# Supplementary Materials on the Acquisition of Shares in Estore Corporation (Subsidiarization)

BASE, Inc.
(Tokyo Stock Exchange Growth: 4477)
December 26, 2024

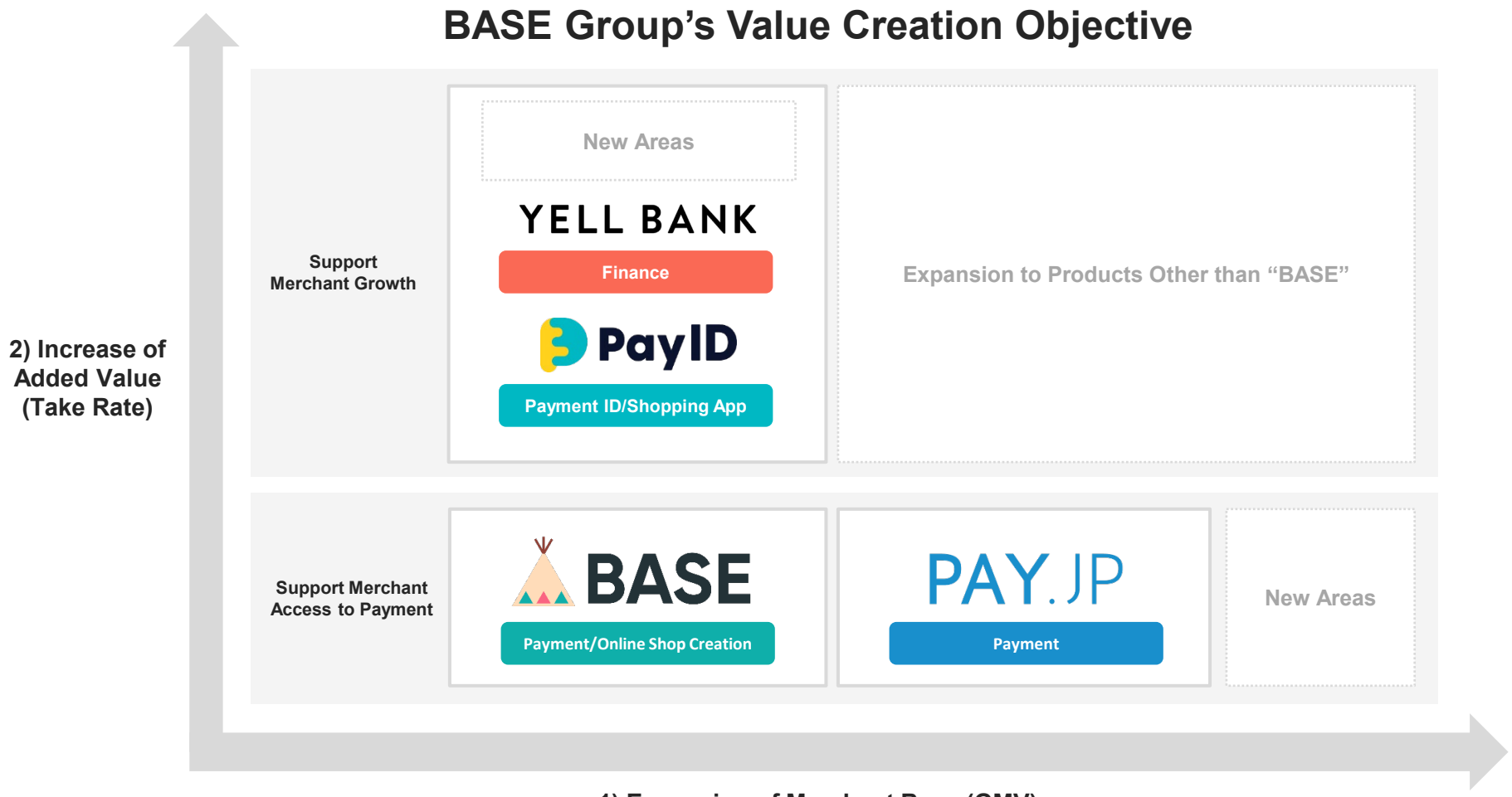
# Summary

| | |
|---|---|
| **The Company to be Acquired** | Estore Corporation (Providing “Estore Shopserve”) |
| **Overview of Scheme** | After the TOB for Estore Corporation conducted by the SPC established by JGIA Group, the SPC will acquire and directly hold shares in Commerce21, a subsidiary of Estore Corporation.<br>Subsequently, BASE will acquire shares of Estore Corporation from the SPC. |
| **Schedule (Tentative)** | Execution Date by the SPC for Estore Corporation: Starting 4 March 2025, to be completed by 1 April 2025.<br>BASE's Acquisition Completion Date for Estore Corporation: Expected in the middle of July 2025. |
