

March 14, 2025

Company name:	JACCS CO., LTD.
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Notice Concerning Execution of Capital and Business Alliance and Issuance of New Shares through Third-Party Allotment

JACCS CO., LTD. (the “Company”) hereby announces that its Board of Directors, at a meeting held on March 14, 2025, has resolved to enter into an agreement on capital and business alliance (the “Capital and Business Alliance”) with MUFG Bank, Ltd. (“MUFG Bank” or the “Allottee”), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) (the “Capital and Business Alliance Agreement”), and to issue new shares (the “Shares”) through third-party allotment to MUFG Bank (the “Third-Party Allotment”), the details of which are as described below.

I. Overview of Capital and Business Alliance

1. Purpose and Reasons for the Capital and Business Alliance

The Company will launch its 15th Medium-Term Business Plan “Do next!” starting from the fiscal year ending March 2026 under the theme of “three years of ‘transforming’ and ‘renewed growth’ by expanding collaboration with MUFG Group.” In the Medium-Term Business Plan, the Company positioned the aim to “accelerate its growth strategies through collaboration with MUFG Group and M&A” as a growth strategy and aims to further grow and expand its business in the environmental fields such as housing-related products and electric vehicles, warranty fields, and overseas businesses. For more information on the Company’s Medium-Term Business Plan, please refer to the Company’s disclosure “Notice Concerning Formulation of Medium-Term Business Plan” dated today.

MUFG has set “Strengthen Domestic Retail Customer Base” as one of MUFG Group’s growth strategies, and aims to maximize its “LTV (Life Time Value) x customer base.” In order to achieve this, MUFG is working on five key strategies: (i) expansion of customer touchpoint; (ii) effective promotion/incentive; (iii) offering of integrative customer experience (CX); (iv) use of data and AI and offering of optimal customer proposals; and (v) enhancement of products and services and is further expanding major group-integrated operations.

Based on the capital and business alliance as described in “Basic Agreement Concerning a Business and Capital Alliance by JACCS, Mitsubishi UFJ NICOS, Mitsubishi UFJ Financial Group, and Bank of Tokyo-Mitsubishi UFJ” announced on September 20, 2007 (the “Previous Alliance”), MUFG Group has positioned the Company as one of the core companies that play a role in their consumer finance strategy; in March 2008, the Company became an equity-method affiliate of MUFG Bank. Subsequently, they have been engaging in group collaboration. As a result, the balance of the “Net DE Loan,” a collaborative business between the Company and MUFG Bank, has progressed steadily, leading to concrete results, such as the Company’s guaranteed balance for “Net DE Loan” surpassing JPY 100 billion. On the other hand, the business environment surrounding both companies is changing drastically, such as the transition to a world with interest rates and the progress of DX in society and services; and

in order to respond to these changes in the environment, it is necessary to accelerate the collaboration that has been undertaken so far and to promote the group-integrated operations more vigorously. Therefore, in order to expand the Previous Alliance and strengthen and deepen the alliance in terms of both capital and business, the Company and MUFG Bank have agreed to the Capital and Business Alliance.

2. Details of the Capital and Business Alliance

The Company and MUFG Bank will further strengthen group collaboration by mutually providing and utilizing the customer bases and financial solutions capabilities of both companies and MUFG Group.

Specifically, in addition to promoting further growth of the “Net DE Loan,” which has been a collaborative business to date, the Company and MUFG Bank will smoothly supply funds to meet the purchasing needs of individual customers arising from the strong member store network in the Company’s credit business by utilizing MUFG Group’s stable funding capabilities; and they will consider the following collaborations to accelerate the group-integrated operations:

(i) Growth Strategies

- Making the most of the customer network of not only MUFG Bank but also MUFG Group to build a new framework for mutual customer referrals.
- Exploring collaboration in new fields, such as adding the Company’s products to the BaaS developed by MUFG Bank and expanding BaaS to the Company’s member stores.
- Expanding investments and M&A in the Company by utilizing MUFG Group’s digital financial network.
- Leveraging MUFG Group’s global network to strengthen the sales and financial base of the Company’s overseas business, and promote new expansion and new investments.

(ii) Promotion of Efficiency and DX

- The Company’s efforts to reduce costs and improve productivity through the sharing of MUFG Group’s various know-how, mainly digital.
- Improving the efficiency of the Company’s operations by examining AI-based credit screening models on an MUFG Group basis and introducing and strengthening security measures.

Under the Capital and Business Alliance Agreement, it is stipulated that MUFG Bank shall obtain prior approval from the Company if MUFG Bank transfers or disposes the shares and other securities of the Company, or acquires additional shares and other securities of the Company.

Furthermore, in the Capital and Business Alliance Agreement, the Company and MUFG Bank have agreed to appoint two individuals nominated by MUFG Bank as candidates for directors of the Company to ensure the smooth implementation of the business alliance. The Company plans to submit a proposal for the election of directors, including these two individuals nominated by MUFG Bank as director candidates, at the 94th Annual General Meeting of Shareholders scheduled to be held in June 2025.

