi Miura	Director Audit Committee Member	Director Audit Committee Member Nomination Committee Member	March 29, 2023

3. Changes in the position and responsibilities of Executive Officer that occurred during the fiscal year ended December 31, 2023 are as follows:

Name	Former positions	New positions	Date
Sakuya Tamura	Executive Officer General Manager of Supply Chain Management Department	Senior Executive Officer General Manager of Supply Chain Management Department	March 29, 2023
	Senior Executive Officer General Manager of Supply Chain Management Department	Senior Executive Officer General Manager of Supply Chain Management Department General Manager of BPM Promotion Department	June 1, 2023
Tetsuya Koda	Senior Executive Officer General Manager of Business Administration Department	Executive Vice President General Manager of Business Administration Department	March 29, 2023
Hidetoshi Taura	Executive Officer	Senior Executive Officer	March 29, 2023

4. Changes in the position and responsibilities of Director that occurred after December 31, 2023 are as follows:

Name	Former positions	New positions	Date
Kinya Seto	Director & Chairman Compensation Committee Member Nomination Committee Member	Director Compensation Committee Member Nomination Committee Member	January 1, 2024

5. Changes in the position and responsibilities of Executive Officer that occurred after December 31, 2023 are as follows:

Name	Former positions	New positions	Date
Masaya Suzuki	President & CEO	Chairman & CEO	January 1, 2024
Sakuya Tamura	Senior Executive Officer General Manager of Supply Chain Management Department General Manager of BPM Promotion Department	President & COO	January 1, 2024

6. The Company engages in selling and purchasing products with LIXIL Corporation served by Mr. Kinya Seto, Director & Chairman, as its Director, Representative Executive Officer, President & CEO; however,

the amount of transactions is less than 1% of consolidated net sales (or consolidated sales revenue) of the Company or LIXIL Corporation, which is quite small.

7. Mr. Masahiro Kishida, Director, resigned from his position of Representative in Japan, Russell Reynolds Associates Japan, Inc. on June 30, 2023, and retired from Russell Reynolds Associates Japan, Inc. on July 31, 2023. In addition, he assumed office as Representative Partner of INTEGRITY LLC. on July 24, 2023.
8. Mr. Hidetoshi Taura, Senior Executive Officer, assumed office as Director and CEO of IB MONOTARO PRIVATE LIMITED on December 1, 2023.
9. Mr. Hiroshi Miura, Director and Audit Committee Member, is a certified public accountant and has considerable financial and accounting knowledge.
10. The Company has designated Directors Mr. Masahiro Kishida, Ms. Tomoko Ise, Ms. Mari Sagiya, and Mr. Hiroshi Miura as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and registered them as such at the Exchange.
11. As the Company appoints full-time employees who support the duties of the Audit Committee at the Management Audit Office, the Company has not selected full-time Audit Committee Members.
12. The legal name of Ms. Tomoko Ise, Director, registered in the family register is Tomoko Tanaka.
13. The legal name of Ms. Mari Sagiya, Director, registered in the family register is Mari Itaya.

## (2) Compensation, Etc. for Directors and Executive Officers

- (i) Matters regarding the policy on determining the amount of compensation, etc. of Directors and Executive Officers and its calculation method

To streamline purchases of indirect materials by customers and further enhance the provision of services to enable them to buy inexpensively and effortlessly based on our mission of “To Innovate Business Procurement Network,” and also in order to raise our awareness of the need to improve the Company’s business performance and raise its corporate value over the medium- to long-term, the Company established the Officer Compensation Policy (the “Policy”). Shown below is an outline of the Policy.

In addition, the Compensation Committee has determined that the details of compensation, etc. for individual Directors and Executive Officers for the fiscal year under review are in line with the Policy because the details are based on the results of sufficient deliberation by the Compensation Committee.

### (Directors)

The Company pays only fixed compensation to Directors not concurrently serving as Executive Officers in order to keep them independent and let them supervise operations separately from business execution.

Director compensation is determined by the Compensation Committee. Under the Rules of the Compensation Committee of the Company, a Director does not participate in a resolution on his/her own compensation, etc.

### (Executive Officers)

- a. Basic policy on officer compensation

The Company designs and handles officer compensation with the following five points as the basic policy.

- A compensation system that helps the Company to keep growing, raises its corporate value in the medium- to long-term and conforms to its corporate philosophy and code of conduct
- A compensation system that strongly motivates officers to achieve the Company’s business strategies and business performance targets and closely tracks business performance
- A compensation system that reflects business performance and medium- to long-term efforts in officer compensation
- A compensation system in which officers share profits and risks with shareholders and that raises awareness of the need to improve shareholder value
- A compensation system that is so objective, transparent, and fair as to enable officers to fulfill their accountability to stakeholders through a process of deliberations at Compensation Committee meetings

- b. Composition of compensation

Compensation for the Company’s Executive Officers consists of monthly compensation and stock compensation. To ensure that their compensation helps the Company to keep growing and raises its corporate value in the medium- to long-term, the following ideas are used to set composition percentages.

- The Company sets the percentage of variable compensation (performance-linked monthly compensation and stock compensation) included in the annual compensation amount in a manner that incentivizes Executive Officers to improve its business performance and corporate value.
- Set the percentages of compensation composition appropriately on a title-by-title basis

- c. Monthly compensation

Monthly compensation for the Company’s Executive Officers consists of fixed compensation and performance-linked compensation.

Fixed compensation for Executive Officers is intended to be paid for their roles and responsibilities and is paid in accordance with the title and the number of service years of each person after taking into account the market level, etc.

Performance-linked compensation for Executive Officers is determined in accordance with the achievement rate for targeted consolidated operating income and individual evaluations.

d. Stock compensation

Stock compensation for Executive Officers is regarded as an incentive for improving the Company's corporate value in the medium- to long-term and encouraging them to share value with shareholders, and the number of shares to be granted is determined in accordance with a standard value commensurate with an executive officer title and with any increase in value of consolidated operating income.

Stock compensation for Executive Officers is annually granted in the form of shares with transfer restrictions and is designed to allow them to exercise the rights after they resign.

e. Process for determining compensation

The Company is a company with Nomination Committee and other committees and compensation for Executive Officers is determined by the Compensation Committee. The Compensation Committee is composed of three (3) Directors including two (2) Outside Directors.

(ii) Total amount of compensation, etc. for the fiscal year under review

Classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation by category (millions of yen)			Number of targeted officers (persons)
		Fixed compensation	Performance-linked compensation	Non-monetary compensation, etc.	
Inside Directors	168	64	47	56	2
Outside Directors	36	36	–	–	4
Executive Officers	207	119	47	40	7
Total	412	220	95	97	13

- (Notes)
- The information in the above table includes one (1) Executive Officer who resigned at the conclusion of the 23rd term General Shareholders' Meeting held on March 29, 2023.
  - At the end of the fiscal year under review, there were seven (7) Directors, including four (4) Outside Directors, and seven (7) Executive Officers. One (1) of the Directors concurrently serves as an Executive Officer.
  - The achievement rate for targeted consolidated operating income is used as the performance indicator for performance-linked compensation, and the result for the fiscal year under review was 31,309 million yen, compared to the initial forecast of 32,030 million yen (achievement rate of 97.7%). This performance indicator was selected to provide an incentive for improving business performance in a single fiscal year. The Company calculated performance-linked compensation by multiplying the standard amount according to the position by the payment percentages according to the results of the Company performance evaluation and individual evaluation.
  - Non-monetary compensation, etc. includes shares with transfer restrictions and stock options, and the conditions, etc. for granting shares with transfer restrictions are stated in "(i) d. Stock compensation." In addition, details regarding the shares issued during the fiscal year under review are stated in "2. (5) Shares Issued to Officers of the Company as Compensation for Their Execution of Duties During the Fiscal Year Under Review." For the stock options, the fair value of subscription rights to shares was calculated and the amount to be recorded as an expense for the fiscal year under review is shown in the table.
  - Regarding executive officers' retirement benefits, although the retirement benefit plan was abolished according to the resolution of the Compensation Committee held on January 12, 2018, the accumulated amount up to 2017 will be paid at the time of their retirement.