| **Acquisition Amount and Ownership Percentage** | 3.3 billion yen (100%) |
| **Acquisition Funding** | Cash and Deposits on Hand |
| **Impact on Our Financial Performance** | Consolidation into the BASE Group is planned starting from the third quarter of the fiscal year ending December 2025. |
| **Expected Synergies** | 1. Extensive Synergies: Horizontal deployment of BASE Group’s existing products to "Shopserve" merchants of Estore Corporation.<br>2. Cost Benefits: Reduction of various costs and fees driven by a significant increase in the Group’s GMV. |

# Medium to Long-Term Growth Strategy

Increase enterprise value through **the value creation by "1) expansion of merchant base" and "2) increase of added value"** of the BASE Group

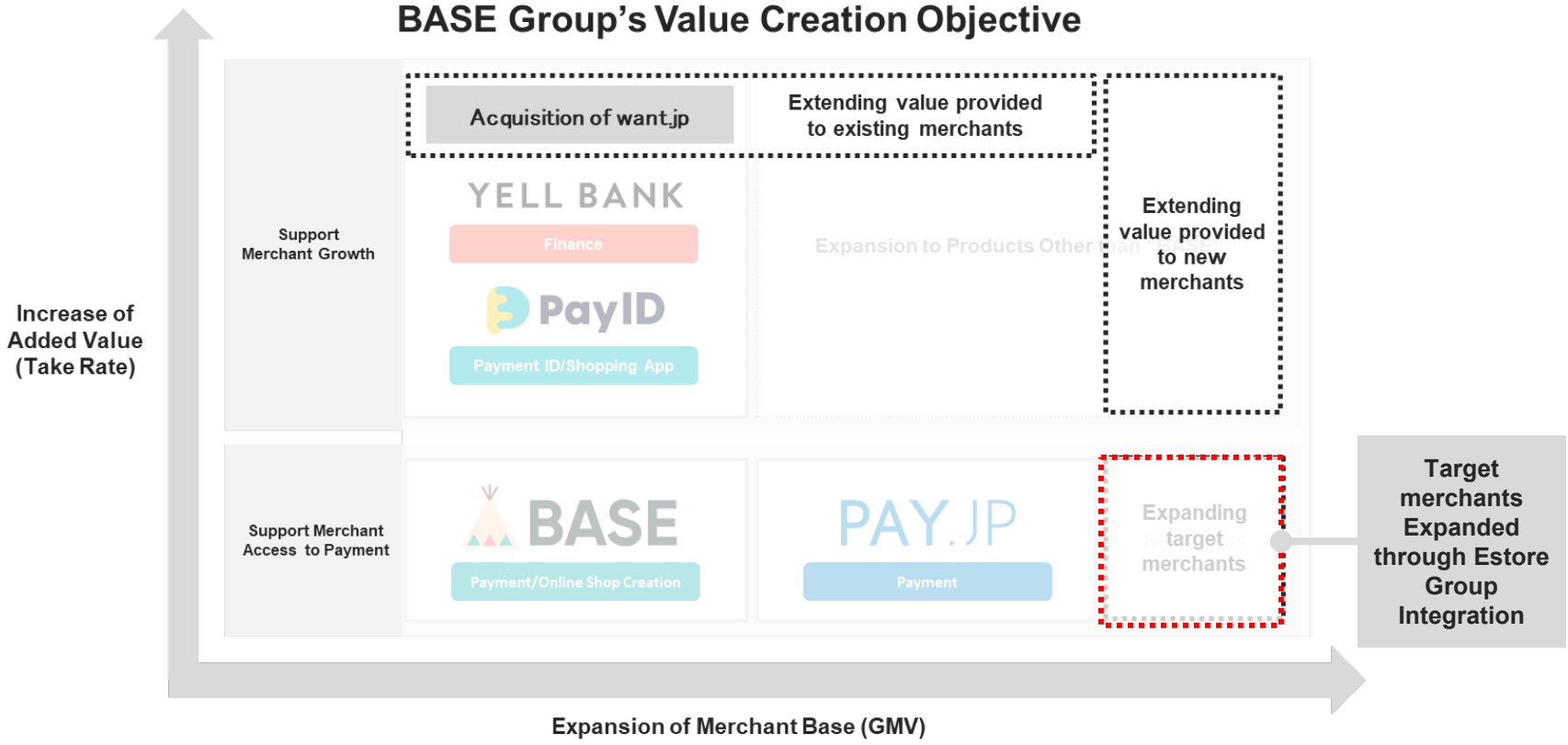
**Realize 1) and 2) by growth strategies for existing products and group-wide expansion strategies**



