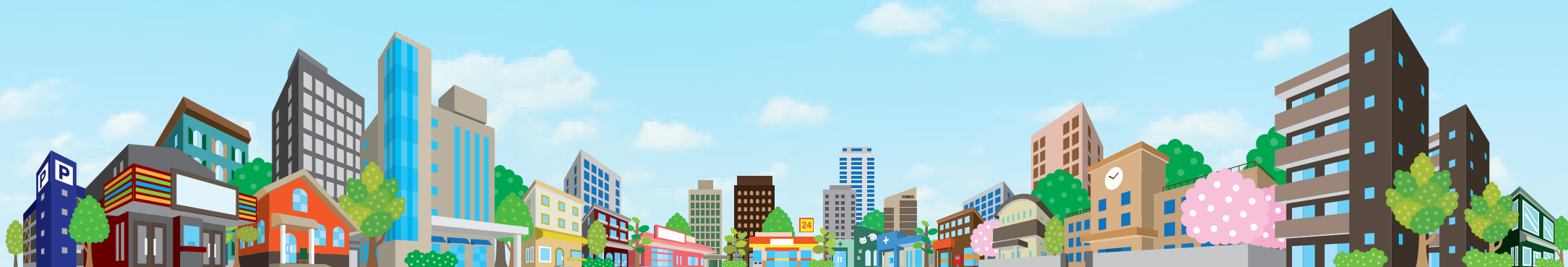


To Our Shareholders and Investors

Business Report 2023

For the year ended April 30, 2023



TOKEN CORPORATION

Securities Code: 1766



Reinforce competitiveness
by **focusing on promising**
markets and **concentrating**
human resources

Promote online
strategies to **further**
improve efficiency

I extend my sincere gratitude to our shareholders for their understanding of our business and management.

Amid an increasingly challenging business environment, we have fully demonstrated the strengths we have nurtured, thoroughly implemented various measures with everyone from the management team to frontline employees, and produced results.

Reported and described below is our consolidated business performance of the 47th fiscal term, as well as the management strategy, key strategies for each division, and performance targets for the 48th fiscal term.

Minoru Souda President and Chairman



Consolidated business performance of the 47th fiscal term

Revenue increased despite a challenging business environment. Operating income decreased mainly due to the soaring prices of building materials. Annual dividend remained at ¥250.

In the domestic construction industry during the 47th fiscal term (the fiscal year ended April 30, 2023), the Company reported net sales of ¥316,849 million, increasing 1.7% year-on-year, while new housing starts decreased mainly due to rising home prices.

On the other hand, operating income decreased by 35.2% year-on-year to ¥9,738 million, ordinary income decreased by 34.3% year-on-year to ¥10,091 million, and profit attributable to owners of parent decreased by 49.0% year-on-year to ¥5,239 million, mainly due to a decline in gross income on sales from completed construction resulting from soaring building material and housing equipment prices.

In the construction business, the volume of completed construction decreased from the previous fiscal term mainly due to the tendency for delays in construction. Operating income for this segment also decreased, following the decline in gross income on sales from completed construction.

In the real estate leasing business, both revenue and profit increased, due to increases in rental income and management fee revenue from the sub-lease management agency system resulting from an increase in the number of managed properties. The occupancy rate of our rental

properties stood at 98.8% at the end of the 47th fiscal term, maintaining a high level as a result of reinforcing our real estate agency competitiveness by establishing a countrywide real estate information network, in addition to enhancing activities to attract tenants.

The year-end dividend was set at ¥250 per share, unchanged from the end of the previous fiscal term.

Management strategy for the 48th fiscal term

Focusing on promising markets and concentrating human resources

Our management slogan for the 48th fiscal term (the fiscal year ending April 30, 2024) will be “Focusing on promising markets and concentrating human resources.” Japan has expanded the scale of cities in different regions and spread urban areas as seen in new town developments. In the face of declining birthrate and aging population, however, the concept of compact city is being promoted, aiming to concentrate urban functions in certain areas. In this phase, it will be important to identify promising markets (sales areas) where we can expect long-term demand for rental properties, and concentrate human resources (sales representatives) in such markets.