**(3) Matters Regarding Outside Directors**

(i) Matters regarding Outside Directors

a. Outside Directors' significant concurrent positions and relationship with the Company

Classification	Name	Significant concurrent positions	Relationship with the Company
Outside Director	Masahiro Kishida	Representative Partner, INTEGRITY LLC.	The Company has no special relationship with INTEGRITY LLC.
Outside Director	Tomoko Ise	Partner, TMI Associates Osaka Office Attorney-at-law	The Company has no special relationship with TMI Associates and its Osaka Office.
Outside Director	Hiroshi Miura	Representative CPA of Global Management Advisory Office Certified Public Accountant	The Company has no special relationship with Global Management Advisory Office.



b. Major activities in the fiscal year under review

Classification	Name	Attendance		Outline of statements given and duties executed in relation to roles expected of Outside Directors
		Board of Directors	Audit Committee	
Outside Director	Masahiro Kishida	12/12	–	Mr. Kishida attended all twelve (12) meetings of the Board of Directors held in the fiscal year under review. He made advice and proposals to secure the validity and appropriateness of decision-makings of the Board of Directors by presenting his opinions mainly from a professional viewpoint as a management consultant on business management at the meetings of the Board of Directors.
Outside Director	Tomoko Ise	12/12	17/17	Ms. Ise attended all twelve (12) meetings of the Board of Directors and all seventeen (17) meetings of the Audit Committee held in the fiscal year under review. She provided advice and made proposals to secure the validity and appropriateness of decisions made by the Board of Directors by presenting her opinions mainly from a professional viewpoint as an attorney-at-law at the meetings of the Board of Directors. She also presented her opinions mainly from a professional viewpoint as an attorney-at-law, exchanged views on the audit results and made discussions on important matters concerning audit at the meetings of the Audit Committee.
Outside Director	Mari Sagiya	12/12	17/17	Ms. Sagiya attended all twelve (12) meetings of the Board of Directors and all seventeen (17) meetings of the Audit Committee held in the fiscal year under review. She provided advice and made proposals to secure the validity and appropriateness of decisions made by the Board of Directors by presenting her opinions based on her extensive knowledge and experience, etc. of corporate management at the meetings of the Board of Directors. She also exchanged views on the audit results and made discussions on important matters concerning audit at the meetings of the Audit Committee.
Outside Director	Hiroshi Miura	12/12	17/17	Mr. Miura attended all twelve (12) meetings of the Board of Directors and all seventeen (17) meetings of the Audit Committee held in the fiscal year under review. He provided advice and made proposals to secure the validity and appropriateness of decisions made by the Board of Directors by presenting his opinions mainly from a professional viewpoint as a certified public accountant at the meetings of the Board of Directors. He also presented his opinions mainly from a professional viewpoint as a certified public accountant, exchanged views on the audit results and made discussions on important matters concerning audit at the meetings of the Audit Committee.

(Note) If any Director cannot attend in person, the relevant meeting is held by way of a web conference.

(ii) Summary of the Agreement on Limitation of Liability

The Company has entered into liability limitation agreements with Outside Directors, pursuant to Article 427, paragraph (1) of the Companies Act to limit the liability for damages under Article 423, paragraph (1) of that Act.

The upper limit on liability for damages under these agreements will be the total of the amounts prescribed in the items of Article 425, paragraph (1) of the Companies Act.

(iii) Summary, etc. of the contract of Directors and Officers Liability Insurance

The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, paragraph (1) of the Companies Act. The insureds under this insurance policy include the Company's Directors, Executive Officers, and management level personnel, and the insureds do not bear the insurance premiums. This insurance policy covers damages arising when an insured person receives a claim for compensation for damages originating from actions in the execution of his/her duties and bears legal responsibility for the compensation for damages. However, to ensure that proper performance of duties of an insured is not impaired, there are certain reasons for coverage exclusion, such as situations in which the claim originates from actions, etc. carried out with full knowledge that such actions were unlawful.

(iv) Total amount of compensation, etc.

Classification	No. of recipients	Amount paid
Outside Directors	4	36 million yen

#### 4. Accounting Auditor

(1) **Accounting Auditor's Name** Ernst & Young ShinNihon LLC

(2) **Amount of Accounting Auditor's Compensation, Etc.**

	Amount paid
Amount of compensation, etc. for Accounting Auditor for the fiscal year	38 million yen
Total amount of money and other property benefits payable by the Company and its subsidiaries to Accounting Auditor	50 million yen

(Note) Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and that for audits pursuant to the Financial Instruments and Exchange Act are not clearly distinguished, and cannot be substantially distinguished. Consequently, the above amount reflects the total amount of compensation, etc. for the fiscal year under review.

(3) **Reasons for the Audit Committee's Consent on Accounting Auditor's Compensation, Etc.**

The Audit Committee of the Company has given the consent of its members, as set forth in Article 399, paragraph (1) of the Companies Act, with respect to the Accounting Auditor's compensation, etc., as a result of confirmation of the number of hours of audit by auditing item and the transition of audit compensation and the previous years' audit plan and results, and review of the appropriateness of the number of hours of audit for the fiscal year under review and the compensation estimate, by taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association.

(4) **Policy on Decisions of Dismissal or Non-reappointment of Accounting Auditor**

In the event that the Accounting Auditor is deemed to fall under any of the items set forth in Article 340, paragraph (1) of the Companies Act, the Audit Committee of the Company dismisses the Accounting Auditor with the consent of all Audit Committee members. In this case, the Audit Committee member selected by the Audit Committee reports the dismissal of the Accounting Auditor and the reason therefor at the first General Shareholders' Meeting to be held after the dismissal.

If the Accounting Auditor is deemed to have violated or conflicted with laws and regulations or that the Accounting Auditor is deemed not capable of maintaining the quality of audit generally required, the Audit Committee decides the content of the proposal for the non-reappointment of the Accounting Auditor to be submitted to a General Shareholders' Meeting.

(5) **Summary of the Agreement on Limitation of Liability**

The Company has not entered into an agreement with the Accounting Auditor that is stipulated in Article 427, paragraph (1) of the Companies Act.

#### 5. Policy for Decisions on Dividends from Surplus, Etc.

The Company acknowledges that profit returns to shareholders is one of the important policies of business management and adopts the basic policy of conducting stable and continuous dividends from surplus in line with growth of its consolidated business results. Pursuant to such basic policy, the Company decided that the year-end dividend for the fiscal year under review be 8.0 yen per share and that the annual dividend for the fiscal year under review aggregated with the interim dividend of 8.0 yen per share be 16.0 yen per share.

The Company intends to further improve its business results by allocating internal reserves to strategies to develop business aggressively to respond to the changes in the Company's business environment while securing its financial soundness.

## Consolidated balance sheet

As of December 31, 2023

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	75,286	Current liabilities	36,989
Cash and deposits	18,644	Accounts payable - trade	17,052
Notes and accounts receivable - trade	28,443	Short-term borrowings	221
Electronically recorded monetary claims	906	Long-term loans payable - current portion	4,721
Merchandise	18,182	Lease obligations	31
Goods in transit	690	Accounts payable - other	5,463
Supplies	1	Income taxes payable	6,063
Accounts receivable - other	7,417	Provision for employees' bonuses	345
Other	1,134	Other	3,093
Allowance for doubtful accounts	(134)	Non-current liabilities	4,380
Non-current assets	53,065	Long-term loans payable	221
Property and equipment	39,561	Lease obligations	616
Buildings	14,943	Provision for retirement benefits	562
Structures	632	Asset retirement obligations	2,903
Machinery and equipment	14,888	Other	77
Vehicles	196	Total liabilities	41,369
Tools, furniture and fixtures	3,195		
Land	2,238	Net assets	
Leased assets	2,389	Shareholders' equity	86,028
Construction in progress	1,076	Common stock	2,042
Intangible assets	6,359	Capital surplus	1,027
Software	5,883	Retained earnings	83,578
Software in progress	301	Treasury stock	(619)
Other	175		
Investments and other assets	7,144	Accumulated other comprehensive income	404
Investment securities	1,500	Foreign currency translation adjustment	417
Guarantee deposits	3,550	Remeasurements of defined benefit plans	(12)
Deferred income taxes	979		
Other	1,235	Subscription rights to shares	28
Allowance for doubtful accounts	(120)	Non-controlling interests	520
		Total net assets	86,982
Total assets	128,352	Total liabilities and net assets	128,352