# Medium to Long-Term Growth Strategy –Inorganic Growth through Proactive M&A

Existing product growth remains a top priority, **with inorganic growth targeted through proactive M&A to broaden the merchants.**

The expanded merchant base will benefit from **unique BASE Group value enhancements** utilizing "YELL BANK" and "Pay ID," aiming to maximize value creation.



# M&A of Estore Corporation for Expanding BASE Group's Merchants

**The acquisition of Estore Corporation, which provide "Shopserve" aims to expand BASE Group's merchants.**

A subsidiary and four affiliated companies of Estore Corporation will join the BASE Group.

## Overview of Estore Corporation

| | |
|---|---|
| Company Name | Estore Corporation (Security Code: 4304) |
| Date of Establishment | February 17, 1999 |
| Capital | 1,023 million yen |
| Representative Directors | CEO Kenichi Ishimura<br>COO Yoichi Yanagida |
| Business Overview | EC cart business<br>"Estore Shopserve" |

## Scope of Acquisition (Note)




(Note) Commerce 21 will be acquired by the SPC established by JGIA, WCA will be acquired by Ateam, and SHIFFON is scheduled for a management buyout (MBO) buy its management team.

# Overview of “Estore Shopserve”

Estore Shopserve offers storefront-style online shop creation services, much like BASE, and has a GMV of roughly 100 billion yen. (Note)

It also delivers payment and marketing solutions to its merchants.

## Overview of “Estore Shopserve”

**EC System for Small and Medium-Sized Companies**

- ✓ A SaaS system equipped with all the features necessary to build storefront-based online shops
- ✓ Provides solutions to challenges such as the expansion of the DX society, labor shortages, and a declining consumer base.

**Payment services**

- ✓ A service enabling immediate access to various payment methods, including credit cards, convenience store payments, Post Pay, Amazon Pay, PayPay and so on.
- ✓ Similar to "BASE Easy Payment" offered by BASE.

**Marketing Service**

- ✓ Supports everything from research and analysis to execution management to help client companies increase sales and profits while improving operational efficiency.
- ✓ Offers services such as creative production, CRM operations, and promotions.

## Earnings Structure

Estore Shopserve generates revenue mainly through system usage fees from merchants, transaction fees on product sales, and charges for marketing services.

▼System Usage Fees

| | Plan 4S | Plan 4G | Plan 4P |
|---|---|---|---|
| Initial Cost | ¥ 30,000 | | |
| Monthly Fee | ¥ 25,000 | ¥ 65,000 | ¥ 145,000 |

▼Transaction Fees (Excerpt)