3. Overview of the Other Party in the Capital and Business Alliance

Please refer to “II. Issuance of New Shares through the Third-Party Allotment, 6. Reasons for Selecting Allottee and Other Related Matters, (1) Overview of the Allottee” below.

4. Schedule of the Capital and Business Alliance

(1) Resolution date of the Board of Directors	March 14, 2025
(2) Execution date of the Capital and Business Alliance Agreement	March 14, 2025
(3) Payment period for the Third-Party Allotment (Note)	From April 1, 2025 to June 30, 2025

(Note) The Third-Party Allotment is subject to satisfaction of all the conditions precedent, such as the effectuation of a securities registration statement in accordance with the Financial Instruments and Exchange Act and the permissions and approvals, etc. under foreign competition laws from the relevant authorities necessary for the Third-Party Allotment (the “Conditions Precedent”). However, since it is not possible to determine the timing of the permissions and approvals, etc. from the relevant authorities, the Company sets the payment period.

5. Future Prospects

Please refer to “II. Issuance of New Shares through the Third-Party Allotment, 8. Future Prospects” below.

II. Issuance of New Shares through the Third-Party Allotment

1. Outline of Offering

(1) Payment period (Note)	From April 1, 2025 to June 30, 2025
(2) Number of Shares to be newly issued	9,980,831 common shares
(3) Issue price	JPY 3,916 per share
(4) Amount of funds to be raised	JPY 39,084,934,196 (estimated amount of net proceeds: JPY 38,815,534,196)
(5) Method of offering or allotment (Allottee)	All Shares are allocated to MUFG Bank through third-party allotment.
(6) Other	With respect to the Third-Party Allotment, the payment is subject to satisfaction of all of the Conditions Precedent.

(Note) The Third-Party Allotment is subject to satisfaction of the Conditions Precedent. However, since it is not possible to determine the timing of the permissions and approvals, etc. from the relevant authorities, the Company sets the payment period.

2. Purpose and Reason for Offering

As described in “I. Overview of Capital and Business Alliance, 1. Purpose and Reasons for the Capital and Business Alliance” above, the Third-Party Allotment will be implemented as part of the Capital and Business Alliance; and the Company and MUFG Bank believe that building a strong alliance through the Capital and Business Alliance and providing higher value-added services will lead to medium- to long-term improvements in

the corporate value and the interests of existing shareholders for both companies.

Furthermore, the Company believes that using the funds obtained through the Third-Party Allotment to satisfy the above funding needs, and to demonstrate the effects of collaboration more quickly through the Capital and Business Alliance with MUFG Bank will contribute to the medium- to long-term improvements in the Company's value and the interests of its existing shareholders.

In deliberating over the Third-Party Allotment, the Company considered multiple methods of financing that would enhance the Company's corporate value, including bank loans, corporate bonds, and other debt financing, and determined that the optimal method would be the share issuance through the Third-Party Allotment, as this would enable the Company to strengthen its relationship with the Allottee.

3. Amount, Use, and Scheduled Time of Expenditure of Funds to be Raised

(1) Amount of funds to be raised

(i)	Total paid-in amount	JPY 39,084,934,196
(ii)	Estimated amount of issuance expenses	JPY 269,400,000
(iii)	Estimated amount of net proceeds	JPY 38,815,534,196

(Notes)

1. Consumption tax and other related tax are not included in the estimated amount of issuance expenses.
2. The breakdown of the estimated amount of issuance expenses is registration fees, agency commission, attorney fees, advisory fees, and costs related to compliance with foreign competition laws.

(2) Specific use of funds to be raised

The specific use of funds to be raised and the scheduled time of expenditure is as follows:

Specific use of funds to be raised		Amount (JPY million)	Scheduled time of expenditure
(i)	Funds required for growth investments (M&A, etc.) in Japan and overseas	31,815	July 2025 – March 2028
(ii)	Cost of business restructuring	2,000	July 2025 – March 2028
(iii)	Cost of strategic system investments	5,000	July 2025 – March 2028
	Total	38,815	

(Note) The raised funds will be managed in a bank account until their actual disbursement.

The consumer credit industry has been performing steadily against the backdrop of the spread of durable consumer goods such as automobiles and home appliances, and the expansion of cashless payment and e-commerce markets. Recently, competition is becoming increasingly fierce due to the entry of companies from other industries utilizing FinTech and the promotion of capital and business alliances that go beyond the boundaries of corporate groups. In addition, companies in the industry are facing rising financial costs due to rising policy interest rates, as well as increases in various costs due to inflation and rising material prices. Furthermore, in the medium- to long-term, we believe that domestic demand for installment payments will gradually decrease due to the declining birthrate and aging population, as well as the decrease in the working-age population.