## Consolidated statement of income

For the year ended December 31, 2023

(Millions of yen)

Account	Amount	
Net sales		254,286
Cost of sales		178,321
Gross profit		75,964
Selling, general and administrative expenses		44,654
Operating income		31,309
Non-operating income:		
Interest income	35	
Foreign exchange gains	151	
Gain on sale of materials	34	
Other	145	367
Non-operating expenses:		
Interest expenses	90	
Loss on disposal of inventories	4	
Loss on sale of electronically recorded monetary claims	38	
Other	5	137
Ordinary income		31,538
Extraordinary losses:		
Impairment loss	665	
Loss on disposal of non-current assets	101	
Loss on sale of non-current assets	0	768
Income before income taxes		30,770
Income taxes:		
Current	9,521	
Deferred	(15)	9,505
Net income		21,264
Net income attributable to:		
Non-controlling interests		(548)
Owners of the parent		21,813

## Non-consolidated balance sheet

As of December 31, 2023

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	72,400	Current liabilities	35,072
Cash and deposits	17,995	Accounts payable - trade	16,304
Accounts receivable - trade	27,895	Long-term loans payable - current portion	4,500
Electronically recorded monetary claims	906	Lease obligations	4
Merchandise	16,819	Accounts payable - other	5,108
Goods in transit	692	Accrued expenses	493
Supplies	1	Income taxes payable	6,063
Advance payments	6	Accrued consumption taxes	2,029
Prepaid expenses	799	Advances received	65
Accounts receivable - other	7,401	Deposits received	138
Other	3	Provision for employees' bonuses	337
Allowance for doubtful accounts	(122)	Other	27
Non-current assets	54,931	Non-current liabilities	4,006
Property and equipment	38,335	Lease obligations	616
Buildings	14,942	Provision for retirement benefits	465
Structures	632	Asset retirement obligations	2,847
Machinery and equipment	14,372	Other	77
Vehicles	194	Total liabilities	39,079
Tools, furniture and fixtures	2,699		
Land	2,238		
Leased assets	2,177		
Construction in progress	1,076		
Intangible assets	6,263		
Software	5,803	Net assets	
Software in progress	284	Shareholders' equity	88,225
Other	175	Common stock	2,042
Investments and other assets	10,332	Capital surplus	1,151
Investments in subsidiaries	4,112	Legal capital surplus	846
Doubtful receivables	120	Other capital surplus	304
Long-term prepaid expenses	494	Retained earnings	85,651
Guarantee deposits	3,426	Other retained earnings	85,651
Insurance funds	607	Reserve for specific stocks	375
Deferred income taxes	1,690	Retained earnings brought forward	85,276
Allowance for doubtful accounts	(120)	Treasury stock	(619)
		Subscription rights to shares	28
		Total net assets	88,253
Total assets	127,332	Total liabilities and net assets	127,332

## Non-consolidated statement of income

For the year ended December 31, 2023

(Millions of yen)

Account	Amount	
Net sales		243,352
Cost of sales		169,593
Gross profit		73,759
Selling, general and administrative expenses		41,084
Operating income		32,675
Non-operating income:		
Interest income	0	
Foreign exchange gains	150	
Commission fee	11	
Gain on sale of materials	34	
Other	78	275
Non-operating expenses:		
Interest expenses	17	
Loss on sale of electronically recorded monetary claims	38	
Other	3	58
Ordinary income		32,891
Extraordinary losses:		
Loss on valuation of shares of subsidiaries	1,746	
Loss on disposal of non-current assets	99	1,846
Income before income taxes		31,044
Income taxes		
Current	9,521	
Deferred	(549)	8,971
Net income		22,072

## 1. Subscription Rights to Shares, Etc.

### (1) Subscription Rights to Shares Held by Officers of the Company Issued as Compensation for Their Execution of Duties (As of December 31, 2023)

		13th Subscription Rights to Shares	14th Subscription Rights to Shares
Date of resolution of issuance		July 28, 2017	March 27, 2018
Number of subscription rights to shares		34	51
Class and number of shares to be issued upon exercise of subscription rights to shares		Common stock 13,600 shares (400 shares per subscription right to shares)	Common stock 20,400 shares (400 shares per subscription right to shares)
Amount paid for subscription rights to shares		No consideration	No consideration
Value of property to be contributed upon exercise of subscription rights to shares		400 yen per subscription right to shares (1 yen per share)	400 yen per subscription right to shares (1 yen per share)
Amount to be incorporated into the stated capital when issuing shares upon exercise of subscription rights to shares		409 yen per share	469 yen per share
Exercise period		From August 25, 2020 to June 30, 2027	From April 26, 2020 to February 28, 2028
Conditions for exercise of subscription rights to shares		(Note)	(Note)
Officer holdings	Directors and Executive Officers	Number of subscription rights to shares 5 Number of shares to be issued upon exercise of subscription rights to shares 2,000 shares Number of holders 1	Number of subscription rights to shares 4 Number of shares to be issued upon exercise of subscription rights to shares 1,600 shares Number of holders 1

		15th Subscription Rights to Shares	16th Subscription Rights to Shares
Date of resolution of issuance		March 26, 2019	March 26, 2020
Number of subscription rights to shares		85	77
Class and number of shares to be issued upon exercise of subscription rights to shares		Common stock 17,000 shares (200 shares per subscription right to shares)	Common stock 15,400 shares (200 shares per subscription right to shares)
Amount paid for subscription rights to shares		No consideration	No consideration
Value of property to be contributed upon exercise of subscription rights to shares		200 yen per subscription right to shares (1 yen per share)	200 yen per subscription right to shares (1 yen per share)
Amount to be incorporated into the stated capital when issuing shares upon exercise of subscription rights to shares		626 yen per share	782 yen per share
Exercise period		From April 25, 2021 to February 28, 2029	From April 24, 2022 to February 28, 2030
Conditions for exercise of subscription rights to shares		(Note)	(Note)
Officer holdings	Directors and Executive Officers	Number of subscription rights to shares 24 Number of shares to be issued upon exercise of subscription rights to shares 4,800 shares Number of holders 3	Number of subscription rights to shares 31 Number of shares to be issued upon exercise of subscription rights to shares 6,200 shares Number of holders 4

(Note) Conditions for exercise of subscription rights to shares  
(13th Subscription Rights to Shares)



1. Subscription rights to shares must be exercised by persons who have been granted such subscription rights to shares upon issuance thereof; provided, however, that persons who have acquired such subscription rights to shares by inheritance may exercise such subscription rights to shares.
2. Persons who are Executive Officers of the Company at the time of issuance of subscription rights to shares must remain Executive Officer of the Company at the time of exercise of such subscription rights to shares unless such persons resign from the position due to the expiration of term of office, retire from the Company or have any other justifiable reason, or have acquired such subscription rights to shares by inheritance.
3. Pledging or any other disposal of subscription rights to shares is not permitted.  
Other conditions shall be as set forth in the "Agreement for Granting of Subscription Rights to Shares of MonotaRO Co., Ltd." entered into by and between the Company and each of the relevant Executive Officers pursuant to a resolution of the Board of Directors of the Company.

(14th Subscription Rights to Shares - 16th Subscription Rights to Shares)

1. Subscription rights to shares must be exercised by persons who have been granted such subscription rights to shares upon issuance thereof; provided, however, that persons who have acquired such subscription rights to shares by inheritance may exercise such subscription rights to shares.
2. Persons who are Executive Officers of the Company at the time of issuance of subscription rights to shares must be a member of the Company or its subsidiaries until the inception of exercise of such subscription rights and also remain Executive Officer of the Company at the time of exercise of such subscription rights to shares. However, persons who do not hold the position of Executive Officer at the time of exercise may exercise the subscription rights to shares after the inception of the exercise period, if the reason for not holding the position is due to their resignation from the position at the expiration of their term of office or any other justifiable reason, or if the persons have acquired such subscription rights to shares by inheritance.
3. Pledging or any other disposal of subscription rights to shares is not permitted.  
Other conditions shall be as set forth in the "Agreement for Granting of Subscription Rights to Shares of MonotaRO Co., Ltd." entered into by and between the Company and each of the relevant Executive Officers pursuant to a resolution of the Board of Directors of the Company.