In the 48th fiscal term, we will open branches in promising markets and seek to allocate human resources in accordance with market size. In the back-office division, we will concentrate human resources on key tasks, and review business processes and eliminate inefficiency to reduce costs and improve productivity.

[Focusing on promising markets and concentrating human resources]

To navigate the rental property market in Japan, where the birthrate is declining and the population is aging and shrinking, an important strategy is to concentrate management resources in promising areas, where demand for rental properties is high; enhance capabilities to receive orders; and create a virtuous cycle of receiving construction orders and serving as a real estate agency.

In the 48th fiscal term, we will open, relocate, and reorganize branches that have sales and real estate agency functions, in order to create a virtuous cycle of receiving construction orders and serving as a real estate agency in the metropolitan areas (urban areas). In addition, we will increase market competitiveness by opening more branches in promising areas and concentrating sales personnel in such areas.

[Online strategies (for land use)]

We will accelerate internet use in developing new customers. We will attract more customers online by using SEO and encourage customers to visit the two websites dedicated to land use: “Token Land Use” and “Home Mate Land Use.” Providing a wealth of content on land use will lead website visitors to request documents, send inquiries by email, and take online consultations. The websites are positioned as sales representatives who are available for 24 hours a day, 365 days a year. We will provide information obtained via the websites to the sales division of our branches, with the aim of increasing orders.



[Online strategies and stronger sales capabilities]

In today's information-intensive society, many people gather and provide information on the management of apartments and rental condominiums via the internet. While this enables customers to proactively search information they are looking for, rental properties such as apartments are so expensive that prospective buyers cannot simply decide to purchase one based only on online information. Thus, it is still necessary to have a reliable business partner.

As online strategies, we will use our diversified websites and take SEO for each of them in order to attract more customers. To strengthen sales capabilities, we will increase orders by acquiring, training, and developing human resources; improving operational efficiency; and ensuring two-way sales force who are digitally savvy and excel at traditional sales method.

Key strategies for each division for the 48th fiscal term

[Sales Development Department]

To improve operational efficiency and enhance the ability to receive orders, we will digitize operations and create a better working environment. We will optimize the allocation of sales representatives in charge of key sales areas, digitize Key Sales Area Reports, and make personnel allocation information visible to sales representatives, which would boost the ability to receive orders and increase sales. In addition, we will continue to work to receive more rebuilding orders and repeat orders.

[Construction Technology Department and Design Cost Estimation Department]

The Head Office Support Center will be expanded to reduce the volume of administrative work construction division employees need to handle and allow them to spend more time on construction management, which is their main job. By creating a structure where administrative support is provided to more than 80% of our Construction Centers, we intend to shorten construction periods and improve building quality. Amid soaring material prices, we will keep working on the optimization of construction costs.

[Tenant Recruitment and Property Management Department]

In the 48th fiscal term, we will digitize all operations relating to lease contracts, thereby further improving the efficiency of real estate agency operations and enhancing customer convenience. "Electronic application" for our mediation services has been available across the company since August 2023. We will also digitize the entire contract procedure to go paperless with regard to "Electronic contracts" through our mediation services, which are operated with an external service. In addition, our system will be upgraded to support Electronic applications and contracts for contract procedures through other companies' mediation services. We will also work on the establishment of a new system where a fixed repair work fee applies at the time of moving out.

[Product Development Office]

We will pursue better product value and quality to provide construction products that satisfy tenants,

owners, and local communities. In addition, we will promote the development of products under new concepts, with the adoption of floor plans, specifications, and designs that meet diverse post-COVID needs. We will continue to work on the enhancement of product competitiveness, as well as improvement and cost reduction of construction products.