Against this backdrop, in the Company's Medium-Term Business Plan "Do next!," which begins in the fiscal year ending March 2026, the Company will work on three key strategies: "growth strategy," "business restructuring," and "financial strategy" under the theme of "three years of 'transforming' and 'renewed growth' by expanding collaboration with MUFG Group." The proceeds raised through the Third-Party Allotment will be used to steadily implement these key strategies. The uses of the funds are as below:

(i) Funds required for growth investments (M&A, etc.) in Japan and overseas

The Company has achieved growth to date by steadily implementing an organic strategy centered on its existing domestic businesses, and expects consolidated operating revenue to increase for the 12th consecutive fiscal year in the fiscal year ending March 2025. On the other hand, ordinary profit is expected to decrease year-on-year due to rising funding interest rates and various other costs. In light of the changes in the business environment, we are steadily transforming our business portfolio under our current Medium-Term Business Plan, “MOVE 70.” However, the speed of transformation has not kept pace with the changes in the environment. In response to these issues, we will accelerate inorganic strategies such as growth investments (M&A, etc.) in Japan and overseas through the expansion of our capital and business alliance with MUFG Bank, thereby accelerating the pace of transformation of our business portfolio.

Specifically, in our domestic business, we will expand growth investments by identifying decarbonization-related products such as solar power generation systems, storage batteries, and electric vehicles; rent guarantees for rental housing due to the increase in single-person households, and credit guarantees for personal loans, which financial institutions are focusing on expanding as key areas. In the overseas business, we expect the sales finance field to remain solid due to the progress of motorization in the ASEAN region, where population growth and economic development are expected. Furthermore, we are considering expanding our profitable loan products and expanding into new regions outside ASEAN.

As the first step in our growth investments, as described in the “Notice Concerning Participation in Finance Business in Malaysia” announced on February 6, 2025, we will invest approximately JPY 3.5 billion in Carsome Capital Sdn. Bhd., a finance company under the umbrella of Carsome Sdn. Bhd. in Malaysia, in which MUFG Innovation Partners Co., Ltd. also invests. In addition, we are considering multiple investment projects centered on the aforementioned key areas, and we expect a total of JPY 35 billion as a growth investment framework for the next three years. The scale of the investment varies from several hundred million yen to tens of billions of yen; and since funds that can be used flexibly are required, JPY 31 billion of the funds raised will be used as funds for this purpose. The shortage of the total amount will be covered by cash and deposits, selling cross-shareholdings, and others.

Due to uncertainties surrounding the conclusion of M&A and investments, we are unable to disclose any further details at this time. In addition, it is expected to be used for new M&A and investments, which are not currently being considered. Therefore, the Company will disclose more information regarding the specific investments once the details are finalized.

(ii) Cost of business restructuring

In the next Medium-Term Business Plan, the Company will engage in a variety of business restructuring with the aim of “transforming” and “renewed growth.” In Japan, as part of fundamental structural reforms in the credit business, we have decided to review our sales office network. As a result, we will consolidate and close five offices by March 2025, and a further 17 offices by September 2025. In addition, with the aim of improving the efficiency of sales-related operations, we will invest JPY 0.5 billion in introducing new sales support tools and improving administrative efficiency.

In addition, we will be shifting our credit card strategy to place greater emphasis on profitability and advancing structural reforms to improve the operational efficiency of our administrative centers. In our relationship with MUFG Bank, we will improve productivity by sharing know-how on common and similar operations with MUFG Group companies, considering business consolidation, and promoting digitalization. Regarding overseas, in order to rebuild the management base in Vietnam and Indonesia, which was one of

the causes of the deterioration of business performance in the fiscal year ending March 2025, we are working on selecting and concentrating the products we handle, restructuring such as reorganizing our sales office network, building our new scoring system that will enable us to both increase the volume of high-quality receivables and reduce credit costs, and strengthening our financial base.

The funds raised are expected to be used for new business restructuring, which are not currently being considered. Therefore, the Company will disclose more information regarding the specific use of capital once the details are finalized.

(iii) Cost of strategic system investments

The operation of the credit business and card payment business requires significant and ongoing investment in the development, operation, and maintenance of information systems. In addition, with the recent spread of smartphones, system infrastructure has become an essential element for improving convenience, especially on the web, and for developing and providing new products and services aimed at capturing the e-commerce market. Recently, there is an urgent need to take measures against phishing scams and cyber security. In the three years of our Medium-Term Business Plan “MOVE 70,” which ends in the fiscal year ending March 2025, we have invested a total of JPY 20 billion in systems. In the new Medium-Term Business Plan “Do next!”, we will work to strengthen the system infrastructure that supports our growth strategy. In addition, we will consider developing new services that leverage the customer base, business partners, and member store base of MUFG Group, MUFG Bank, and the Company. Specifically, the Company envisions using generative AI to innovate credit screening and business processes, promote sales by utilizing customer and purchasing information, strengthen app functions, and develop a system infrastructure that will support the growth of the finance business and stable business operations. In addition to strengthening the system infrastructure that supports our growth strategy, we will be making systems investments of JPY 25 billion over the next three years.

The funds raised are expected to be used for new system investment, which are not currently being considered. Therefore, the Company will disclose more information regarding the specific use of capital once the details are finalized.

4. Rationality of Use of Funds

As described in “2. Purpose and Reason for Offering” above, the funds to be raised through the Third-Party Allotment will enable the realization of various measures that will contribute to the enhancement of the Company Group’s corporate value, and we believe that in the medium- to long-term this will lead to an increase in the Company’s value and shareholder value that will exceed the dilution of the Company shares. Therefore, the Company has determined that “3. (2) Specific use of funds to be raised” above is reasonable.