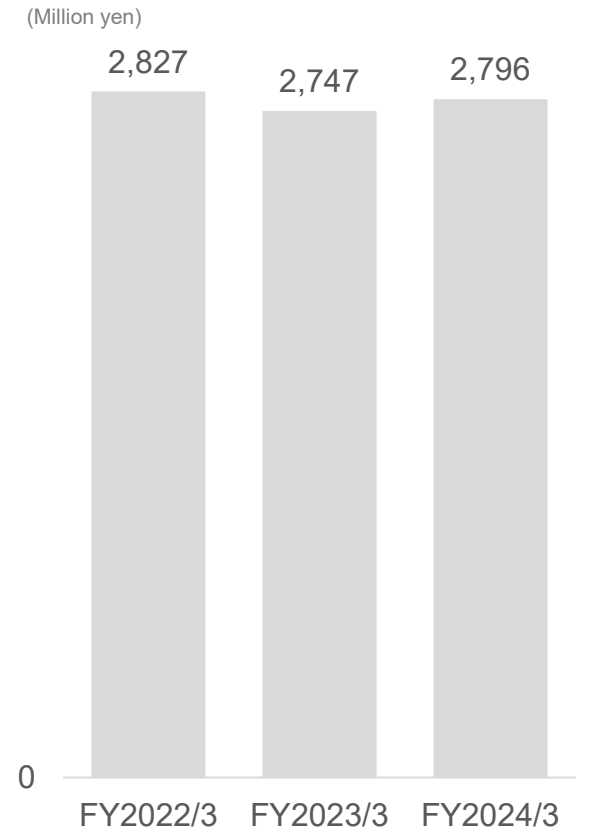
| Credit Card | Amazon Pay | Convenience store payment | Post Pay |
|---|---|---|---|
| 3.5%～ | 3.9% | ¥ 370 | 2.8%～ |

(Note) Taken from the "FY2022 Supplementary Financial Results Report." The transaction volume aligns with the GMV (order value) of the BASE business, and the payment volume aligns with the GMV (payment value).

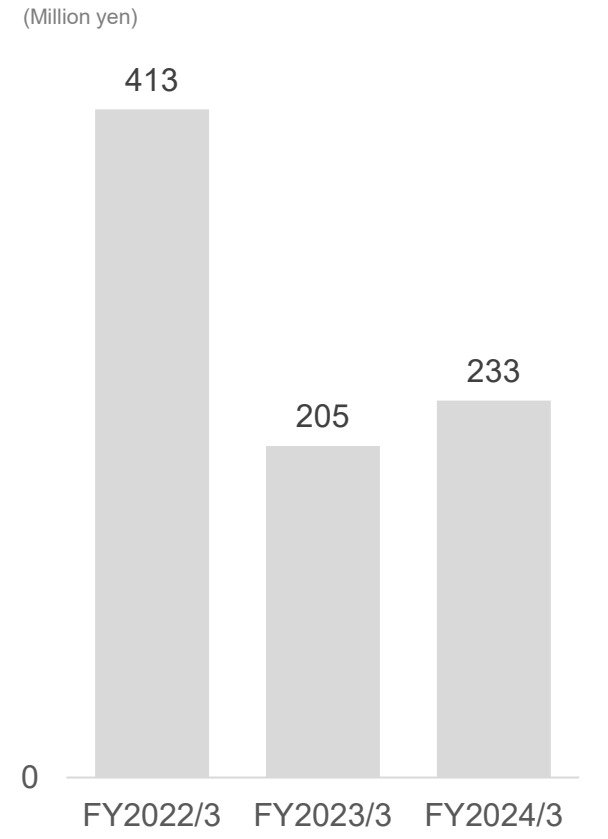
# Financial Position of Estore Corporation

For Estore Corporation, which is directly owned by BASE, its net sales has demonstrated consistent stability in recent performance trends.