Performance targets for the 48th fiscal term

Aiming to increase both revenue and profit through thorough cost management

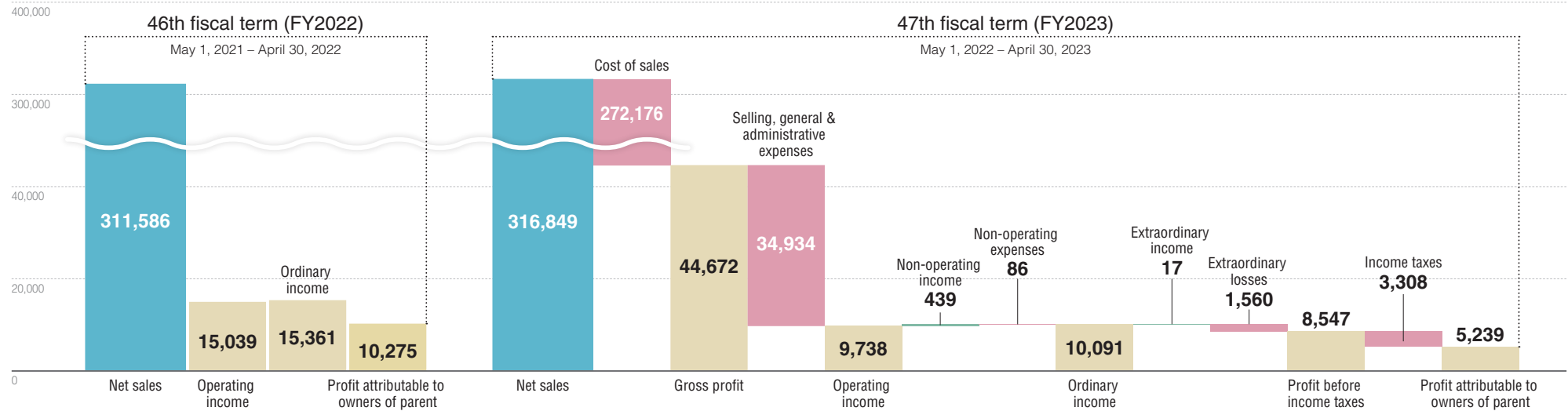
For the consolidated business performance in the fiscal year ending April 30, 2024, we expect to report net sales of ¥338,917 million (up 7.0% year on year), operating income of ¥10,004 million (up 2.7% year on year), ordinary income of ¥10,371 million (up 2.8% year on year), and profit attributable to owners of parent of ¥6,649 million (up 26.9% year on year).

While net sales are expected to start increasing in the construction business, gross income on sales from completed construction is likely to remain at a low level as construction material prices are projected to remain elevated. On the other hand, we expect an increase in revenue in the real estate leasing business, as revenue from commission fees is likely to increase following an increase in the number of managed properties. Profit is projected to decrease slightly due to a rise in expenses, despite a high occupancy rate throughout the year.

We ask all of our shareholders for their continued support in the future.



Consolidated Statement of Income (Millions of Yen)



Net sales

In the construction business, revenue declined as the volume of completed construction decreased compared with the previous fiscal term mainly due to the trend of prolonged construction periods, while orders outstanding at the beginning of the period exceeded the previous fiscal term. Meanwhile, in the real estate leasing business, revenue increased due to increases in rental income and management fee revenue from the tenants on the sub-lease management agency system (subleasing system in which real estate agents rent the whole property such as apartments from its owner) resulting from an increase in the number of managed properties. Revenue increased by 1.7% year-on-year for the Group as a whole.