5. Rationality of Terms and Conditions for Issuance

(1) Basis for calculation of the paid-in amount and the specific details thereof

The Company determined the paid-in amount to be JPY 3,916 per share (rounded to the nearest unit) (the same applies hereinafter in this paragraph), referring to the average closing price of the Company shares on Tokyo Stock Exchange during the one-month period (from February 14, 2025 to March 13, 2025) prior to the business day immediately preceding the date of resolution of the Board of Directors held on March 14, 2025 (the “Resolution Date of Board of Directors”).

In determining the amount to be paid in, the simple average of the closing prices of the Company shares on the Tokyo Stock Exchange during the one-month period (from February 14, 2025 to March 13, 2025) prior to the

business day immediately preceding the Resolution Date of Board of Directors was used as a basis for determining the amount to be paid in since the Company has determined that using a level value of the average stock price over a certain period of time would be a more objective and reasonable basis for the calculation, as it would exclude special factors such as the temporary stock price fluctuations, rather than using a specific point in time such as the previous trading day as a basis.

The amount to be paid in for the Shares will be a discount of 1.24% (rounded to two decimal places) (the same applies hereinafter in this paragraph) against the closing price of JPY 3,965 on the business day immediately preceding the Resolution Date of Board of Directors (March 13, 2025), premium of 2.43% against the average closing price of JPY 3,823 for the three months (from December 16, 2024 to March 13, 2025) before the business day immediately preceding the Resolution Date of Board of Directors, and premium of 2.35% against the average closing price of JPY 3,826 for the six months before the same date (from September 17, 2024 to March 13, 2025). The above paid-in amount is in accordance with the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” provided by the Japan Securities Dealers Association, and the Company has determined that such amount is not particularly favorable to the Allottee.

The Company has obtained the opinion of its four auditors (two of whom are outside auditors) that the method of determining the amount to be paid in for the Shares is based on the market price, which is an objective indicator of the value of the Company shares, and the method also accords with the “Guidelines Concerning Third-Party Allotment of Shares” issued by the Japan Securities Dealers Association; therefore, the amount to be paid in for the Shares is not a particularly favorable amount to the Allottee and is legal.

(2) Grounds for determining the volume of issuance and the scale of share dilution are reasonable

The number of the Company’s common shares to be issued by the Third-Party Allotment is 9,980,831 shares (99,808 voting rights), which is equivalent to 28.45% (29.23% of voting rights; rounded to two decimal places) of the total number of issued 35,079,161 shares (341,438 voting rights) as of September 30, 2024.

However, as the Third-Party Allotment will be implemented as part of the Capital and Business Alliance, and the strengthening of the alliance with MUFG Bank through the Third-Party Allotment and the use of the funds to steadily implement the key strategies that are expected to be implemented with MUFG Group in our next Medium-Term Business Plan through the Capital and Business Alliance will help the Company solve the issues the Company faces and contribute to the enhancement of the Company’s corporate value and the interests of its existing shareholders over the medium- to long-term, the Company believes that the volume of issuance and the scale of share dilution through the Third-Party Allotment are reasonable.

As described in “9. Disclosure Regarding Procedures under the Code of Corporate Conduct” below, since the dilution rate relating to the Third-Party Allotment will be 25% or more, we have established a third-party committee pursuant to Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. The Committee considered the necessity and appropriateness of the Third-Party Allotment and expressed the opinion that the Third-Party Allotment is necessary and appropriate, as described in “9. Disclosure Regarding Procedures under the Code of Corporate Conduct” below. Therefore, we have determined that the scale of share dilution associated with the fundraising through the Third-Party Allotment is reasonable from the perspective of increasing shareholder value.

6. Reasons for Selecting Allottee and Other Related Matters

(1) Overview of the Allottee

(as of March 31, 2024; except as otherwise noted)

(1)	Company name	MUFG Bank, Ltd.
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(2)	Location	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan		
(3)	Representative	President & CEO Junichi Hanzawa		
(4)	Business details	Financial and other ancillary businesses		
(5)	Stated capital	JPY 1,711,958 million		
(6)	Date of incorporation	August 15, 1919		
(7)	Number of issued shares	12,707,738,122 shares		
(8)	Fiscal year end	March 31		
(9)	Number of employees	118,518 (consolidated) (as of September 30, 2024)		
(10)	Major customers	-		
(11)	Major banks	-		
(12)	Major shareholders and their shareholding ratio	Mitsubishi UFJ Financial Group, Inc. 100.00%		
(13)	Relationship between the Company and the Allottee			
	Capital relationship	MUFG Bank holds 7,015,969 common shares of the Company and the Company is an equity-method affiliate of MUFG Bank. A subsidiary of MUFG, the parent company of MUFG Bank, holds 653,283 common shares of the Company. In addition, it holds the common shares in the Company on a temporary basis for its securities business. (as of September 30, 2024)		
	Personnel relationship	One employee of MUFG Bank has been seconded to the Company as an employee, and four employees of the Company have been seconded to MUFG Bank as employees. Two candidates nominated by MUFG Bank are scheduled to be presented as candidates for directors of the Company at the Company’s Annual General Meeting of Shareholders (scheduled to be held in June 2025).		
	Business relationship	The Company conducts transactions with MUFG Bank, including taking deposits, borrowing funds, and accepting debt guarantees.		
	Related party relationship	As the Company is an equity-method affiliate of MUFG Bank, it is considered a related party.		
(14)	Consolidated business and financial performances for the most recent three years			
	Fiscal year	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
	Consolidated net assets	12,242,901	12,258,588	13,804,238
	Consolidated total assets	299,610,983	313,849,208	323,861,142
	Consolidated net assets per share (JPY)	954.38	951.87	1,074.40
	Consolidated ordinary revenue	4,050,858	6,629,819	8,484,706
	Consolidated ordinary profit	824,838	286,969	1,350,277
	Net income attributable to owners of parent	503,001	602,034	944,728
	Consolidated net income per share (JPY)	40.72	48.74	76.49

