

Q&A regarding Bond-Type Class Shares



TOKYU CORPORATION

東急株式会社

This document has been prepared solely for the benefit of the holders of Common Shares of TOKYU CORPORATION in evaluating the proposal made by us for a partial amendment to the Articles of Incorporation scheduled to be submitted to our 157th Ordinary General Meeting of Shareholders planned to be held on June 26, 2026 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country. This document does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

Question	Answer
<p>1. What is the purpose of Amendment to the Articles of Incorporation?</p>	<ul style="list-style-type: none"> ■ To further drive our growth and maximize corporate value, it is essential to increase the value of areas served by our railway lines through ongoing investments. We believe that it is important for our financial strategies to maintain a solid financial foundation while promoting investments steadily, and to secure diverse financing capacities, while managing balance sheets. ■ Against this backdrop, we have decided to propose the Amendment to the Articles of Incorporation at the General Meeting of Shareholders. The amendment intends to secure the “Bond-Type Class Shares” as a new financing option, enabling us to increase shareholders' equity while minimizing, as much as possible, the impact on the interests of Common Shareholders while considering capital efficiency.
<p>2. What is the expected role of Bond-Type Class Shares in your financial strategy and its position in the capital structure?</p>	<ul style="list-style-type: none"> ■ Leveraging Bond-Type Class Shares enables us to maintain financial soundness while limiting the impact on ROE and EPS for Common Shares(*1); therefore, we consider Bond-Type Class Shares as a useful financing method in terms of balance sheet optimization. ■ As Bond-Type Class Shares are non-participating class shares, meaning no dividend will be paid in an amount exceeding the preferred dividend to be determined at the time of issuance, and the cost of equity for Bond-Type Class Shares is limited to amounts corresponding to the annual dividend rate to be determined at the time of issuance, and the cost of equity for the Bond-Type Class Shares is lower than that for Common Shares(*2). Therefore, we believe that the issuance of the Bond-Type Class Shares is a financing option that gives consideration to the interests of Common Shareholders.

*1 Assuming that the relevant amounts of the Bond-Type Class Shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares.

*2 It is based on our assumption of the cost of equity in approximately five years after issuance if the issuance is realized within the assumed range of an annual dividend ratio of 5% or less as stated in the shelf registration statement for the Series 1 Bond-Type Class Shares submitted on May 12, 2026.

Question	Answer
<p>3. What are the characteristics of Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> ■ Bond-Type Class Shares are treated as shares under the Companies Act, but they have hybrid product nature with an intermediate characteristic between shares and bonds. ■ With consideration for the Common Shareholders, Bond-Type Class Shares do not have voting rights and are not convertible into Common Shares and are expected to have a product nature similar to bonds. ■ Bond-Type Class Shares have priority over Common Shares in terms of the order of distribution of dividends and residual assets, and are non-participating, meaning that no dividend will be paid in an amount exceeding the preferred dividend to be determined at the time of issuance. ■ In respect of future issuance of Bond-Type Class Shares, we plan to apply for listing of such shares on the Prime Market of the TSE, with the intention of providing investment opportunities to a wide range of investors.
<p>4. What is the difference and the similarity between the Bond-Type Class Shares and hybrid bonds?</p>	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares differ from typical hybrid bonds in that they can increase equity capital for accounting purposes when issued. ■ In addition, the Bond-Type Class Shares can be considered for investment by a wide range of investors through their listing on the Prime Market of the TSE (eligible for NISA). ■ On the other hand, as with hybrid bonds, we expect that the Bond-Type Class Shares obtain the equity credit by rating agencies for 50% of the issue amount.
<p>5. Will there be any disadvantages to Common Shareholders?</p>	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares have no voting rights and are not convertible into Common Shares, so there will be no dilution of voting rights for Common Shareholders. ■ The Bond-Type Class Shares are “non-participating”, meaning that no dividend will be paid in an amount exceeding the preferred dividend to be determined at the time of issuance, and only Common Shareholders have the right to participate in dividends other than the preferred dividend. ■ The Issuance of Bond-Type Class Shares is a financing method that takes into consideration the impact on ROE, EPS, etc. for Common Shares as compared to a public offering of Common Shares(*1).