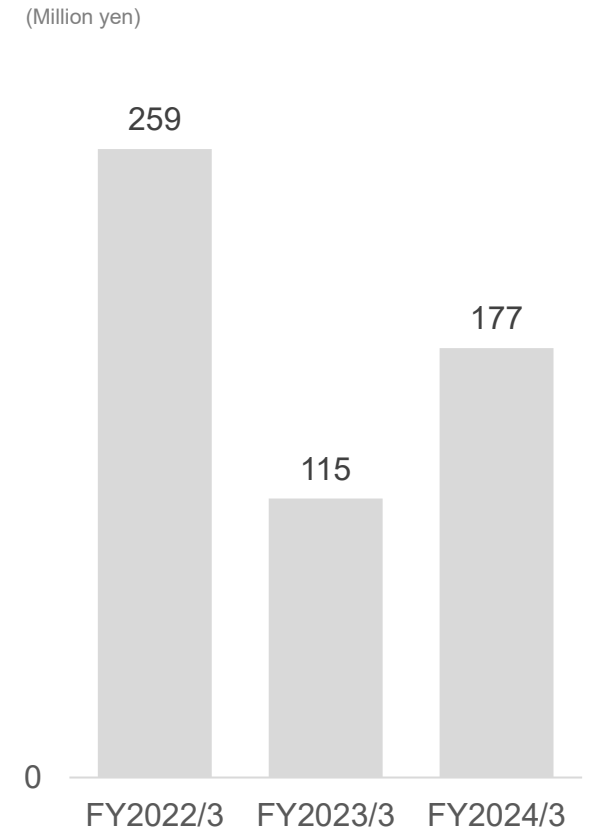
## Net Sales




## Operating Profit




## Net Profit



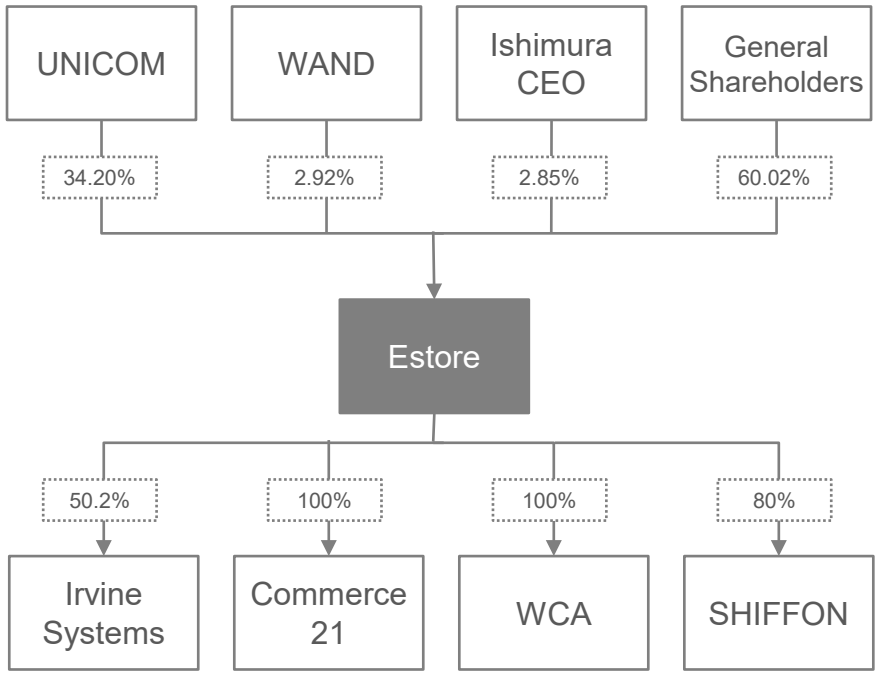

(Note) The impact of Irvine Systems on performance is negligible and has been omitted.

# Structure of the Share Acquisition ①

Currently, the major shareholders of Estore Corporation are its Representative Director and CEO, Mr. Ishimura, and his asset management company (Note 1).

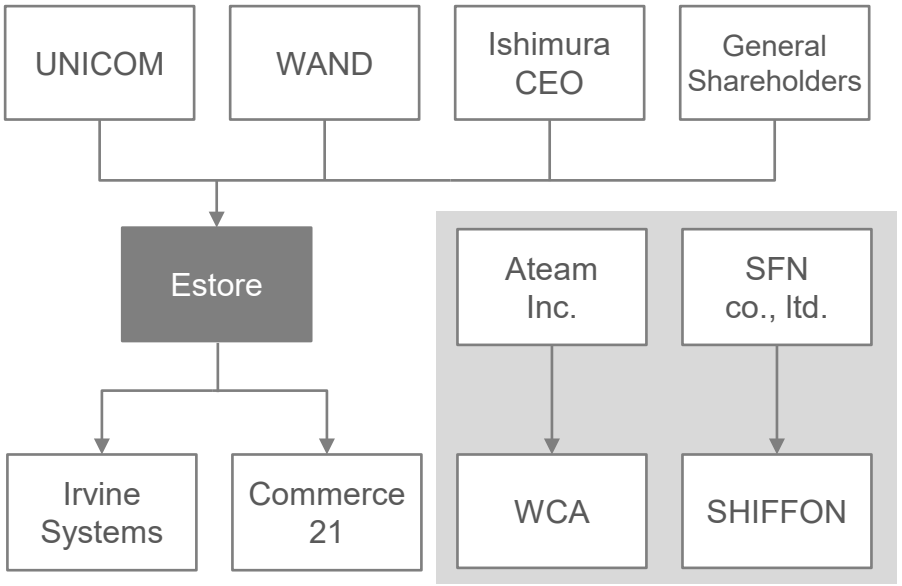
Out of the four consolidated subsidiaries, WCA and SHIFFON are scheduled to be transferred to third parties or undergo an MBO before the implementation of the Tender Offer. As a result, Estore's consolidated subsidiaries will be only Irvine Systems and Commerce21.