	Common share 35.06	Common share 20.21	Common share 73.00
	Class II preferred share 60.00	Class II preferred share 60.00	Class II preferred Share 60.00
	Class IV preferred share 18.60	Class IV preferred share 18.60	Class IV preferred share 18.60
	Class VI preferred share 210.90	Class VI preferred share 210.90	Class VI preferred share 210.90
Dividends per share (JPY)	Class VII preferred share 115.00	Class VII preferred share 115.00	Class VII preferred share 115.00

(The unit is JPY 1 million; however, except as otherwise noted.)

(Note)

1. The unit is JPY 1 million; however, except as otherwise noted.
2. The parent company of the Allottee, MUFG, is listed on the Prime Market of the Tokyo Stock Exchange. Following confirmation on the website of the Tokyo Stock Exchange of its basic policy and status of maintenance for eliminating anti-social forces described in the “Report on Corporate Governance” (latest update on November 15, 2024) that MUFG submitted to the Tokyo Stock Exchange, the Company has concluded that the Allottee and its officers and major shareholders have no relationship with anti-social forces and has submitted a written confirmation to the Tokyo Stock Exchange, indicating that the Allottee has no relationship with anti-social forces.

(2) Reasons for selecting the Allottee

Please refer to “I. Overview of Capital and Business Alliance, 1. Purpose and Reasons for the Capital and Business Alliance” above.

(3) Holding policy of the Allottee

The Company verbally confirmed that the Allottee intends to hold the Shares of the Company over the medium to long term.

In the Capital and Business Alliance Agreement, the Allottee agrees that, for a period of two years from the payment date of the Third-Party Allotment, the Allottee shall not, in principle, transfer or otherwise dispose of the Company shares or other securities without prior written consent from the Company. Additionally, the Allottee agrees that, during the term of the Capital and Business Alliance Agreement, the Allottee shall not, in principle, acquire any additional shares or other securities of the Company without prior written consent from the Company. Moreover, the Company will obtain a written commitment from the Allottee agreeing that if some or all of the Shares are transferred within two years after payment of the Third-Party Allotment, the Allottee will report the details thereof to the Company immediately and in writing, and the Company will report the details of that report to the Tokyo Stock Exchange, Inc. and the details of the report will be made available for public inspection.

(4) Confirmed details about the existence of property required for payment by the Allottee

The Company has confirmed that the Allottee has sufficient cash and deposits to pay for the Third-Party Allotment, based on the amount of cash and deposits (JPY 89,068,175 million) provided in the Interim Consolidated Balance Sheet in the 20th Semi-Annual Report (for the period from April 1, 2024 to September 30, 2024) filed by the

Allottee on November 29, 2024.

7. Major Shareholders and Shareholding Percentages after the Third-Party Allotment

Before the Third-Party Allotment (As of September 30, 2024)		After the Third-Party Allotment	
MUFG Bank, Ltd.	20.20%	MUFG Bank, Ltd.	38.01%
Custody Bank of Japan, Ltd. (Trust account)	7.79%	Custody Bank of Japan, Ltd. (Trust account)	6.05%
The Master Trust Bank of Japan, Ltd. (Trust account)	7.76%	The Master Trust Bank of Japan, Ltd. (Trust account)	6.03%
Shareholding Association of JACCS	4.66%	Shareholding Association of JACCS	3.62%
The Dai-ichi Life Insurance Company, Limited (standing proxy: Custody Bank of Japan, Ltd.)	3.92%	The Dai-ichi Life Insurance Company, Limited (standing proxy: Custody Bank of Japan, Ltd.)	3.04%
Meiji Yasuda Life Insurance Company (standing proxy: Custody Bank of Japan, Ltd.)	3.67%	Meiji Yasuda Life Insurance Company (standing proxy: Custody Bank of Japan, Ltd.)	2.85%
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO (standing proxy: MUFG Bank, Ltd.)	3.30%	JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO (standing proxy: MUFG Bank, Ltd.)	2.56%
JACCS CO., LTD. Employee Stock Ownership Association	2.65%	JACCS CO., LTD. Employee Stock Ownership Association	2.06%
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	1.69%	Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	1.32%
Mitsubishi UFJ Trust and Banking Corporation (standing proxy: The Master Trust Bank of Japan, Ltd.)	1.62%	Mitsubishi UFJ Trust and Banking Corporation (standing proxy: The Master Trust Bank of Japan, Ltd.)	1.26%

- (Note) 1. The major shareholders and shareholding percentages after the Third-Party Allotment are based on the shareholder register dated September 30, 2024.
2. The shareholding percentage is the percentage of the number of shares (excluding treasury shares) held out of the total number of issued shares. The figure is rounded to two decimal places.
3. The shareholding percentages after the Third-Party Allotment were calculated by adding together the total number of issued shares before the third-party allotment (as of September 30, 2024) (excluding treasury shares) and the total number of Shares to be issued through the Third-Party Allotment.