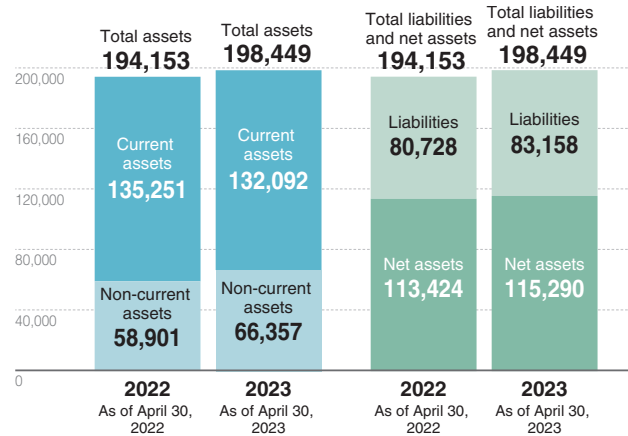
Operating income

Efforts were made to reduce selling, general and administrative expenses but they could not compensate for a decrease in gross profit resulting from soaring prices of building materials and housing equipment, and operating income decreased by 35.2% year-on-year.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased by 49.0% year-on-year mainly due to a decrease in gross profit resulting from soaring prices of building materials and housing equipment and our recording of ¥1.5 billion in impairment losses under extraordinary losses for the real estate that we possess for leasing.

Consolidated Balance Sheet (Millions of Yen)

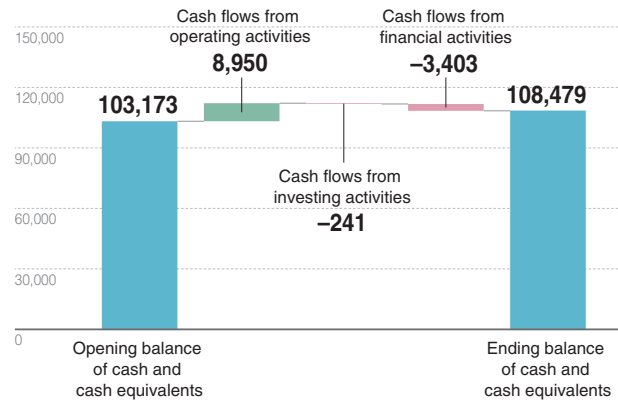


Financial Condition

Total assets increased by 2.2% year-on-year mainly due to an increase in long-term time deposits. Liabilities increased by 3.0% year-on-year mainly due to increases in deposits received and advances received on construction contracts in progress. Net assets increased by 1.6% year-on-year mainly due to an increase in retained earnings. As a result, equity ratio declined by 0.3 percentage points from the previous fiscal year term to 58.1%.

Consolidated Statement of Cashflows (Millions of Yen)

2023 May 1, 2022 – April 30, 2023

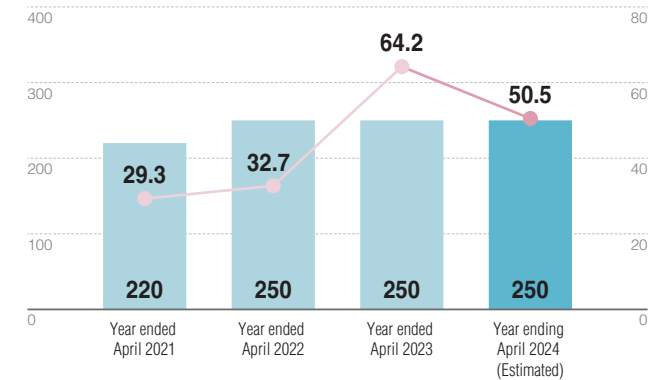


Cash flows from operating activities

Cash flows from operating activities was revenue of ¥8,950 million mainly due to profit before income taxes of ¥8,547 million and depreciation of ¥2,221 million.

Trend in dividends per share

■ Annual dividend (Yen) ● Payout ratio: consolidated (%)



Dividend

The annual dividend for the 47th fiscal term (FY2023) was ¥250 per share. For the 48th fiscal term (FY2024), an annual dividend of ¥250 per share, the same as the 47th fiscal term, is planned.