*1 Assuming that the relevant amounts of the Bond-Type Class Shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares.

Question	Answer
<p>6. Does the issuance of the Bond-Type Class Shares affect the dividend policy for Common Shares?</p>	<ul style="list-style-type: none"> ■ As “non-participating” class shares, no dividend will be paid in an amount exceeding the preferred dividend to be determined at the time of issuance, and only Common Shareholders have the right to participate in dividends other than the preferred dividend. ■ Our basic approach to shareholder return is to maintain stable dividends while considering total return ratio in distributing profits for Common Shares, and we do not expect our dividend policy for Common Shares as disclosed to be affected by the Series 1 Bond-Type Class Shares if and when issued.
<p>7. Is there any possibility that the Bond-Type Class Shares could be used as a takeover protection measure?</p>	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares do not have voting rights and are not convertible into Common Shares. Accordingly, they are not suitable for takeover protection measures and we do not expect to use them as such. ■ Matters to be resolved by the general meeting of class shareholders are limited compared to those provided in the Companies Act. In addition, we do not expect to allot the Bond-Type Class Shares to Common Shareholders by gratis allotment or otherwise.
<p>8. What form of issuance is envisaged?</p>	<ul style="list-style-type: none"> ■ It is envisaged that the shares will be offered to a wide range of investors, including retail investors, through a public offering in Japan. ■ We also envisage that residents along the Tokyu’s railway lines and our Common Shareholders will be able to purchase the Bond-Type Class Shares.
<p>9. While multiple series of the Bond-Type Class Shares are provided under the proposed Articles of Incorporation, what are your thoughts on the specific issuances?</p>	<ul style="list-style-type: none"> ■ We propose to have the authorized share capital so as to realize flexible issuance in the event of any necessity for an increase in equity capital and capital raising. ■ The specific issuances of the Bond-Type Class Shares have not been determined at this time; however, after comparative review of other financing method, they would be determined within the range of up to 15 million shares set forth in the amended Articles of Incorporation for each series, if and when issued.
<p>10. What is the planned timing and amount of Series 1 Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> ■ Specific timing of the issuance of the Series 1 Bond-Type Class Shares has not yet been determined. However, when the proposed amendment to the Articles of Incorporation is approved at the Ordinary General Meeting of Shareholders to be held on June 26, 2026 and we determine the issuance of Series 1 Bond-Type Class Shares as the best financing method, we may consider issuing with an amount of up to 100.0 billion yen, depending on the market environment.

Question	Answer
<p>11. Why is the range of fixed dividend's annual dividend rate for Series 1 Bond-Type Class Shares set at 5% or less?</p>	<ul style="list-style-type: none"> ■ The range of fixed dividend's annual dividend rate is provided based on the current market environment and other factors, taking into account the product nature, which is positioned between equity and debt, and has been set after comprehensively considering the market price of other Bond-Type Class Shares and hybrid bonds, etc. with similar characteristics and other factors. ■ The specific annual dividend rate including fixed annual dividend rate will be determined after the resolution of issuance by indicating tentative terms and conditions for the annual dividend rate in a manner similar to the book building method and taking into account the demand from investors under such tentative terms and conditions.
<p>12. Why would you consider listing on the TSE?</p>	<ul style="list-style-type: none"> ■ We believe that listing on the TSE is an important way to raise awareness and provide trading opportunities for a wide range of investors.
<p>13. Do you plan to acquire (call) Series 1 Bond-Type Class Shares for cash in five years?</p>	<ul style="list-style-type: none"> ■ We will determine whether to acquire Bond-Type Class Shares in exchange for cash (call), taking into consideration the business and financial conditions and market environment and other factors at that time. ■ We are well aware and understand that market practice in hybrid bonds, etc. is that many investors expect our acquisition of Series 1 Bond-Type Class Shares in exchange for cash (call) to be made from five years after the issuance (when our acquisition in exchange for cash (call) becomes available) by the timing of the annual dividend rate step-up.