8. Future Prospects

Although the Company believes that the Capital and Business Alliance will contribute to the enhancement of the Company's corporate value and share value, the specific impact on the Company's business results has not been determined at this time. If any matters to be announced should arise, the Company will announce the relevant information promptly.

9. Disclosure Regarding Procedures under the Code of Corporate Conduct

Since the Third-Party Allotment will result in a dilution rate of 25% or more, in accordance with Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, it is necessary to either (i) receive an opinion regarding the necessity for and appropriateness of the allotment from a person who has a specific degree of independence from management, or (ii) confirm the intent of shareholders regarding the allotment by means such

as a resolution at a general shareholders' meeting.

Therefore, we have decided to receive an opinion regarding the necessity for and appropriateness of the Third-Party Allotment from a third-party committee that is independent to a specific degree from management. Specifically, a third-party committee consisting of a total of six members, including the outside directors, who are Masahito Suzuki, Kyoko Okada, Hiroji Sanpei, and Yuko Shitamori, who are independent officers, and the outside auditors, who are Yusuke Komachiya and Hideki Ono, who are independent officers ("Third-Party Committee"), was established, and we solicited their opinions on the necessity for and appropriateness of the Third-Party Allotment.

The following is a summary of the opinion on the necessity for and appropriateness of the Third-Party Allotment obtained by the Company from the Third-Party Committee on March 14, 2025.

I. Content of Opinion

It is believed that the Company's Third-Party Allotment is necessary and appropriate.

II. Reasons for the Opinion

1. Necessity of the Third-Party Allotment

(1) Necessity of Fundraising through the Third-Party Allotment

Based on the current environment in the consumer credit industry to which the Company belongs, the Company has formulated its next Medium-Term Business Plan starting from the fiscal year ending March 2026. The next Medium-Term Business Plan under the theme of "three years of 'transforming' and 'renewed growth' by expanding collaboration with MUFG Group." focuses on three key strategies: "growth strategy," "business restructuring," and "financial strategy." The funds to be raised through the Third-Party Allotment are intended to be utilized for the steady execution of these key strategies, specifically for: i) Funds required for growth investments (M&A, etc.) in Japan and overseas, ii) Cost of business restructuring, and iii) Cost of strategic system investments.

In this regard, the specific use of funds and the scale of the amount for the Third-Party Allotment can be deemed reasonable in light of the necessity of the Capital and Business Alliance and the content of the next Medium-Term Business Plan. The allocation of these funds is expected to contribute to the improvement of the Company's profitability and, consequently, to the enhancement of the Company's medium- to long-term corporate value and the interests of its existing shareholders.

Therefore, it is believed that the fundraising through the Third-Party Allotment is necessary for the Company.

(2) Necessity of the Capital and Business Alliance

As described in (1) above, the Company will launch its next Medium-Term Business Plan starting from the fiscal year ending March 2026 under the theme of "three years of 'transforming' and 'renewed growth' by expanding collaboration with MUFG Group." In the next Medium-Term Business Plan, the Company positioned the aim to "accelerate its growth strategies through collaboration with MUFG Group and M&A" as a growth strategy and aims to further grow and expand its business in the environmental fields such as housing-related products and electric vehicles, warranty fields, and overseas businesses.

Based on the Previous Alliance, MUFG Group, has positioned the Company as one of the core companies that

play a role in their consumer finance strategy; in March 2008, the Company became an equity-method affiliate of MUFG Bank. Subsequently, they have been engaging in group collaboration. As a result, a collaborative business between the Company and MUFG Bank has grown; and the collaboration between both companies has progressed steadily, leading to concrete results. On the other hand, the business environment surrounding both companies is changing drastically, such as the transition to a world with interest rates and the progress of DX in society and services; and in order to respond to these changes in the environment, it is necessary to accelerate the collaboration that has been undertaken so far and to promote the group-integrated operations more vigorously. Therefore, in order to expand the Previous Alliance and strengthen and deepen the alliance in terms of both capital and business, the Company and MUFG Bank have agreed to the Capital and Business Alliance.

Based on the Capital and Business Alliance, in addition to promoting further growth of the collaborative business that has been undertaken so far, the Company and MUFG Bank will smoothly supply funds to meet the purchasing needs of individual customers arising from the strong member store network in the Company's credit business by utilizing MUFG Group's stable funding capabilities; and they will consider the collaborations, such as (i) growth strategies and (ii) promotion of efficiency and DX, to accelerate the group-integrated operations.

