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September 25, 2026

Company name: The Awa Bank, Ltd.
Representative: Takehisa Fukunaga
President and Director
(Securities code: 8388; Tokyo Stock Exchange Prime Market)
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Notice Concerning Capital and Business Alliance Involving Awagin Connect Company Limited, a Consolidated Subsidiary, and Change in Consolidated Subsidiary

The Awa Bank, Ltd. (the "Bank") hereby announces that it approved, at a meeting of the Board of Directors held on September 25, 2026, the execution of a capital and business alliance agreement with The Awagin Connect Company Limited ("Awagin Connect"), a consolidated subsidiary of the Bank, and Shikoku Broadcasting Co., Ltd. ("Shikoku Broadcasting"), as well as the capital increase through third-party allotment of shares by Awagin Connect with Shikoku Broadcasting as the allottee, as described below. Awagin Connect also resolved to execute the capital and business alliance agreement and implement the capital increase through third-party allotment at a meeting of its Board of Directors held on the same day.

As a result of this capital increase through third-party allotment, Awagin Connect will change from a consolidated subsidiary of the Bank to an equity-method affiliate.

1. Background and purpose of capital and business alliance

With its mission statement, "Creating customer impressive satisfaction and realizing prosperous local communities through sustainable business relationships," the Bank Group strives to contribute to the development of the local economy and industrial promotion through initiatives addressing the challenges faced by its customers and the local community.

Amid significant changes in the environment surrounding local communities, such as population decline, aging with low birthrate, business succession issues, labor shortages, and the need to embrace digitalization, the Bank Group is working to enhance its clients' corporate value and resolve regional challenges by improving its consulting capabilities and taking on the challenge of creating new value, in addition to fulfilling its financial intermediary role.

As an advanced banking service company, Awagin Connect runs the e-commerce "Lacycle Mall" and is also committed to supporting the growth of local businesses through marketing analysis, content creation, and sales channel expansion.

On the other hand, Shikoku Broadcasting has been delivering television and radio broadcasts rooted in Tokushima Prefecture for years, contributing to the betterment of resident lives and the development of the local economy through community-focused information dissemination and content production. Guided by its corporate message, "Tokushima to the Fullest," Shikoku Broadcasting boasts strong information dissemination capabilities to promote the appeal and value of the region both within and outside the prefecture, as well as expertise in content planning and production backed by an extensive regional network.

Through this capital and business alliance, the Bank aims to combine Awagin Connect's expertise in e-commerce operations, networks with local businesses, and consulting capabilities with Shikoku Broadcasting's strengths in information dissemination, content planning and production, and connections to the local community. By supporting local businesses to expand their sales channels and enhance their brand value, and by promoting Tokushima's attractions and fostering the growth of local industries, the Bank will strive to boost the region's economic vitality and increase its population of people with ties to the area.

2. Overview of capital and business alliance

(1) Implementation of capital increase through third-party allotment

Awagin Connect plans to issue 2,000 new shares via capital increase through a third-party allotment, and Shikoku Broadcasting is scheduled to acquire all of these shares. The subscription price for the capital increase is undisclosed in accordance with the confidentiality obligations set forth in the agreement with Shikoku Broadcasting. Notably, the subscription price was determined through discussions between the parties, taking into full consideration Awagin Connect's financial condition and business plans, etc.

As a result of the capital increase through third-party allotment, the Bank's voting interest in Awagin Connect will reduce from 100% to 50%, and Awagin Connect is scheduled to transition from a consolidated subsidiary to an equity-method affiliate of the Bank. Even after this change, Awagin Connect will continue to expand its e-commerce mall operation and consulting businesses as an advanced banking service company, under appropriate business management and internal governance in accordance with relevant laws and regulations.