## [Figure 1] Status as of December 26, 2024




## [Figure 2] Transfer of WCA and SHIFFON

Before the implementation of the Tender Offer, WCA is scheduled to be acquired by Ateam, and SHIFFON is expected to undergo a management buyout (MBO) by its management team.




(Note 1) UNICOM and WAND are asset management companies owned by Mr. Ishimura, holding 34.20% and 2.92% of Estore Corporation's shares, respectively.
(Note 2) All arrows in the diagram represent shareholding relationships.

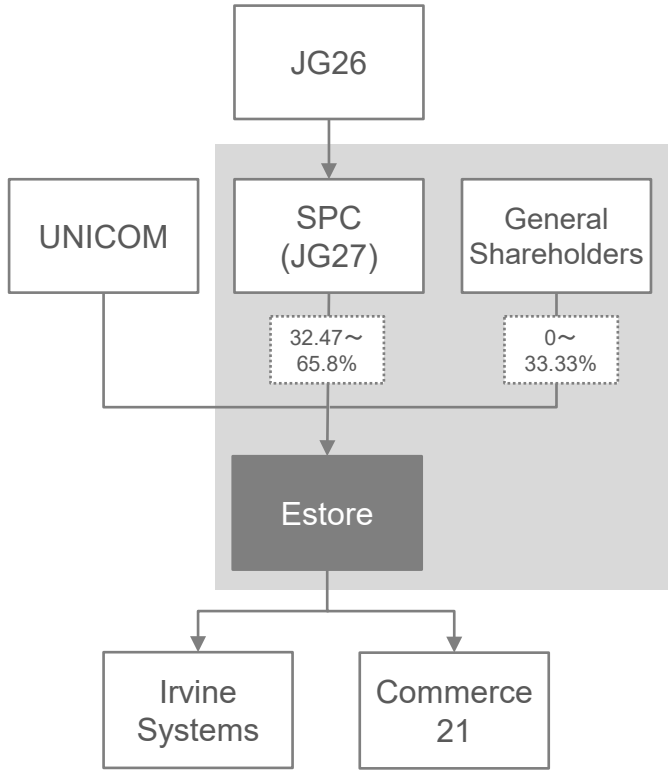
# Structure of the Share Acquisition ②

A special purpose company (SPC) established by JGIA Group will take the lead in conducting the Tender Offer (TOB).

A squeeze-out will be implemented to make the shareholders of Estore limited to the SPC and UNICOM.

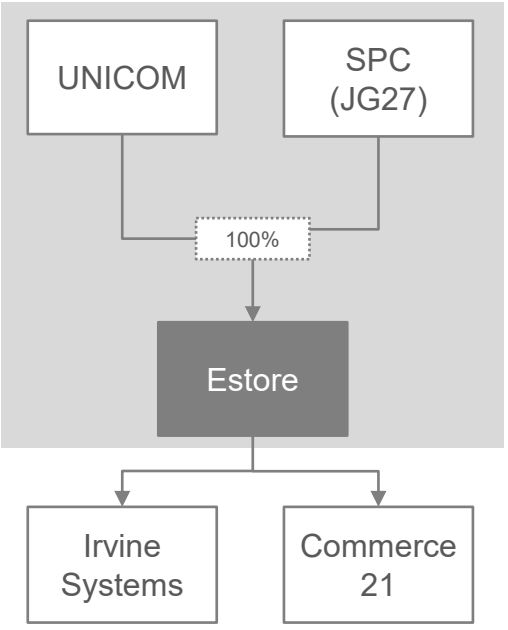
## [Figure 3] TOB by the SPC

The SPC will conduct the public tender offer to acquire shares from shareholders other than UNICOM.