- (2) **Subscription Rights to Shares Issued to Employees, Etc. as Compensation for Their Execution of Duties During the Fiscal Year Under Review**  
Not applicable.

## **2. Basic Policy for Frameworks to Ensure Properness of Operations (Internal Control System), Etc.**

The Company sets forth the basic policy for the matters “necessary for the execution of the duties of the Audit Committee,” as prescribed in Article 416, paragraph (1), item (i), (b) of the Companies Act and the “systems necessary to ensure the properness of operations,” as prescribed in the same Item, (e) of the same act as follows.

### **[Matters necessary for the execution of the duties of the Audit Committee]**

#### **1 Matters regarding Directors and employees who are required to support the Audit Committee of the Company in execution of duties (Article 112, paragraph (1), item (i) of the Ordinance for Enforcement of the Companies Act)**

In the event that the Audit Committee needs to conduct an investigation on matters pertaining to the execution of duties of any other committee in order to perform its own duty, the Director who is Chairperson of the related committee shall be obliged to cooperate actively in such investigation. With respect to employees who are required to support duties, one (1) or more members of the Management Audit Office shall support the duty of the Audit Committee.

#### **2 Matters regarding independence of Directors and employees stated in 1 above from Executive Officers of the Company (Item 2)**

The President & CEO decides on matters regarding appointment of employees who belong to the Management Audit Office, their personnel changes, wages and employment conditions such as other compensation, etc. with approval of the Audit Committee.

#### **3 Matters regarding ensuring the effectiveness of instructions by the Audit Committee of the Company to Directors and employees stated in 1 above (Item 3)**

In the event that the Audit Committee requires an investigation on matters pertaining to the execution of duties of any other committee to perform its own duty, but cooperation of the Director who is Chairperson of the related committee is deemed insufficient, the Audit Committee shall actively request cooperation by informing all Directors by reporting such event at a meeting of the Board of Directors in a timely manner.

The President & CEO shall inform all Executive Officers and employees that the employees who support the Audit Committee’s duties follow instructions and orders of the Audit Committee and have the authority to collect information necessary to conduct audits.

#### **4 The following frameworks and other matters regarding reporting to the Audit Committee of the Company (Item 4)**

##### **(1) Framework for reporting to the Audit Committee of the Company by Directors (excluding those who are Audit Committee Members), Executive Officers and employees (Item 4, (a))**

- (i) The President & CEO shall report the issues discussed and reported at a meeting of General Managers of Divisions held by Executive Officers and General Managers of Divisions to the Audit Committee and exchange views with Audit Committee Members as necessary.
- (ii) The President & CEO shall secure a framework to report the results of internal audits conducted by the Management Audit Office to the Audit Committee.
- (iii) The Company shall develop a framework for a whistle-blowing system to facilitate discovery of misconduct related to the performance of duties by Executive Officers, Directors or employees, etc., a threat of violation of laws and regulations or the Articles of Incorporation, or the facts that may give significant damage to the Company, and shall establish a framework that such circumstances are also properly reported to the Audit Committee.

##### **(2) Framework for reporting to the Audit Committee of the Company by Directors, Corporate Auditors, Executive Officers, executive employees and other persons equivalent thereto and employees of the Company’s subsidiaries or persons who receive reports from any of the above persons (Item 4, (b))**

- (i) Directors and employees of the Company’s subsidiaries shall promptly make appropriate reports upon request from the Audit Committee of the Company regarding the matters concerning the execution of operations.
- (ii) The President & CEO shall cause the Company’s principal subsidiaries to develop a framework for a whistle-blowing system to facilitate discovery of misconduct related to the performance of duties by Directors or employees, etc. of the Company’s subsidiaries, a threat of violation of laws and regulations or the Articles of Incorporation, or the facts that may give significant damage to the Company

or a subsidiary of the Company by securing a framework under which reports through such whistle-blowing system are made to not only the Company's subsidiaries' relevant organs but also the Audit Committee of the Company and the compliance supervisory department of the Company, and shall establish a framework that such circumstances are also properly reported to the Audit Committee of the Company.

- (iii) The President & CEO must secure a framework to report the results of internal audits on the Company's subsidiaries conducted by the Management Audit Office of the Company also to the Audit Committee of the Company.

**5 Frameworks for ensuring that a person who made a report in the above 4 shall not be subject to any unfavorable treatment due to having made such report (Item 5)**

The President & CEO shall prohibit any unfavorable treatment of a person who made a report to the Audit Committee of the Company due to having made such report, and inform all Executive Officers and employees of the Company and Directors and employees of the Company's subsidiaries accordingly.

**6 Matters regarding the policy for handling expenses or payables in relation to execution of duties of Audit Committee Members of the Company (limited to those related to the execution of duties of the Audit Committee), such as procedures for advance payment or reimbursement in relation to execution of such duties (Item 6)**

When an Audit Committee Member of the Company requests advance payment, etc. of expenses necessary for the execution of his or her duties, such expenses or payables shall be promptly processed unless the expenses or payables related to such request are unnecessary for the execution of such member's duties.

**[Systems necessary to ensure the properness of operations]**

**1 Framework regarding information storage and management related to execution of duties of Executive Officers of the Company (Article 112, paragraph (2), item (i) of the Ordinance for Enforcement of the Companies Act)**

The President & CEO shall store and manage information in accordance with the internal rules of the Company and take necessary measures to prevent leakage of information to outside the Company.

**2 Rules and other frameworks regarding management of risk of loss of the Company (Item 2)**

- (i) The President & CEO shall establish and operate an appropriate management framework by establishing the Risk Management Rules and determining persons responsible for addressing risks by type of risks and the procedures to manage risks pursuant to a manual.
- (ii) The Management Audit Office shall confirm and report the status of operation of the risk management framework to the President & CEO and the Audit Committee of the Company at least annually.
- (iii) In the event that a new risk arises, the President & CEO shall promptly serve as the responsible person to address such risk and respond to such risk.

**3 Frameworks to ensure that execution of duties of Executive Officers and employees of the Company is in compliance with laws, regulations and the Articles of Incorporation of the Company and is made effectively (Items 3 and 4)**

- (i) The President & CEO shall establish and operate the "Compliance Manual" so that Executive Officers and employees of the Company can strictly comply with related laws and regulations and the Articles of Incorporation of the Company in all aspects of business activities and act in accordance with social norms based on high ethical values and morals. The President & CEO shall also establish and promote the Compliance Committee.
- (ii) The President & CEO shall establish a whistle-blowing system.
- (iii) The President & CEO shall discuss important matters on normal business operations at meetings of General Managers of Divisions and report the content of such discussion to the Audit Committee of the Company on a regular basis.
- (iv) The President & CEO shall develop the Rules on Division of Authority and promote efficient execution of duties.
- (v) The Management Audit Office shall conduct internal audits and report the results of such audits to the President & CEO and the Audit Committee of the Company.