Corporate Outline (as of April 30, 2023)

Name	TOKEN CORPORATION
Incorporation	July 17, 1976
Capital	¥4.8 billion
Employees	5,341 (consolidated) Note: Including part-time and contracted employees
Address	Token Headquarters Marunouchi Building, 1-33, 2-chome, Marunouchi, Naka-ku, Nagoya 460-0002
Principal businesses	<ul style="list-style-type: none"> ● General lease property construction business for landowners (Bridge System) ● Commercial lease property construction linking landowners and potential business tenants (Catch System) ● Tenant recruitment and property management services for rental apartments, condominiums, and retail outlets (Happy Owners System)
Group companies	Totsu Agency Co., Ltd. Token Lease Fund Co., Ltd. Totsu Travel Co., Ltd. Token TADO Country Co., Ltd. Token TADO Country Club Nagoya Token Resort Japan Co., Ltd. (Token SHUGA Country Club) Shanghai Tohan International Trading Co., Ltd. Nasluck Co., Ltd. Token Building Management Co., Ltd.

Directors and Auditors (as of July 27, 2023)

President and Chairman	Minoru Souda
Director and Vice President	Yoshitake Souda
Director	Takanori Sumino
Director*	Michihiro Shida
Full-time Auditor	Yukihiro Sarashina
Auditor*	Masahiro Mitsuya
Auditor*	Akemi Kitamura

* Denotes Outside Director and Outside Auditors.

Stock Information (as of April 30, 2023)

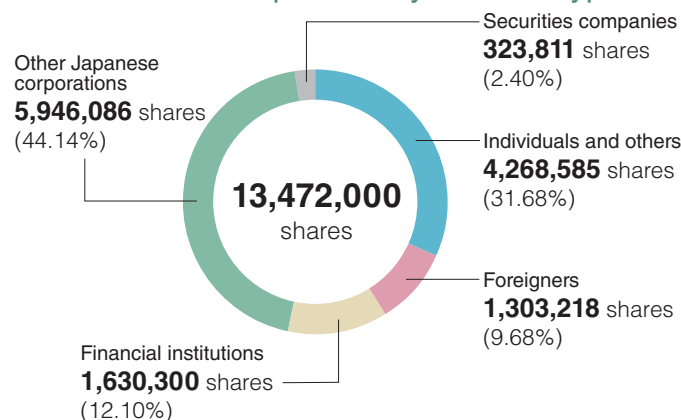
Number of Shares Authorized	53,888,000 shares
Number of Shares Issued and Outstanding	13,472,000 shares
Number of shareholders	15,074

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Tomei Corporation Co., Ltd.	4,100,000	30.4
Minoru Souda	1,546,400	11.5
HIKARI TSUSHIN, INC.	994,600	7.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	787,800	5.8
UH Partners 2, Inc.	617,300	4.5

Note: Shareholding ratios have been calculated after deduction of treasury shares (27,931 shares).

Shareholder Composition by Investor Type



Shareholder Notes

Business year	From May 1 to April 30 of the following year
Annual General Meeting of Shareholders	July
Dates of record	Annual General Meeting of Shareholders: April 30 Year-end dividend: April 30 Interim dividend: October 31
Securities code	1766
Share unit number	100 shares
Publication of official notices	Nihon Keizai Shimbun
Shareholder registry administrator and special account management institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Telephone inquiries	Tel: 0120-782-031 (toll-free number)

Contact regarding various administrative procedures

Payment of unpaid dividends	Please contact the shareholder registry administrator
Address changes, acquisition/further purchase of shares less than share unit, designation of method of dividend payment	<ul style="list-style-type: none"> • Shareholders with accounts at securities firms, etc. ⇒ Please contact your securities firm, etc. • Shareholders recorded in special account ⇒ Please contact Sumitomo Mitsui Trust Bank, Limited

For detailed information about Token Corporation's business and financial information, please refer to the Company's official website.

<https://www.token.co.jp/>

TOKEN CORPORATION