

Corporate Information

CORPORATE DATA

Corporate Outline (as of April 30, 2021)

Name	TOKEN CORPORATION	
Incorporation	July 17, 1976	
Capital	¥4.8 billion	
Employees	5,283 (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"><li>● General lease property construction business for landowners (Bridge System)</li><li>● Commercial lease property construction linking landowners and potential business tenants (Catch system)</li><li>● Tenant recruitment and property management services for rental apartments, condominiums, and retail outlets (Happy Owners System)</li></ul>	
Group companies	Totsu Agency Co., Ltd.      Token Resort Japan Co., Ltd. (Token SHUGA Country Club) Token Lease Fund Co., Ltd.      Shanghai Tohan International Trading Co, Ltd. Totsu Travel Co., Ltd.      Nasluck Co., Ltd. Token TADO Country Co., Ltd.      (Token TADO Country Club Nagoya)      Token Building Management Co., Ltd.	

Directors and Auditors (as of July 29, 2021)

President and Chairman	Minoru Souda
Senior Managing Director	Yoshitake Souda
Managing Director	Noboru Hanabusa
Director*	Michihiro Shida
Full-time Auditor	Eiichiro Hotta
Auditor*	Masahiro Mitsuya
Auditor*	Akemi Kitamura

\* Denotes Outside Director and Outside Auditors.

Shareholder Notes

Business year	From May 1 to April 30 of 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)

Stock Information (as of April 30, 2021)

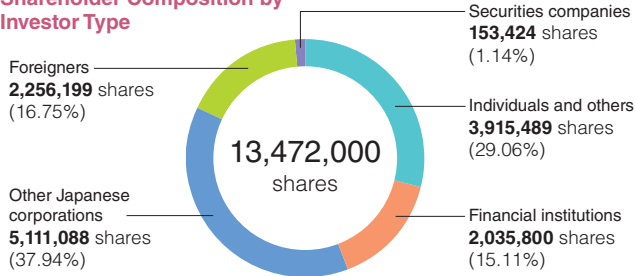
Number of Shares Authorized	53,888,000 shares
Number of Shares Issued and Outstanding	13,472,000 shares
Number of Shareholders	14,865

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Tomei Corporation Co., Ltd.	4,100,000	30.43
Minoru Souda	1,546,400	11.47
HIKARI TSUSHIN, INC.	762,500	5.65
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Sub Portfolio)	597,701	4.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	421,500	3.12

Note: Shareholding ratios have been calculated after deduction of treasury shares (26,842 shares).

Shareholder Composition by Investor Type



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	• 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/>



TO SHAREHOLDERS AND INVESTORS

# TOKEN GROUP REPORT

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To Our Shareholders and Investors



I extend my sincerest sympathies to all those who have been affected by COVID-19 and to their associates. I also pay my deepest respects to those who are waging such a valiant battle against the pandemic. I pray that this unprecedented situation will soon come to an end.

I also extend my sincerest sympathies to those who have been affected by the series of torrential rainfalls and other natural disasters that have beset the Japanese archipelago and pray for an early recovery from the damage those events have caused.

## Minoru Souda

President and Chairman

# Strengthening our management structure with **digitization** and a shift to **online** and further **accelerating our DX response**

[Consolidated business performance in the 45th fiscal term] —

**Despite COVID-19 pandemic-related revenue declines, improvement of construction profit margins contributed to profit increases.**

**Annual dividend kept at ¥220**

In our consolidated business performance for the 45th fiscal term (the fiscal year ended April 30, 2021), net sales fell 4.2% from the previous fiscal term to ¥309,809 million, affected by the downturn in new housing starts due to the impact of COVID-19. On the other hand, profits increased at each stage, with operating income up by 21.4% year-on-year to ¥15,562 million, ordinary income up by 24.4% year-on-year to ¥16,499 million, and profit attributable to owners of parent up by 17.1% to 10,080 million year-on-year. This can be attributed mainly to cost-cutting initiatives and to the increase in revenue in the real estate leasing business.