## [Figure 4] Squeeze-Out

If the SPC is unable to acquire all shares of Estore (Note 2) following the successful completion of the TOB, it will request a share consolidation and proceed with a squeeze-out to limit shareholders to the SPC and UNICOM.




(Note 1) All arrows in the diagram represent shareholding relationships.
(Note 2) Excludes treasury shares held by the Target and non-tendered shares.

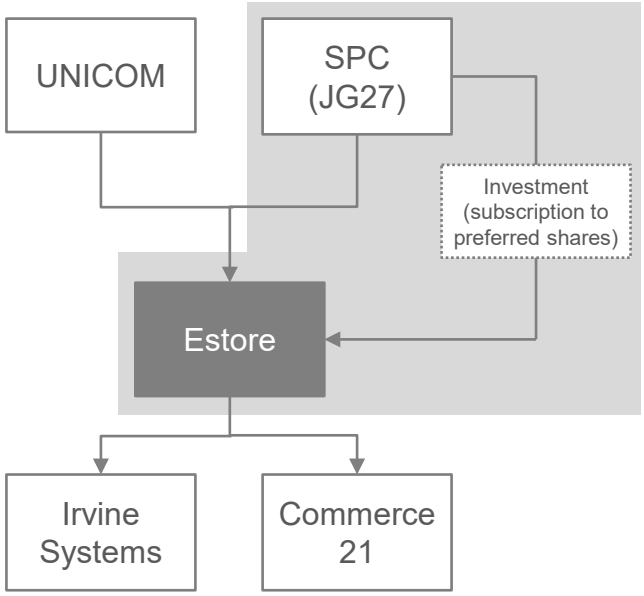
# Structure of the Share Acquisition ③

Estore will conduct a share buyback from UNICOM utilizing the distributable amount secured through SPC's capital contribution to Estore and Estore's reduction of capital and capital reserves.

Estore will become a wholly owned subsidiary of the SPC.

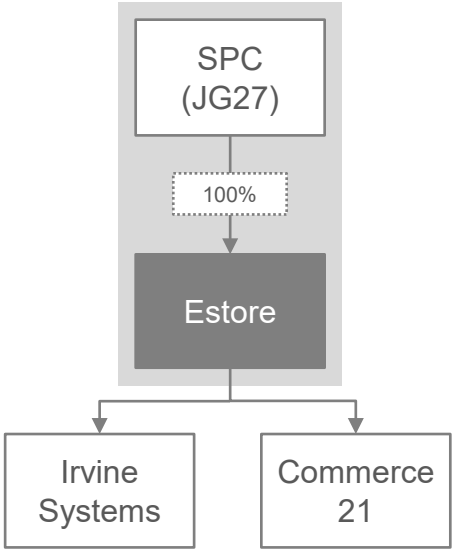
## [Figure 5] Issuance of preferred shares and reduction of capital and capital reserves by Estore

The SPC will contribute capital to Estore in exchange for subscribing to Estore's preferred shares, and Estore will implement a reduction of capital and capital reserves.




## [Figure 6] Share buyback from UNICOM

Utilizing the distributable amount secured as shown in [Figure 5], Estore will buy back its shares from UNICOM and become a wholly owned subsidiary of the SPC.



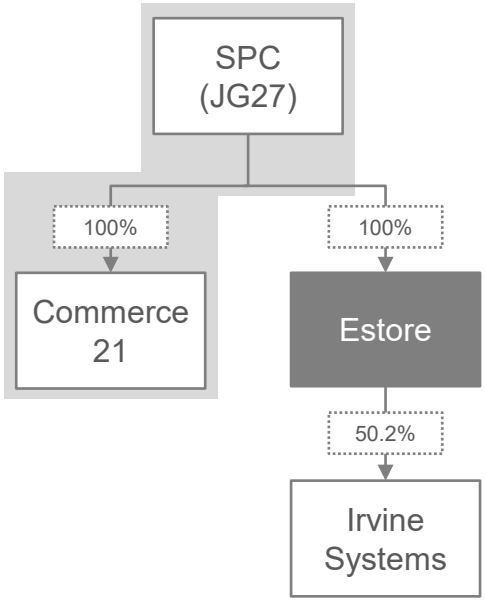

(Note) All arrows in the diagram represent shareholding relationships.