As described above, by establishing a strong partnership through the Capital and Business Alliance and providing higher value-added services, it is expected to lead to the enhancement of medium- to long-term corporate value of both the Company and MUFG Bank, as well as the interests of the Company's existing shareholders. Moreover, the Company's use of the funds obtained through the Third-Party Allotment to satisfy the funding needs described in (1) above, and to demonstrate the effects of collaboration more quickly through the Capital and Business Alliance with MUFG Bank, will contribute to the enhancement of the Company's medium- to long-term corporate value and the interests of existing shareholders. Therefore, it is believed that it is necessary to implement the Capital and Business Alliance, including the Third-Party Allotment.

2. Appropriateness of the Third-Party Allotment

(1) Appropriateness of the Terms and Conditions for Issuance

The Company determined the paid-in amount to be JPY 3,916 per share. This amount is (i) the same as 3,916 yen (rounded to the nearest unit) (the same applies hereinafter), which is the average closing price of the Company shares on the Tokyo Stock Exchange during the one-month period (from February 14, 2025 to March 13, 2025) prior to the business day preceding the date of the resolution by the Board of Directors (March 14, 2025) regarding the Third-Party Allotment, (ii) a discount of 1.24% from the closing price of 3,965 yen which is the closing price of the Company shares on the Tokyo Stock Exchange on March 13, 2025, which is the business day preceding the date of the resolution by the Board of Directors (March 14, 2025), (iii) a premium of 2.43% over the average closing price of 3,823 yen for the three months (from December 16, 2024 to March 13, 2025) before the same date, and (iv) a premium of 2.35% over the average closing price of 3,826 yen for the six months before the same date (from September 17, 2024 to March 13, 2025).

In this regard, the simple average of the closing prices of the Company shares on the Tokyo Stock Exchange during the one-month period (from February 14, 2025 to March 13, 2025) prior to the business day immediately preceding the date of the resolution by the Board of Directors regarding the Third-Party Allotment was used as a basis for determining the amount to be paid in because the Company has determined that using a level value of the average stock price over a certain period of time is a more objective and reasonable basis for the calculation, as it excludes special factors such as the temporary stock price fluctuations, rather than using a specific point in time such as the

previous trading day as a basis.

The amount to be paid in is based on the market price, which is an objective indicator of the value of the Company shares, and also in accordance with the rules of the Japan Securities Dealers Association.

Therefore, it is believed that the amount to be paid in does not fall within the category of a “particularly favorable” amount as set forth in Article 199, paragraph (3) of the Companies Act.

Regarding other terms and conditions for issuance, we have reviewed the draft of the Capital and Business Alliance Agreement currently under negotiation with the planned allottee as well as the comments provided by the attorney representing the Company in the negotiation, and it can be assessed that the Company is proceeding with the negotiation process while receiving sufficient legal advice from attorneys, it is believed that the terms and conditions for issuance agreed upon by the Company through this process are appropriate.

(2) Appropriateness by Comparison with Other Funding Methods

As described in Section 1 above, the Third-Party Allotment will be implemented as part of the Capital and Business Alliance with MUFG Bank, and by raising funds through the Third-Party Allotment, the Company can strengthen its financial base and also use the funds to steadily implement the key strategies that are expected to be implemented with MUFG Group in the Company’s Medium-Term Business Plan, through the strengthening of the alliance with MUFG Bank and the Capital and Business Alliance. Thus, it is expected that the Third-Party Allotment would help the Company solve the issues the Company faces and contribute to the enhancement of the Company’s corporate value and the interests of its existing shareholders over the medium- to long-term.

Therefore, from the perspective of improving the Company’s profitability through the Capital and Business Alliance and consequently enhancing the Company’s medium- to long-term corporate value and the interests of its existing shareholders, it is believed that raising funds successfully through the method of a third-party allotment with MUFG Bank as the planned allottee, rather than through other funding methods.

(3) Appropriateness of the Planned Allottee

As described in Section 1 above, the purpose of the Capital and Business Alliance, including the Third-Party Allotment, is to the collaboration with MUFG and MUFG Bank that has been undertaken so far, more strongly promote group-wide integrated operations, establish a strong partnership, provide services with higher added value, improve the Company’s profitability, and consequently enhance the Company’s medium- to long-term corporate value and the interests of existing shareholders. In light of this purpose of the Capital and Business Alliance, MUFG Bank is considered to be an appropriate partner for the Capital and Business Alliance. MUFG Bank and MUFG, as major shareholders of the Company, have a deep understanding of the Company’s business situation and business, and have continued a capital and business alliance with the Company for a long period based on the Previous Alliance, with a mutual trust relationship already established.

The Third-Party Allotment aims to satisfy the funding needs described in Section 1(1) above, as well as to strengthen the relationship between the Company, MUFG, and MUFG Bank by increasing the percentage of shares directly and indirectly held by MUFG Group, and consequently to realize the collaborative effects of collaboration more quickly through the Capital and Business Alliance with MUFG Bank, contributing to the enhancement of the Company’s medium- to long-term corporate value and the interests of existing shareholders.

Furthermore, MUFG Bank intends to hold the Company shares acquired through the Third-Party Allotment over the medium to long term, which aligns with the purpose of the Capital and Business Alliance.