In the construction business, sluggish growth in orders from the previous fiscal term into the first half of this term resulted in a year-on-year decline in the volume of completed construction. However, thanks to thorough cost control initiatives and other factors, gross margin on completed construction improved, leading to an increase in operating income for this segment.

Meanwhile, in the real estate leasing business, although realtor's fee revenue growth stagnated due to the COVID-19 situation, there was an increase in rental income and management fee revenue from the sub-lease management agency system accompanying the increase in managed properties, resulting in increases in both revenue and profit. The reinforcement of our real estate agency competitiveness, through such means as the introduction of an "online real estate agency," allowed us to maintain a high occupancy rate at the end of the term of 98.9% for rental properties.

The year-end dividend was set at ¥220 per share, the same as the end of the previous fiscal term.

[Management strategy for the 46th fiscal term] —

**Strengthen management structure through digitization and shift to online**

Our management slogan for the 46th fiscal term (the fiscal year ending April 30, 2022) will be "Strengthen management structure through digitization and shift to online." The COVID-19 pandemic has resulted in major changes to conventional lifestyles and working styles, and we are being called on to build systems that better suit the era of the new normal in our corporate activities. In particular, we believe that digitization and the shift to online





should be embarked on as our top priority as a first step toward digital transformation (DX). By further promoting these two things, we will establish business styles to accommodate the new era, and also strengthen our management structure through the effective use of those systems, which will lead to the improvement of productivity per employee.

#### [Digitization of operations]

### Digitization of all operations as a first step toward DX

With the aim of “transforming business with the use of IT,” which is the fundamental thinking behind DX, we will promote the digitization of operations in all areas that, until now, have been carried out with paper documents. The term, “DX,” has become commonplace today, but twenty years ago, our company began pursuing the digitization and computerization of our sales, construction, and the real estate agency operations ahead of competitors. We have also been connecting with the various systems for the management of customer information with the “Token CRM (Customer Information Management) system” and the “Customer Report (tenant data input system).” Going forward, we will further promote DX and make use of it in our management activities.

#### Digitization of receipt issuance

We will digitize the issuance of receipts so that our branches can immediately issue receipts when tenants request them. The elimination of the need to put in requests to our headquarters will simplify operations, and system management will prevent fraudulent issuance as well. The procedure for requesting refunds from our headquarters in

the event of over-payment due to a doubling-up of rent payments and similar situations will also be digitized, simplifying operations and speeding up the refund process.

#### Digitization of pre-finance confirmation reports

Pre-finance confirmation operations, which are undertaken prior to contract, are currently conducted on a paper basis, which makes it difficult for the staff and branches involved to check the state of progress of these operations. In order to improve the situation, we will digitize the pre-finance confirmation reports, and connect them to the various internal systems as well. This will make the content and state of progress of pre-finance confirmations visible, which will tighten confirmation operations and make them more efficient.

#### Shift to electronic contracts for construction subcontracting agreements

For construction subcontracting agreements that are concluded between our company and our clients, we will introduce our proprietary electronic contract platform, and change the procedure from a paper-based system of signatures and seals to one of electronic signatures on electronic data. This will help reduce expenses for paper, revenue stamps, and the like and improve the efficiency of operations.

#### Digitization of headquarters operations

The Information Systems Department is currently playing a central role in the digitization of internal documents and will continue to pursue that goal this fiscal term. Regarding headquarters operations, it will introduce RPA, a system in which robots take on routine works such as data input and calculation tasks and checking operations. The scope of this system will be progressively extended in collaboration with other departments, to reduce the man-hours spent on clerical tasks across the headquarters.