**4 The following frameworks and other frameworks to ensure properness of operations by the Group comprised of the Company, its parent company and its subsidiaries (the “Group”) (Item 5)**

- (1) Framework for reporting the matters regarding the execution of duties of Directors, Executive Officers, executive employees and other persons equivalent thereto of the Company’s subsidiaries (“Directors, Etc.” in (3) and (4) below) to the Company (Item 5, (a))
    - (i) In order to accurately understand the content of business of the Company’s subsidiaries, the President & CEO shall request its subsidiaries to submit related materials, etc. as necessary in accordance with the Subsidiary Management Rules.
    - (ii) The President & CEO shall request President and Director, Directors or employees of the Company’s subsidiaries to attend the meeting of the Board of Directors of the Company as needed in order for the subsidiaries to report their business results, financial status and other important information to the Company.
  - (2) Rules and other frameworks regarding management of risk of loss of the Company’s subsidiaries (Item 5, (b))
    - (i) The President & CEO shall develop the Risk Management Rules that provide for risk management of the entire Group and require that the Company’s subsidiaries manage risks under such rules. The President & CEO shall, at the same time, manage the entire Group’s risks in a comprehensive and supervisory manner.
    - (ii) The Management Audit Office shall confirm and report the status of operation of the risk management framework of the Company’s subsidiaries to the President & CEO and the Audit Committee of the Company on a regular basis.
  - (3) Framework for ensuring efficient execution of duties by Directors, Etc. of the Company’s subsidiaries (Item 5, (c))
    - (i) The President & CEO shall develop the Subsidiary Management Rules to contribute to the efficient operation of the Group while respecting the autonomy and independence of business management of the Company’s subsidiaries.
    - (ii) The Company’s subsidiaries shall develop the Rules on Division of Authority and promote efficient execution of duties.
  - (4) Frameworks to ensure that execution of duties of Directors, Etc. and employees of the Company’s subsidiaries is in compliance with laws, regulations and their Articles of Incorporation (Items 5, (d))
    - (i) The President & CEO shall cause the Company’s subsidiaries to establish a framework to appoint the appropriate number of Corporate Auditors and persons in charge of promotion of compliance based on the content of business and the scale of the subsidiaries.
    - (ii) The President & CEO shall cause the Company’s subsidiaries to establish a framework for audit by Corporate Auditors of the Company’s subsidiaries over the execution of duties of Directors, Etc. and employees of the Company’s subsidiaries, including the status of establishment and operation of the internal control system.
    - (iii) The Company’s subsidiaries shall be the companies with Board of Directors and adopt a framework under which the Company can monitor the properness of operations of the subsidiaries by appointing the Company’s officers and employees as Directors of the subsidiaries.
    - (iv) The President & CEO shall cause the Company’s subsidiaries to establish a whistle-blowing system.
- (Note) The “Frameworks to Ensure Properness of Operations” above was provided on December 31, 2023.

**[Summary of the status of operation of a framework to ensure the properness of operations]**

The Management Audit Office conducts operational audits for each division on a regular basis to verify from an independent position whether the internal control system properly functions, any misconduct is made, or there is a matter that should be improved, etc. Any issue that is found through audits will be improved in a timely manner, ensuring that advice to make the improvement is given to the audited division immediately upon the issue’s discovery, and that reports to the Audit Committee and Representative Executive Officers are also given. The Business Administration Department and the Management Audit Office serve as the hub to seek to enhance the related divisions’ and the Company’s subsidiaries’ awareness of the importance of the internal control system and compliance through training and audits conducted on a regular basis.

## Consolidated statement of changes in net assets

For the year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the year	2,039	1,034	69,218	(502)	71,789
Changes of items during the year					
Issuance of new shares	2	2			4
Change of capital surplus due to change in ownership interest of consolidated subsidiaries		(123)			(123)
Dividends			(7,453)		(7,453)
Net income attributable to owners of the parent			21,813		21,813
Purchase of treasury stock				(126)	(126)
Disposal of treasury stock		114		10	124
Net changes of items other than shareholders' equity					
Total changes of items during the year	2	(6)	14,359	(116)	14,238
Balance as of the end of the year	2,042	1,027	83,578	(619)	86,028

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the beginning of the year	318	(1)	316	33	482	72,621
Changes of items during the year						
Issuance of new shares						4
Change of capital surplus due to change in ownership interest of consolidated subsidiaries						(123)
Dividends						(7,453)
Net income attributable to owners of the parent						21,813
Purchase of treasury stock						(126)
Disposal of treasury stock						124
Net changes of items other than shareholders' equity	99	(10)	88	(4)	38	121
Total changes of items during the year	99	(10)	88	(4)	38	14,360
Balance as of the end of the year	417	(12)	404	28	520	86,982

## Notes to consolidated financial statements

### 1. Summary of basis for preparation of consolidated financial statements

#### (1) Scope of consolidation

Number of consolidated subsidiaries:	3
Names of consolidated subsidiaries:	NAVIMRO Co., Ltd. PT MONOTARO INDONESIA IB MONOTARO PRIVATE LIMITED

#### (2) Application of equity method

Associated companies not accounted for using the equity method

Number of associates: 1

Names of associates: Aldagram Inc.

(Reasons for not applying the equity method)

The associated company not accounted for using the equity method has been excluded from the scope of application of the equity method because its impact on the Company's profit and loss and retained earnings is immaterial and it has no significance as a whole.

#### (3) Fiscal year-end of subsidiaries

Of the consolidated subsidiaries, the fiscal year-end for IB MONOTARO PRIVATE LIMITED is March 31.

The consolidated financial statements are prepared using the financial statements of IB MONOTARO PRIVATE LIMITED prepared on the basis of the provisional settlement of account as of the consolidated fiscal year-end date. The fiscal year-end for all other consolidated subsidiaries coincides with the end of the consolidated fiscal year.

#### (4) Summary of significant accounting policies

##### 1. Valuation policies and method of accounting for assets:

Inventories

* Merchandise	Lower of cost or market, cost being determined by the first-in, first-out method for the Company (the book value in the balance sheet is written down based on the decline in profitability) Lower of cost or market, cost being determined by the moving average method for all subsidiaries (the book value in the balance sheet is written down based on the decline in profitability)
* Goods in transit and supplies	Lower of cost or market, cost being determined by the specific identification method (the book value in the balance sheet is written down based on the decline in profitability)

##### 2. Methods of depreciation and amortization of non-current assets:

- 1) Property and equipment (other than leased assets) Straight-line method
- 2) Intangible assets (other than leased assets) Straight-line method  
Software intended for internal use is amortized using the straight-line method over its estimated useful life of five (5) years.
- 3) Leased assets  
Leased assets under finance lease contracts are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

##### 3. Accounting for allowances and provisions

- 1) Allowance for doubtful accounts  
To prepare for potential credit losses on receivables, allowance for doubtful account is provided based on past bad-debt ratio for general receivables, and based on an estimate of uncollectible amount determined after individual analysis for specific receivables such as highly doubtful receivables.

2) Provision for employees' bonuses

The provision for employees' bonuses is provided as the estimated amount of the bonuses to be paid to the employees in the following year, which are attributable to the current fiscal year.

4. Accounting methods for defined benefit

To prepare for retirement benefits to employees, net defined benefit liability is provided as the difference between the projected retirement benefit obligation and plan assets based on estimated amounts at the end of the fiscal year.

The Company Group mainly uses a straight-line attribution method for the calculation of projected retirement benefit expenses to be attributable to the period before the current fiscal year.

Prior service costs are amortized by the straight-line method over a certain number of years within the average number of remaining service years of the eligible employees at the time of accrual for each fiscal year.

The actuarial gain and loss are amortized by the straight-line method over a certain period within the average remaining service years for employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

In the calculation of the projected retirement benefit obligation, one (1) subsidiary uses a simplified method in which the projected benefit obligation equals the amount to be paid if all eligible employees voluntarily terminated their employment as of the end of the fiscal year.

5. Recognition of revenue and expenses

The Company and its consolidated subsidiaries sell industrial MRO products mainly through the internet.

In this business, our performance obligation is to deliver the products to the customers and for domestic sales, which account for the majority of sales, the length of time between shipping and the transfer of control to customers is the normal period, so we apply the alternative treatment prescribed in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition and recognize the revenue from the sale of these products at the time of delivery.

6. Standards for the translation of major assets or liabilities denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the resulting exchange gains and losses are included in the consolidated statement of income. Assets and liabilities of foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date and revenue and expense accounts are translated into yen at the average rate of exchange in effect during the year. Differences resulting from translating the foreign currency are presented as foreign currency translation adjustment in net assets in the consolidated balance sheet.

7. Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over ten (10) years.

## 2. Notes on accounting estimates

There are no accounting estimates that have the risk of significantly impacting the consolidated financial statements for the next fiscal year.

## 3. Consolidated balance sheet

(1) Accumulated depreciation of property and equipment		9,452 million yen
(2) Direct reduction in the amount of property and equipment	Land	318 million yen
	Machinery and equipment	171 million yen
	Tools, furniture and fixtures	326 million yen

#### 4. Consolidated statement of changes in net assets

##### (1) Total number of shares issued

Type of shares	Number of shares as of Jan. 1, 2023	Increase	Decrease	Number of shares as of Dec. 31, 2023
Common stock	501,347,600	3,400	–	501,351,000

(Note) The increase in the number of shares of 3,400 was due to the exercise of stock options.

