



To Investors:

September 23, 2020

MonotaRO Co., Ltd.
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Notice Regarding the Acquisition of Shares Accompanying Change in Subsidiaries

MonotaRO Co., Ltd. (hereinafter “the Company”) announces that the Board of Directors, at the meeting held on September 18, 2020, has resolved to conclude the basic agreement to invest in the E-Commerce business of Emtex Engineering Private Limited (hereinafter "Emtex"), a retailer of indirect material for factories in India.

1. Reason for acquisition of shares

The Company has decided to acquire more than 50% of shares in the new company, to which the E-commerce business of Emtex has been transferred, for the purpose of developing sales of indirect materials for factories through E-Commerce in India. Through this acquisition, the Company expects to efficiently develop its business in the Indian market, which is expected to grow significantly in the future, by utilizing the E-Commerce business model that Emtex has already established in India (industrybuying.com) and based upon the knowledge that the Company has obtained through developing businesses in Japan and in other countries around the world.

2. Method of acquisition

The Company intends to spend USD 15 million in consideration for the acquisition of shares through a private placement offered and through the subscription to the compulsory convertible debenture issued by IB MONOTAR PRIVATE LIMITED (hereinafter “IB MONOTARO”), Emtex's subsidiary. As a result, the Company acquires more than 50% of IB MONOTARO's outstanding shares on a fully-diluted share basis. Prior to exercising the conversion right of the compulsory convertible debenture, the Company owns 50% of the voting rights in IB MONOTARO, but since the Company effectively controls IB MONOTARO under a separate shareholders’ agreement, IB MONOTARO will become a consolidated subsidiary of the Company.

3. Overview of the subsidiary to be acquired

(1) Company Name	IB MONOTARO PRIVATE LIMITED
(2) Location	New Delhi, India
(3) Representative	Swati Gupta
(4) Description of Business	E-Commerce of indirect materials for factories
(5) Capital	INR 100 thousand (about JPY 142 thousand)
(6) Date of Establishment	July 2020
(7) Major Shareholders and Ownership Percentage	Emtex Engineering Private Limited 99.99%
(8) Relationship between the Company (Listed Company) and the Subsidiary	None to state in terms of capital, personnel, and transaction

Disclaimer

This is an English translation of the captioned notice.

This translation is prepared and provided for the reader's convenience.

All readers are recommended to refer to the original version in Japanese language of the notice for complete information.

4. Number of shares to be acquired, acquisition price, and number of shares held before and after the acquisition

(1) Number of shares held before acquisition	0 share (Number of voting rights: 0) (Voting rights ratio: 0.00%)
(2) Number of shares and convertible debenture to be acquired	Number of shares: 10,000 Potential number of shares in convertible debenture: 664
(3) Acquisition price	USD 15 million (approximately JPY 1,565 million) The Company obtained a share valuation report from an independent third party as reference information for determining the acquisition price and has determined that the acquisition price is fair and appropriate.
(4) Number of shares held after acquisition	10,664 (Voting ownership: 51.61% (on a fully diluted stock basis), 50.00% (before conversion of the convertible debenture))

5. Schedule

(1) Date of board of directors resolution	September 18, 2020
(2) Date of conclusion of contract for capital increase and acceptance	September 18, 2020
(3) Date of capital increase	November 30, 2020 (Plan)

6. Prospect of effect

The effect on consolidated financial performance of the Company for the current fiscal year is expected to be small.

End of Notice

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