#### [Shift to online operations]

### Making all kinds of face-to-face operations non-face-to-face

We will pursue a shift to online (non-face-to-face) operations for operations in all areas that are currently conducted face-to-face. In the sales division, we will promote online land-use consultations and web-based seminars for rental management, and introduce online accompanied sales call assistance. In the construction division, we will drive

forward the use of IT to establish seamless online operations covering every stage from design and cost calculation to cost management and billing. In the real estate agency division, we will work on a shift to online for agency operations and viewings, and in the administration division, we intend to shift online for meetings, interviews, in-house training, and the like.

#### Online accompanied sales call assistance

We will build a mechanism that uses a teleconferencing platform on iPad to provide accompanied sales call assistance. This will enable not only sales section managers and branch general managers, but also construction department and brokerage and management department members, and even tax accountants that belong to the Token Tax Accountants Forum to accompany sales reps on sales calls virtually, in an effort to improve the efficiency and productivity of sales activities.

#### Establishment of online sales framework in internet advertising

In anticipation of the expansion of new fee-based categories for Facilities Search Home Mate Research, we will establish a framework for sales through online sales calls and web-based applications. For online sales calls, as well as producing the best sales tools for the series of processes leading to capturing applications, we will also prepare an operational manual. At the same time, we will introduce web-based applications and strive to pursue new applications.

#### Online branch inspections and branch guidance sessions

In the 45th fiscal term, we introduced online branch inspections, completing 72 inspections during the year. We will continue this initiative in the 46th fiscal term with a target of 100 inspections. We will also conduct online branch guidance sessions in conjunction with the branch inspections to prevent improper operations, in an effort to improve the precision of orders and construction starts.

#### Construction of Token-original online real estate agency platform

For the development of an online real estate agency platform that provides the full range of services from finding a residence to signing a lease, instead of using existing platforms, we will incorporate Token's own original online real estate agency platform to the Success21 Room Search

NAVI to build a system for customer engagement. After that, we will produce dedicated property information pages with a format that is easy to view for pushing information out to customers.

### DX initiatives and future vision

Token Corporation has been pursuing DX in all directions for some time, and our efforts have borne fruit in the form of operational efficiency and productivity improvements. However, past initiatives have been no more than the digitization of existing operations. Unfortunately, we are not yet at the stage of establishing a competitive advantage through the transformation of our operations themselves, our organization, processes, and corporate culture and customs.

For us to proceed to the next stage of DX, we will need ideas that encompass the whole. It is certainly not a matter of digitizing everything indiscriminately; we need actions that take the effectiveness of the investment into account. The COVID-19 pandemic has accelerated DX moves in companies, bringing opportunities to companies that take active advantage of digital technologies, while, conversely, leaving behind those companies that have been slow to board the digitalization train. Now, in this era-changing time, we will further evolve our DX response by strengthening our management structure with digitization and a shift to online, transforming Token into a company that is capable of responding to the new era.

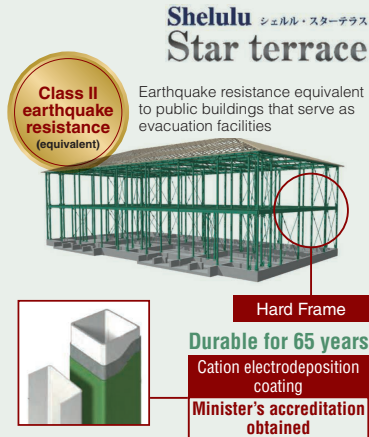
We ask all of our shareholders for their continued support in the future.



## Strong, high-quality rental home, Shelulu Star terrace

Token Corporation recently launched sales of Shelulu Star terrace, a range of rental homes built with highly earthquake-resistant steel frame construction. The Hard Frame Construction Method of high-strength, high-quality, highly earthquake-resistant steel frame construction, which boasts Class 2-level earthquake resistance, and High Resistance Foundation, which ensures high earthquake resistance with 15 cm-thick pressure-resistant panels, have been adopted for the construction of these houses. Distinctive features include a high-grade external appearance with design siding, and an inner terrace that facilitates effective use of space.