##### (2) Total number of treasury stock

Type of shares	Number of shares as of Jan. 1, 2023	Increase	Decrease	Number of shares as of Dec. 31, 2023
Common stock	4,444,037	75,221	74,862	4,444,396

(Notes) 1. The increase in the number of treasury stock of 75,221 was due to the purchase of 75,200 shares based on a resolution of the Board of Directors and the purchase of 21 shares (less than one unit) at the request of the Company's shareholders.

2. The decrease in the number of treasury stock of 74,862 was due to disposal of treasury stock based on a resolution of the Board of Directors.

##### (3) Dividends

###### 1. Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
General Shareholders' Meeting on March 29, 2023	Common stock	3,478	7.0	December 31, 2022	March 30, 2023
Meeting of the Board of Directors on July 27, 2023	Common stock	3,975	8.0	June 30, 2023	September 8, 2023

###### 2. Dividends with a record date in the year ended December 31, 2023 and the effective date in the year ending December 31, 2024

The following will be proposed at the 24th General Shareholders' Meeting to be held on March 24, 2024:

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
General Shareholders' Meeting on March 24, 2024	Common stock	3,975	Retained earnings	8.0	December 31, 2023	March 25, 2024

##### (4) Subscription rights to shares as of December 31, 2023

	Resolution at board meeting on July 28, 2016	Resolution at board meeting on July 28, 2017	Resolution at board meeting on March 27, 2018
Type of shares	Common stock	Common stock	Common stock
Number of shares	2,000	3,600	4,000
Unexercised subscription rights to shares	5	9	10

	Resolution at board meeting on March 26, 2019	Resolution at board meeting on March 26, 2020
Type of shares	Common stock	Common stock
Number of shares	6,600	7,800
Unexercised subscription rights to shares	33	39



## 5. Financial instruments

### (1) Policy for financial instruments

The policy of the Group is to limit the fund management method to highly safe financial assets such as bank deposits, etc. and raise funds through bank loans. In addition, the Group does not utilize any derivative financial instruments.

Trade receivables, such as trade and other accounts receivable, are exposed to customers' credit risk. The Group manages this risk by applying internal credit limits to each customer in accordance with the Group rules, and by requiring customers to pay excess amounts over the credit limit in advance in order to prevent losses from bad debts. The Group carries out initiatives to improve the collectability rate of accounts receivable by putting in place measures such as issuing reminder letters at fixed intervals to customers whose due dates for payment have passed.

Guarantee deposits mainly relate to lease agreements for buildings, etc. and are exposed to the credit risk of the recipient. The Company mitigates the risk through periodic review of the credit status of the recipient in addition to review when entering into the agreement.

Investment securities are stocks of associated companies, and while their value is exposed to the risk of fluctuations of the financial status, etc. of issuing companies, the Company periodically reviews the financial status, etc. of the issuing companies.

Accounts payable - trade, accounts payable - other, and income taxes payable, which are operating payables, are due mostly within one (1) year. Some of those are denominated in foreign currencies due to the import of merchandise, and although they are exposed to the risk of currency fluctuation.

Loans mainly consist of borrowings for capital investments.

Trade accounts payable and loans are exposed to liquidity risk. The Company monitors and manages it by controlling the cash positions as a part of daily operations.

### (2) Fair value of financial instruments

The carrying value, fair value and the difference between them of financial instruments as of December 31, 2023 were as follows:

This does not include stocks, etc. without market price (carrying value of stocks of associated companies of 1,500 million yen) and guarantee deposits for which no reasonable estimate can be made for scheduled return (carrying value of 143 million yen). In addition, cash is omitted, and deposits, notes and accounts receivable – trade, electronically recorded monetary claims, accounts receivable – other, accounts payable – trade, short-term borrowings, accounts payable – other and income taxes payable are settled in short periods of time, with the fair value almost the same as the book value, so they are omitted.

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Guarantee deposits	3,406	2,731	(674)
(2) Doubtful receivables	120		
Allowance for doubtful accounts	(120)		
	–	–	–
Total assets	3,406	2,731	(674)
(1) Long-term loans payable	4,942	4,940	(1)
Total liabilities	4,942	4,940	(1)

\*1 Doubtful receivables are included in "Other" in investments and other assets on the consolidated balance sheet.

\*2 The amount of allowance for doubtful accounts, which is recorded individually for doubtful receivables, is deducted.

(3) Repayment schedules for monetary receivables and payables after December 31, 2023

(Millions of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and deposits	18,644	–	–	–	–	–
Notes and accounts receivable - trade	28,443	–	–	–	–	–
Electronically recorded monetary claims	906	–	–	–	–	–
Accounts receivable - other	7,417	–	–	–	–	–
Guarantee deposits	120	140	754	–	–	2,390
Total assets	55,532	140	754	–	–	2,390
Accounts payable - trade	17,052	–	–	–	–	–
Short-term borrowings	221	–	–	–	–	–
Accounts payable - other	5,463	–	–	–	–	–
Income taxes payable	6,063	–	–	–	–	–
Long-term loans payable	4,721	221	–	–	–	–
Total liabilities	33,520	221	–	–	–	–

\*1. Doubtful receivables are omitted because the collection period cannot be reasonably estimated.

\*2. Guarantee deposits for which no reasonable estimate can be made for scheduled return (carrying value of 143 million yen) are not included.

(4) Matters related to the breakdown, etc. of financial instruments by levels of fair values

Fair values of financial instruments are categorized into the following three levels in accordance with observability and significance of inputs used to measure fair value.

Level 1 fair value: Fair value measured by quoted prices for assets and liabilities subject to the measurement of fair value formed in active markets that are observable inputs related to fair value measurement

Level 2 fair value: Fair value measured by using observable inputs related to fair value measurement other than inputs related to Level 1 fair value measurement

Level 3 fair value: Fair value measured by using unobservable inputs related to fair value measurement

If multiple inputs are used that significantly affect the measurement of fair value, the fair value is categorized into the lowest priority level in fair value measurement among levels of those inputs.

(i) Financial instruments recorded on the consolidated balance sheet at fair value  
Not applicable.

(ii) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Guarantee deposits	–	2,731	–	2,731
Long-term loans payable	–	4,940	–	4,940

(Note) Explanation of evaluation techniques used to measure fair value and inputs

Guarantee deposits

The estimated return for guarantee deposits is calculated based on the present value discounted using the interest rates of government bonds, which correspond to the lease term, and is classified as Level 2 fair value.

Long-term loans payable

The fair value is measured using the discounted present value method based on the total amount of principal and interest and the expected interest rate assumed for a similar new loan, and is classified as Level 2 fair value.

## 6. Notes on revenue recognition

### (1) Information on the breakdown of revenue from contracts with customers

The Company operates in single segment, mainly in the business of mail order sales of industrial MRO products through the internet. Since there is only a single category of revenue generated through contracts with customers, disaggregation information for revenue is immaterial and this information is omitted.

### (2) Basic information for understanding revenue

As stated in “5. Recognition of revenue and expenses” under “1. Summary of basis for preparation of consolidated financial statements (4) Summary of significant accounting policies.”

### (3) Information for understanding the amount of revenue from the fiscal year ended December 31, 2023 and from the following fiscal year.

#### (i) Balance of contract assets and contract liabilities

	Balance as of the beginning of the year (millions of yen)	Balance as of the end of the year (millions of yen)
Receivables from contracts with customers		
Notes and accounts receivable - trade	25,244	28,443
Electronically recorded monetary claims	1,267	906
Contract liabilities	84	98

Contract liabilities are related to advances received from customers based on the payment terms in sales contracts with customers, and are included in “Other” under “Current liabilities” in the consolidated balance sheet.

Among the revenue recognized in the fiscal year ended December 31, 2023, the amount included in the contract liabilities at the beginning of the fiscal year was 84 million yen.

#### (ii) Trade price allocated to the remaining performance of obligations

This is omitted because there are no material contracts initially anticipated to have contract periods of more than one year.