(2) Details of business alliance (including matters to be considered in the future)

i) Joint development of consulting services for local businesses regarding marketing, branding, promotion, etc.

ii) Planning, production, and distribution support for web content and other information dissemination materials

iii) Support for enhancing the operations of the Lacycle Mall e-commerce marketplace and expanding sales channels for local businesses

iv) Exploration of new regional business initiatives, such as regional trading company functions, entry into cross-border e-commerce, and agribusiness

v) Efforts contributing to regional revitalization by harnessing the management resources, expertise, and networks of both parties

3. Overview of Awagin Connect

<table>
<tr><td>Name</td><td colspan="3">The Awagin Connect Company Limited</td></tr>
<tr><td>Location</td><td colspan="3">2 Chome-24-1, Nishisembacho, Tokushima-shi, Tokushima</td></tr>
<tr><td>Name and job title of representative</td><td colspan="3">Masaki Takagi, Representative Director and President</td></tr>
<tr><td>Description of business</td><td colspan="3">EC mall operation and consulting services including marketing analysis and content production</td></tr>
<tr><td>Share capital</td><td colspan="3">¥100 million</td></tr>
<tr><td>Date of establishment</td><td colspan="3">January 15, 2021</td></tr>
<tr><td>Major shareholders and ownership ratios</td><td colspan="3">The Awa Bank, Ltd.: 100% (before the capital increase through third-party allotment)</td></tr>
<tr><td rowspan="3">Relationship between the Bank and said company</td><td>Capital relationship</td><td colspan="2">The Bank holds 100 percent of the outstanding shares of the said company.</td></tr>
<tr><td>Personnel relationship</td><td colspan="2">Two officers and a Director / Full-time Audit & Supervisory Committee Member of the Bank concurrently serve as directors and an auditor of the said company, respectively.</td></tr>
<tr><td>Business relationship</td><td colspan="2">The Bank outsources its shareholder benefits project to the said company.</td></tr>
<tr><td colspan="4">Financial performance and consolidated financial position over the past three years</td></tr>
<tr><td>Accounting period</td><td>FY ended March 31, 2024</td><td>FY ended March 31, 2025</td><td>FY ended March 31, 2026</td></tr>
<tr><td>Net assets</td><td>¥69 million</td><td>¥63 million</td><td>¥65 million</td></tr>
<tr><td>Total assets</td><td>¥86 million</td><td>¥73 million</td><td>¥90 million</td></tr>
<tr><td>Net sales</td><td>¥48 million</td><td>¥65 million</td><td>¥141 million</td></tr>
<tr><td>Ordinary profit</td><td>(¥16 million)</td><td>(¥6 million)</td><td>¥5 million</td></tr>
<tr><td>Profit</td><td>(¥12 million)</td><td>(¥5 million)</td><td>¥2 million</td></tr>
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4. Overview of alliance partner

Name	Shikoku Broadcasting Co., Ltd.
Location	2 Chome-5-2, NakaTokushimacho, Tokushima-shi, Tokushima
Name and job title of representative	Daisuke Tominaga, Representative Director and President
Description of business	TV and radio broadcasting, other related business operations
Share capital	¥400 million
Date of establishment	April 7, 1952

5. Shareholder composition and the ratio of voting rights in Awagin Connect before and after the capital increase through third-party allotment

Number of shares held and ratio of voting rights before allotment	The Bank: 2,000 shares (100.0%)
Allottee and number of shares allotted	Shikoku Broadcasting Co., Ltd.: 2,000 shares
Number of shares held and ratio of voting rights after allotment	Shikoku Broadcasting Co., Ltd.: 2,000 shares (50.0%) The Bank: 2,000 shares (50.0%)

6. Change in consolidated subsidiary

As a result of the third-party allotment capital increase, the Bank's voting interest in Awagin Connect will be reduced to 50%. This means that Awagin Connect will no longer qualify as a consolidated subsidiary of the Bank and is expected to become an equity-method affiliate of the Bank.

7. Timetable

Date of approval by Bank's Board of Directors	September 25, 2026
Date of resolution by Awagin Connect's Board of Directors	September 25, 2026
Date of conclusion of capital and business alliance agreement	September 29, 2026 (scheduled)
Date of payment for allotted shares	November 2, 2026 (scheduled)
Date of commencement of capital and business alliance agreement	November 2, 2026 (scheduled)

8. Outlook

The Bank expects that this capital and business alliance, and the change in Awagin Connect’s status to an equity-method affiliate, will have a minimal impact on the Bank’s consolidated financial results for the fiscal year ending March 31, 2027. It will promptly disclose any matters that should be disclosed in the future if they arise.

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