We will continue to develop products that meet the diverse needs of owners and tenants.



## Nagoya Touken World preparing for opening



"Touken World" website dedicated to swords

Preparations are well underway for the opening of Nagoya Touken World, the Nagoya Sword Museum (Meihaku) in the Sakae district of Nagoya's Naka ward, to be launched once the COVID-19 situation has been contained.

The museum will be divided into two sections, an Art Exhibition Area, with exhibits that include up to 200 swords, around 50 suits of armor, and about 150 ukiyo-e paintings, as well as horse harnesses and a palanquin for high-status women from the Edo Period, and an Experience Area, with interactive videos using digital equipment, hands-on experiences of the weight of Japanese swords, and spots to take photos. The goal of the museum is to be a place where everyone can enjoy an encounter with Japanese culture.

Nagoya Touken World is not only part of the Token Group's CSR activities. It is also a cultural business that anticipates admission fee revenue and earnings from the attached restaurant business, merchandise sales, and the like. We also aim for this business to raise the profile of the Token Group and to have a synergistic effect through collaboration with our hotel, travel, and advertising businesses.

The Museum's opening must wait until the COVID-19 pandemic has been contained and tourism demand has recovered, but preparations are being made in earnest to draw in sword aficionados and history buffs and make a start as a new tourist attraction in Nagoya.



Exterior perspective of Nagoya Touken World, the Nagoya Sword Museum

## Switch to fee-charging model for search websites

We are currently pursuing a switch to a fee-charging model for Token's facility search websites, Facilities Search Home Mate Research. This switch has already been completed for "Sekkotsu Net," a search website for orthopedic and osteopathic clinics, "Home Mate Senior," a search website for aged care homes, and "Jusei Navi," a specialist search website for judo-therapists, and preparations are currently underway for "Kabu Guide," a securities firm search website, and "Car Dealer/Marketopia," a search engine for car dealerships within the shopping facility search website. The numbers of visits and users are increasing steadily in many facility categories, so we plan to further expand the fee-charging categories.



Sekkotsu Net

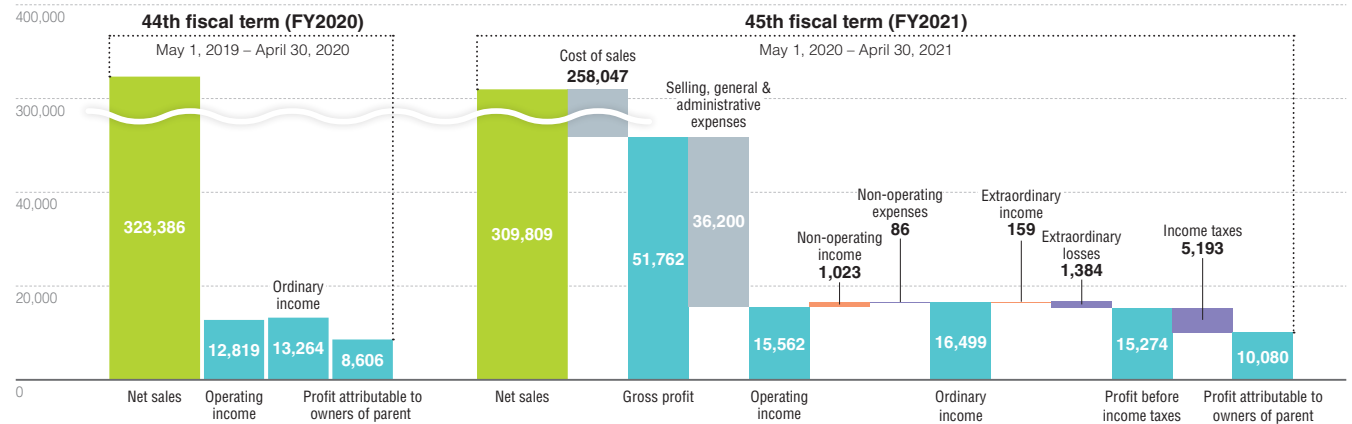


Home Mate Senior



Jusei Navi

### Consolidated Statement of Income (Millions of Yen)



Net sales

Despite sluggish growth in the number of orders on the books and the volume of completed construction in the construction business, in the real estate leasing business, the number of managed properties increased, and the occupancy rate remained at a high level, resulting in a 4.2% decline in net sales.