In addition, no material amounts of compensation that arise from contracts with customers are included in the trade price.

## 7. Per share information (as of and for the year ended December 31, 2023)

- |                                |            |
|--------------------------------|------------|
| (1) Net assets per share       | 173.94 yen |
| (2) Earnings per share (basic) | 43.90 yen  |

## 8. Subsequent events

Not applicable.

## Non-consolidated statement of changes in net assets

For the year ended December 31, 2023

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for specific stocks	Retained earnings brought forward			
Balance as of the beginning of the year	2,039	844	190	1,034	375	70,657	71,032	(502)	73,603
Changes of items during the year									
Issuance of new shares	2	2		2					4
Dividends						(7,453)	(7,453)		(7,453)
Net income						22,072	22,072		22,072
Purchase of treasury stock								(126)	(126)
Disposal of treasury stock			114	114				10	124
Net changes of items other than shareholders' equity									
Total changes of items during the year	2	2	114	116	–	14,619	14,619	(116)	14,621
Balance as of the end of the year	2,042	846	304	1,151	375	85,276	85,651	(619)	88,225

	Subscription rights to shares	Total net assets
Balance as of the beginning of the year	33	73,637
Changes of items during the year		
Issuance of new shares		4
Dividends		(7,453)
Net income		22,072
Purchase of treasury stock		(126)
Disposal of treasury stock		124
Net changes of items other than shareholders' equity	(4)	(4)
Total changes of items during the year	(4)	14,616
Balance as of the end of the year	28	88,253

## Notes to non-consolidated financial statements

### 1. Summary of significant accounting policies

(1) Valuation policies and method of accounting for assets:

Investment securities

\* Investments in subsidiaries and associated companies

At cost being determined by the moving average method

Inventories

\* Merchandise

Lower of cost or market, cost being determined by the first-in, first-out method for the Company (the book value in the balance sheet is written down based on the decline in profitability)

\* Goods in transit and supplies

Lower of cost or market, cost being determined by the specific identification method (the book value in the balance sheet is written down based on the decline in profitability)

(2) Methods of depreciation and amortization of non-current assets:

1) Property and equipment (other than leased assets) Straight-line method

2) Intangible assets (other than leased assets) Straight-line method

Software intended for internal use is amortized using the straight-line method over its estimated useful life of five (5) years.

3) Leased assets

Leased assets under finance lease contracts are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

(3) Accounting for allowances and provisions

1) Allowance for doubtful accounts

To prepare for potential credit losses on receivables, allowance for doubtful account is provided based on past bad-debt ratio for general receivables, and based on an estimate of uncollectible amount determined after individual analysis for specific receivables such as highly doubtful receivables.

2) Provision for employees' bonuses

The provision for employees' bonuses is provided as the estimated amount of the bonuses to be paid to the employees in the following year, which are attributable to the current fiscal year.

3) Provision for retirement benefits

The provision for retirement benefits is provided as the estimated amount of the retirement benefits to be paid to the employees in the following year, which are attributable to the end of the current fiscal year.

(4) Recognition of revenue and expenses

The Company is engaged in selling MRO (Maintenance, Repair and Operations) products for factories mainly through the Internet.

In this business, our performance obligation is to deliver the products to the customers and for domestic sales, which account for a large portion thereof, the length of time between shipping and the transfer of control to customers is the normal period, so we apply the alternative treatment prescribed in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition and recognize the revenue from the sale of these products at the time of delivery.

(5) Standards for the translation of major assets or liabilities denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the resulting exchange gains and losses are included in the non-consolidated statement of income.

## 2. Notes on accounting estimates

There are no accounting estimates that have the risk of significantly impacting the non-consolidated financial statements for the next fiscal year.

## 3. Non-consolidated balance sheet

(1) Accumulated depreciation of property and equipment	9,050 million yen
(2) Direct reduction in the amount of property and equipment	
Land	318 million yen
Machinery and equipment	171 million yen
Tools, furniture and fixtures	326 million yen
(3) Monetary receivables and payables to related parties	
Monetary receivables	68 million yen
Monetary payables	2 million yen

## 4. Non-consolidated statement of income

Transactions with related parties	
Business transactions:	
Sales	138 million yen
Purchases	131 million yen
Transactions other than business transactions:	1 million yen

## 5. Non-consolidated statement of changes in net assets

Number of shares of treasury stock as of December 31, 2023	
Common stock	4,444,396 shares

## 6. Income taxes

(1) Deferred income tax assets:		(Millions of yen)
	(Deferred tax assets)	
	Accrued enterprise taxes	337
	Provision for employees' bonuses	103
	Allowance for doubtful accounts	74
	Provision for retirement benefits	142
	Asset retirement obligations	891
	Restricted shares stock compensation	75
	Accrued facility taxes	6
	Loss on valuation of shares of subsidiaries	740
	Other	138
	<hr/> Total deferred tax assets	<hr/> 2,509
	(Deferred tax liabilities)	
	Removal costs corresponding to asset retirement obligations	797
	Other	22
	<hr/> Total deferred tax liabilities	<hr/> 819
	<hr/> Total deferred tax assets - net	<hr/> 1,690

(2) Reconciliation between the statutory effective tax rate and the effective rate of income taxes after application of deferred tax accounting

Statutory effective tax rate	30.5%
(Adjustments)	
Inhabitant per capita taxes	0.0%
Non-uniform rates application or tax exemption of corporate tax	(0.1)%
Tax credit under the tax credit system for promoting human resource development	(1.4)%
Other	(0.2)%
<hr/>	
Effective rate of income taxes after application of deferred tax accounting	28.9%

## 7. Notes on non-current assets used under leases

(1) Finance lease transactions

Finance lease transactions that do not transfer ownership

(i) Description of leased assets

Property and equipment

Leased assets consist of logistics warehouse facilities (machinery and equipment), forklifts (vehicles), and logistics warehouse fixtures (tools, furniture and fixtures).

(ii) Methods of depreciation of leased assets:

As stated in “1. Summary of significant accounting policies, (2) Methods of depreciation and amortization of non-current assets” of the notes to non-consolidated financial statements.

(2) Operating lease transactions

Future minimum lease payments under non-cancelable operating lease transactions

Within 1 year	3,364 million yen
Over 1 year	24,687 million yen
Total	28,051 million yen

## 8. Notes on transactions with related party

Officers and principal individual shareholders

(Millions of yen)

Category	Name	Percentage of voting rights held	Relationship with related parties	Transaction details	Amount of transactions	Account item	Ending balance
Officer	Masaya Suzuki	(Ownership) Direct: 0.31% Indirect: 0.00%	Director, President & CEO	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note)	58	—	—
Officer	Masato Kubo	(Ownership) Direct: 0.00%	Deputy President	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note)	13	—	—

Transaction terms, policy for determining transaction terms, etc.

(Note) It is due to contribution in kind of monetary compensation claims associated with the restricted stock-based compensation plan. The disposal price of treasury stock was determined based on the closing price of common stock of the Company on the Tokyo Stock Exchange on March 28, 2023 (the business day preceding the date of the resolution at the Board of Directors meeting).

## **9. Notes on revenue recognition**

Basic information for understanding revenue

This information has been omitted as the same information is presented in “Notes on revenue recognition” under the notes to consolidated financial statements.

## **10. Per share information (as of and for the year ended December 31, 2023)**

(1) Net assets per share	177.55 yen
(2) Earnings per share (basic)	44.42 yen

## **11. Subsequent events**

Not applicable.



## Accounting Auditor's Report for Consolidated Financial Statements

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### Independent Auditors' Report

February 14, 2024

The Board of Directors  
MonotaRO Co., Ltd.:

Ernst & Young ShinNihon LLC  
Osaka Office, Japan

Miho Ueda  
Certified Public Accountant  
Designated and Engagement Partner

Daiki Takai  
Certified Public Accountant  
Designated and Engagement Partner

#### *Audit Opinion*

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of MonotaRO Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the MonotaRO Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2023 in conformity with accounting principles generally accepted in Japan.

#### *Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Other information comprises the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Furthermore, the Audit Committee is responsible for overseeing the Executive Officers' and Directors' execution of duties within the maintenance and operation of the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we express no opinion with regard to the other information.