Based on the above, it is believed that MUFG Bank is an appropriate as the planned allottee for the Third-Party Allotment.

(4) Certainty of Payment

With respect to the existence of property required for the payment by MUFG Bank, the Company has confirmed that, based on MUFG Bank's most recent semi-annual report, MUFG Bank has an amount of cash and deposits that is necessary and sufficient to make the payment for the Third-Party Allotment, and there are no circumstances that cause concerns that MUFG Bank's financial condition subsequently has deteriorated significantly. Further, given the scale of the MUFG Group's business, it is believed that MUFG Bank can pay funds on the scale required by the Company in cash.

Therefore, it is believed that there is no problem with the certainty of payment for the Third-Party Allotment by MUFG Bank.

(5) Impact on Existing Shareholders

Although the Third-Party Allotment will result in a certain level of dilution, described in Section 1 above, it is being implemented as part of the Capital and Business Alliance. The scale of the shares to be issued in the Third-Party Allotment will be limited to the extent necessary to realize the Capital and Business Alliance. Through the Capital and Business Alliance, including the Third-Party Allotment, the Company intends to utilize the funds to steadily execute the key strategies to be undertaken with MUFG Group in the next Medium-Term Business Plan, facilitating the resolution of challenges the Company faces and enabling the realization of various measures that contribute to enhancing the Company's corporate value. This is expected to enhance the Company's medium- to long-term corporate value and the interests of existing shareholders. Therefore, from a medium- to long-term perspective, it is believed that the benefits will outweigh the disadvantages of a certain level of dilution for existing shareholders.

As such, while the Third-Party Allotment will cause a certain level of dilution for existing shareholders, it is being conducted only to the extent necessary to enhance the Company's medium- to long-term corporate value and the interests of existing shareholders. Furthermore, it is expected that the benefits will outweigh the impact of dilution on existing shareholders in the medium to long term. Therefore, we believe that the impact of the Third-Party Allotment on existing shareholders can be evaluated as being within a reasonable range.

(6) Summary

Considering Appropriateness of the Terms and Conditions for issuance, Appropriateness by Comparison with Other Funding Methods, Appropriateness of the Planned Allottee, Certainty of Payment, and the degree of Impact on Existing Shareholders as described above, it is believed that the Third-Party Allotment is an appropriate method.

As a result of discussions and consideration with reference to the opinion above, the Company passed a resolution to perform the Third-Party Allotment at its Board of Directors' meeting held on March 14, 2025.

10. Operating Results and Equity Finance for the Most Recent Three Years

(1) Operating results for most recent three years (consolidated)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Consolidated operating revenue (JPY)	164,070 million	173,506 million	184,782 million
Consolidated ordinary profit (JPY)	26,786 million	31,769 million	33,060 million
Net income attributable to owners of parent (JPY)	18,316 million	21,651 million	23,770 million
Consolidated net income per share (JPY)	528.97	624.60	685.13
Dividends per share (JPY)	160.00	190.00	220.00
Consolidated net assets per share (JPY)	5,386.05	5,883.59	6,637.17

(2) Total number of issued shares and dilutive shares at present (as of September 30, 2024)

	Number of shares	Percentage of total number of issued shares
Number of issued shares	35,079,161 shares	100.00%
Number of dilutive shares at current conversion price (exercise price)	103,400 shares	0.29%
Number of dilutive shares at minimum conversion price (exercise price)	— shares	—
Number of dilutive shares at maximum conversion price (exercise price)	— shares	—

(Note) All of the dilutive shares above are based on stock options.

(3) Recent stock prices

(i) Stock prices for the most recent three years (JPY)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Opening	2,269	3,040	4,435
High	3,315	4,690	5,840
Low	2,085	2,987	4,300
Closing	3,080	4,390	5,580

(ii) Stock prices for the most recent six months (JPY)

	October 2024	November	December	January 2025	February	March
Opening	3,880	3,805	3,730	3,955	3,790	3,940
High	3,980	4,005	3,950	3,955	3,995	4,045
Low	3,700	3,680	3,600	3,660	3,730	3,870

Closing	3,840	3,725	3,905	3,825	3,890	3,965
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(Note) Stock prices for March 2025 are as of March 13, 2025.

(iii) Stock price on the business day immediately preceding the date of the resolution authorizing allotment (JPY)

	March 13, 2025
Opening	3,965
High	4,020
Low	3,965
Closing	3,965

(4) Equity financing during the most recent three years

N/A

11. Outline of Offering

(1)	Type/Number of Shares	Common stock of the Company 9,980,831 shares
(2)	Amount to be paid	JPY 3,916 per share
(3)	Total amount of issue price	JPY 39,084,934,196
(4)	Amount of stated capital to be increased	JPY 19,542,467,098
(5)	Amount of additional paid-in capital to be increased	JPY 19,542,467,098
(6)	Method of subscription or allotment	Third-party allotment
(7)	Subscription period	From April 1, 2025 to June 30, 2025
(8)	Payment period	From April 1, 2025 to June 30, 2025
(9)	Planned allottee	MUFG Bank
(10)	Others	The Third-Party Allotment shall be subject to the satisfaction of all of the Conditions Precedent.

End