Operating income

Despite the sluggish growth in the number of orders on the books and the volume of completed construction in the construction business, selling, general and administrative expenses fell as a result of streamlining of management, and operating income increased by 21.4%.

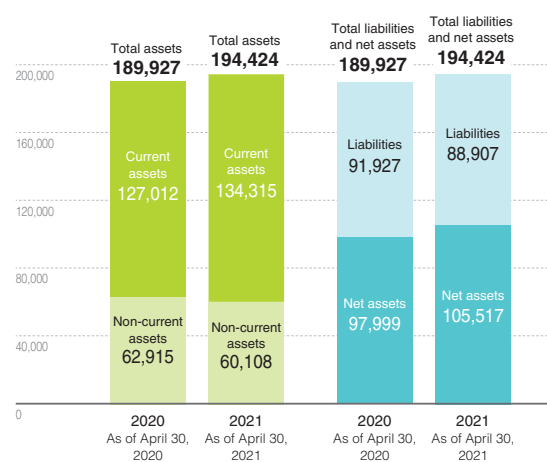
Extraordinary losses

Extraordinary losses of ¥1.2 billion were recorded due to the processing of impairment losses for some golf course-related non-current assets held.

Profit attributable to owners of parent

Although net sales were down from the previous term, operating income increased as a result of streamlining of management. With this increase, ordinary income and profit attributable to owners of parent also increased from the previous term.

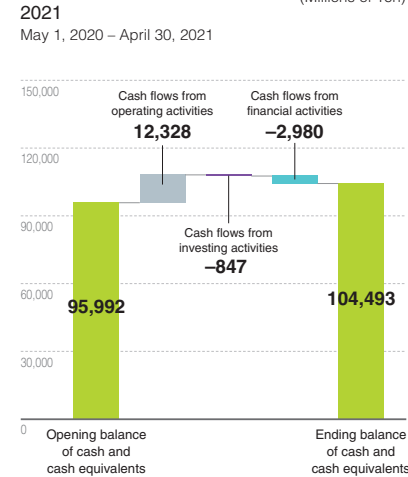
### Consolidated Balance Sheet (Millions of Yen)



Financial Condition

Both total assets and net assets increased, and equity ratio rose by 2.7 percentage points from the previous fiscal term to 54.3%.

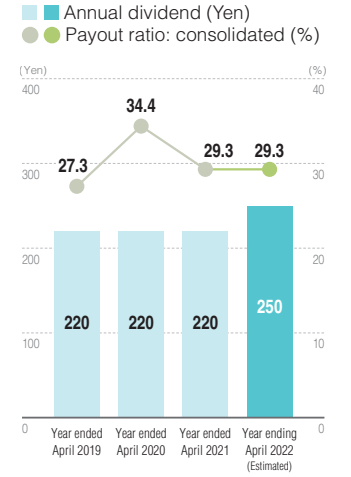
### Consolidated Statement of Cashflows (Millions of Yen)



Cash flows from operating activities

Cash flows from operating activities was revenue of ¥12,328 million, an increase of ¥10,489 million yen from the previous fiscal term.

### Trend in dividends per share



Dividend

The annual dividend for the 45th fiscal term (FY2021) was ¥220 per share. For the 46th fiscal term (FY2022), a 13% year-on-year increase to ¥250 is planned.