Our responsibilities regarding the audit of the consolidated financial statements are to read through the other information, the process of which involves both examining whether there are any material inconsistencies between the other information and the consolidated financial statements or between the other information and information that we obtain through the auditing process, as well as paying attention to whether there are any indications of material misstatements in the other information.

If we determine the existence of any material misstatements in other information while executing our responsibilities, we are required to report their existence.

There are no matters to report with regard to the other information.

#### *Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the over-all presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate

with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of measures taken in order to eliminate obstruction factors or safeguards applied in order to reduce obstruction factors to acceptable levels.

*Conflicts of Interest*

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

## Accounting Auditor's Report for Non-Consolidated Financial Statements

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### Independent Auditors' Report

February 14, 2024

The Board of Directors  
MonotaRO Co., Ltd.:

Ernst & Young ShinNihon LLC  
Osaka Office, Japan

Miho Ueda  
Certified Public Accountant  
Designated and Engagement Partner

Daiki Takai  
Certified Public Accountant  
Designated and Engagement Partner

#### *Audit Opinion*

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules (collectively, "non-consolidated financial statements, etc.") of MonotaRO Co., Ltd. (the "Company") applicable to the 24th fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 24th fiscal year ended December 31, 2023 in conformity with accounting principles generally accepted in Japan.

#### *Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Other information comprises the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Furthermore, the Audit Committee is responsible for overseeing the Executive Officers' and Directors' execution of duties within the maintenance and operation of the reporting process of the other information.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information, and we express no opinion with regard to the other information.

Our responsibilities regarding the audit of the non-consolidated financial statements, etc. are to read through the other information, the process of which involves both examining whether there are any material inconsistencies between the other information and the non-consolidated financial statements, etc. or between the other information and information that we obtain through the auditing process, as well as paying attention to whether there are any indications of material misstatements in the other information.

If we determine the existence of any material misstatements in other information while executing our responsibilities, we are required to report their existence.

There are no matters to report with regard to the other information.

*Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements, Etc.*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.*

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of measures taken in order to eliminate obstruction factors or safeguards applied in order to reduce obstruction factors to acceptable levels.

*Conflicts of Interest*

Our firm and the designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

## Audit Report by the Audit Committee

### Audit Report

Audit Committee (hereinafter called as the “Committee”) audited job execution of Directors and Executive Officers for the 24th fiscal year from January 1, 2023 to December 31, 2023. The Committee hereby reports the method and result thereof as follows.

#### 1. Summary of auditing method and its contents.

- (1) The Committee audited the resolution of Board of Directors Meeting and the status of establishment and operation of the system (internal control system) according to the said resolution stipulated in (b) and (e), item (i), paragraph (1) of Article 416 of the Companies Act.
- (2) The Committee, according to the auditing policy and allocation of responsibilities set by the Committee, conducted the audit having close coordination with the Management Auditing Office as follows:
  - (i) Attended a meeting of the Board of Directors and other important management meetings.
  - (ii) Received business reports from Directors and other managements on their execution of their duties.
  - (iii) Reviewed important documents, etc. for making decisions.
  - (iv) Investigated into business and assets situations at the headquarter and other main offices.
  - (v) Communicated and exchanged information with the Directors of subsidiaries, and asked the progress of business performance if necessary.
- (3) The Committee received the report and explanation from independent accounting auditor on their execution of duties accompanied by the monitoring and examining whether they are keeping independent position performing appropriate audit. Also, the Committee received the notice from independent accounting auditor that they have established the “System to ensure the fair execution of duties” (Issues stipulated in Article 131 of the Corporate Accounting Rules) according to “Quality Control Standard Code of Audit” (Business Accounting Council) and requested the explanation if necessary.
- (4) Based on the above methods, the Committee, in a cautious manner, examined the Business Report and its supplementary schedules for the fiscal year under review, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income and the non-consolidated statement of changes in net assets together with the notes to non-consolidated financial statements) including the related supplementary schedules and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets together with the notes to the consolidated financial statements).

#### 2. Results of Audit

- (1) Results of audit on the Business Report and its supplementary schedules.
  - (i) The Committee recognized that the Business Report and its supplementary schedules of the Company fairly showed the Company’s situation in accordance with the relevant legislations and the Articles of Incorporation.
  - (ii) The Committee did not see any Director’s or Executive Officer’s dishonesty or serious fact violating to the relevant laws & legislations and the Articles of Incorporation on their execution of duties.
  - (iii) The Committee recognized that the resolution of Board of Directors Meeting on the internal control system of the Company was appropriate. Also, the Committee did not see any issue to be pointed out on any Director’s or Executive Officer’s execution of duties pertinent to internal control system.
- (2) Results of audit on the non-consolidated financial statements and its supplementary schedules.

The Committee affirmed that the auditing method and the conclusions of the audit conducted by Independent Accounting Auditor, Ernst & Young ShinNihon Limited Liability Company were appropriate.

(3) Results of audit on the consolidated financial statements.

The Committee affirmed that the auditing method and the conclusions of the audit conducted by Independent Accounting Auditor, Ernst & Young ShinNihon Limited Liability Company were appropriate.

February 14, 2024

Audit Committee, MonotaRO Co., Ltd.

Audit Committee Member: Tomoko Ise

Audit Committee Member: Mari Sagiya

Audit Committee Member: Hiroshi Miura

(Note) All of the Audit Committee Members are Outside Directors as prescribed in Article 2, item (xv) and Article 400, paragraph (3) of the Companies Act.



## **Company Overview** (As of December 31, 2023)

Company Name:	MonotaRO Co., Ltd.
Headquarters:	JP Tower Osaka 22F, 3-2-2, Umeda, Kita-ku, Osaka
Distribution Bases:	Kasama DC: 1877-3, Tairamachi, Kasama, Ibaraki Ibaraki Chuou SC: 3-8, Chuo Kogyo Danchi, Ibarakimachi, Higashi Ibaraki-gun, Ibaraki Inagawa DC: Prologis Park Inagawa 1, 101-1, Sashikumi Aza Kodani, Inagawacho, Kawabegun, Hyogo
Founded:	October 2000
Capital:	2,042,000,000 yen
Employees:	3,370 (part-time and temporary employees included)
Subsidiaries:	NAVIMRO Co., Ltd., the Seoul Special City, the Republic of Korea PT MONOTARO INDONESIA, Jakarta, the Republic of Indo- nesia IB MONOTARO PRIVATE LIMITED, New Delhi, India
Business:	Online MRO products Store

## **Information for Shareholders**

Fiscal year:	From January 1 to December 31
Ordinary Shareholders' Meeting:	Every year March
Record date:	Ordinary Shareholders' Meeting: December 31 Interim dividend: June 30 Year-end dividend: December 31
Transfer agent	
Specified account management institution:	Mitsubishi UFJ Trust and Banking Corporation
Contact information for the above:	Osaka Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation 3-6-3 Fushimimachi, Chuo-ku, Osaka 541-8502 Telephone: 0120-094-777 (toll-free)
Listed stock exchange:	Prime Market of the Tokyo Stock Exchange
Method of public notice:	Electronic public notice Company website URL <a href="https://corp.monotaro.com/ir/notice/index.html">https://corp.monotaro.com/ir/notice/index.html</a> In the event that an electronic announcement is not possible, announcements will be placed in The Nikkei.

### **[Caution]**

- (1) Following the introduction of the electronic share certificate system, any request for change of address and requests for other procedures from shareholders are, in principle, accepted by the account management institution (securities company, etc.) at which the shareholder holds their account. For more information, please contact the securities company at which you hold an account. Please be aware that the share transfer agent (Mitsubishi UFJ Trust and Banking Corporation) cannot handle such requests.
- (2) Please contact the account management institution for special accounts indicated above (Mitsubishi UFJ Trust and Banking Corporation) regarding various procedures concerning the shares recorded in special accounts, as Mitsubishi UFJ Trust and Banking Corporation is the account management institution. Its head office and local branches throughout Japan can also handle such inquires.
- (3) Any unreceived dividends can be paid at the head office or any branch of the Mitsubishi UFJ Trust and Banking Corporation.