# Structure of the Share Acquisition ④

After the in-kind dividend from Estore to the SPC, through which the SPC directly holds the shares of Commerce21, BASE will acquire all shares of Estore from the SPC, making Estore a wholly owned subsidiary of BASE.

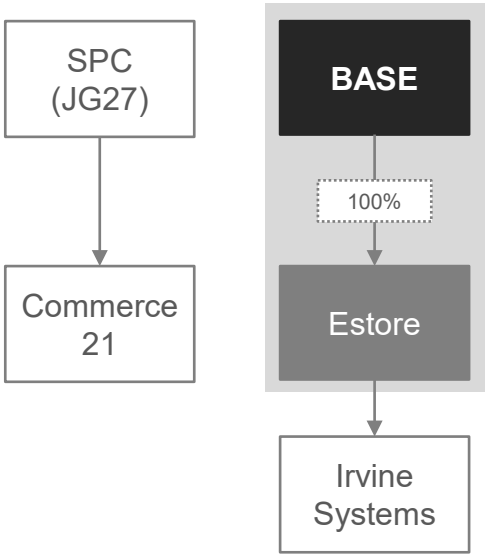
## [Figure 7] Direct ownership of Commerce21 by the SPC

Through the in-kind dividend from Estore to the SPC, the SPC will directly hold the shares of Commerce21.




## [Figure 8] Acquisition of Estore Corporation shares by BASE

BASE will acquire all shares of Estore from the SPC.




(Note) All arrows in the diagram represent shareholding relationships.

# Schedule for the Share Acquisition

The JGIA No.2 Series Fund (Note 1) set up a special purpose company (SPC) and the SPC will initiate a TOB after February 2025.

Before the TOB settlement begins, BASE will transfer 3.3 billion yen to the SPC for acquisition funding. (Note 1)

▼Schedule for the Share Acquisition (Note 2)

| | |
|---|---|
| Dec. 26, 2024 [Today] | ① JGIA Announces a Pre-Notification TOB for Estore Corporation [Figure 1]<br>② Transfer of WCA to a third [Figure 2] |
| 1 Mar. 2025 | ③ MBO of SHIFFON [Figure 2] |
| Mar. – Apr. 2025 | ④ SPC led by JGIA to initiate the TOB, with settlement expected to be completed by April [Figure 3]<br>**⑤ BASE to provide acquisition funding to the SPC before the TOB settlement begins** |
| Jun. 2025 | ⑥Estore Corporation to conduct a squeeze-out [Figure 4]<br>⑦Estore Corporation to be delisted |
| Jul. 2025 | ⑧ Estore Corporation to repurchase shares from the asset management company of CEO Ishimura [Figure 6] (Note 3)<br>⑨ SPC acquires shares in Commerce 21 [Figure 7]<br>**⑩ BASE acquires E-Store shares from SPC [Figure 8]** |

(Note 1) JGIA refers to the fund managed by Japan Growth Investment Alliance Inc., which serves as the TOB entity.
(Note 2) Figures [1] to [8] in the table correspond to Figures [1] to [8] on pages 8 to 11.
(Note 3) Refers to UNICOM Corporation, one of the two asset management companies owned by CEO Ishimura. Shares held by the other company and Ishimura himself will be tendered in the TOB.

# Expected Synergies from M&A

Broad synergies are anticipated through the horizontal deployment of BASE Group's existing products to "Estore Shopserve" merchants.

Cost benefits are also expected from the significant increase in Group GMV, which will lead to the reduction of various costs and fees.

▼Expected Synergies

| | |
|---|---|
| **BASE** | ✓ Implementation of unique storefront-based online shop management features by "BASE"<br>✓ Optimization of payment-related functions and systems |
| **Pay ID** | ✓ Integration of features for purchasers |
| **YELL BANK** | ✓ Implementation of financial services such as "YELL BANK" |
| **want.jp** | ✓ Implementation of cross-border e-commerce (EC) features |

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