

Corporate Outline (as of April 30, 2022)												
Name	TOKEN CORPORATION											
Incorporation	July 17, 1976											
Capital	¥4.8 billion											
Employees	5,183 (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	<table><tr><td>Totsu Agency Co., Ltd.</td><td>Token Resort Japan Co., Ltd.</td></tr><tr><td>Token Lease Fund Co., Ltd.</td><td>(Token SHUGA Country Club)</td></tr><tr><td>Totsu Travel Co., Ltd.</td><td>Shanghai Tohan International Trading Co., Ltd.</td></tr><tr><td>Token TADO Country Co., Ltd.</td><td>Nasluck Co., Ltd.</td></tr><tr><td>(Token TADO Country Club Nagoya)</td><td>Token Building Management Co., Ltd.</td></tr></table>		Totsu Agency Co., Ltd.	Token Resort Japan Co., Ltd.	Token Lease Fund Co., Ltd.	(Token SHUGA Country Club)	Totsu Travel Co., Ltd.	Shanghai Tohan International Trading Co., Ltd.	Token TADO Country Co., Ltd.	Nasluck Co., Ltd.	(Token TADO Country Club Nagoya)	Token Building Management Co., Ltd.
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(Token TADO Country Club Nagoya)	Token Building Management Co., Ltd.											

Directors and Auditors <small>(as of July 28, 2022)</small>	
President and Chairman	Minoru Souda
Director and Vice President	Yoshitake Souda
Director	Takanori Sumino
Director*	Michihiro Shida
Full-time Auditor	Eiichiro Hotta
Auditor*	Masahiro Mitsuya
Auditor*	Akemi Kitamura

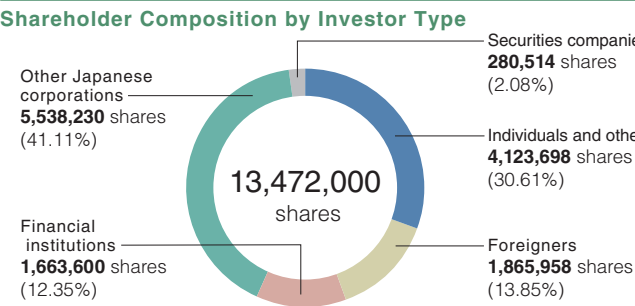
* Denotes Outside Director and Outside Auditors.

Shareholder Notes	
Business year	From May 1 to April 30 of 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)

Stock Information <small>(as of April 30, 2022)</small>	
Number of Shares Authorized	53,888,000 shares
Number of Shares Issued and Outstanding	13,472,000 shares
Number of shareholders	14,824

Major Shareholders		
Shareholder	Number shares held	Ratio of shareholding
Tomei Corporation Co., Ltd.	4,100,000	30.43
Minoru Souda	1,546,400	11.47
HIKARI TSUSHIN, INC.	998,600	7.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	751,500	5.57
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Sub Portfolio)	592,089	4.39

Note: Shareholding ratios have been calculated after deduction of treasury shares (27,408 shares).



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/>



TO SHAREHOLDERS AND INVESTORS

TOKEN
GROUP
REPORT

The46th

To Our Shareholders and Investors

Business Report 2022

For the year ended April 30, 2022

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 torrential rainfalls mainly in the Tohoku region and Hokkaido and other natural disasters and pray for an early recovery from the damage those events have caused.

Minoru Souda

President and Chairman

Promote digital innovation

through digitization and a shift to online in all divisions

Consolidated business performance in the 46th fiscal term

Despite a post-COVID increase in revenue, profits decreased due to the soaring prices of building materials and housing equipment. Annual dividend increased to ¥250

In the domestic construction industry during the 46th fiscal term (the fiscal year ended April 30, 2022), thanks to the gradual relaxing of restrictions on social and economic activities, which had been enacted as a result of COVID-19 and the success of the government's measures to support home purchasing, new housing starts increased by 6.2% year-on-year and new housing starts for rent also increased by 8.1% year-on-year.

In such circumstances, the Group's consolidated business performance reported net sales of ¥311,586 million, increasing 0.6% from the previous fiscal term. On the other hand, operating income decreased by 3.4% year-on-year to ¥15,039

million and ordinary income decreased by 6.9% year-on-year to ¥15,361 million, while profit attributable to owners of parent increased by 1.9% year-on-year to ¥10,275 million.

In the construction business, the volume of completed construction declined from the previous fiscal term due to the tendency for delays in construction resulting from the disruption of the supply chain, stemming from the drastic changes in demand. As for profits, due to wood shock (sticker shock on a global surge in lumber prices) and the effects of the situation in Ukraine, the prices of building materials and housing equipment soared, resulting in decreased profits.

Meanwhile, in the real estate leasing business, both revenue and profit increased, due to increases in rental income and management fee revenue from 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) and from reinforcing our real estate agency competitiveness and maintaining a high occupancy rate by establishing a countrywide real estate information network.

The year-end dividend was set at ¥250 per share, an increase of ¥30 from the end of the previous fiscal term.



Management strategy for the 47th fiscal term

Promotion of digital innovation

Our management slogan for the 47th fiscal term (the fiscal year ending April 30, 2023) will be the “Promotion of digital innovation.” Innovation means the creation of something new as well as taking on the challenge of something new. To date, the Company has engaged in digitization initiatives and the shift to online over the years through such efforts as building an original operational support system and the development of a completely new website.

In the 47th fiscal term, we will integrate and coordinate these digitization initiatives to bring about innovation in our business and management activities. We will promote DX of the Company and transition to a company aligned with the digital society through digital thinking from the stance of denying the status quo, creating something new, and taking on new challenges.

Furthermore, as the population continues to decline, capturing the metropolitan areas to acquire superior stock remains a crucial management issue for the Company's business, as was the case in the previous fiscal term. We will promote DX while at the same time adopting new product strategies to increase orders from the metropolitan areas and secure superior stock.

Sales division

Adopting a system to attract customers online in an effort to increase orders

In the sales division, we have launched “Online consultations” using our unique teleconferencing platform in which we can talk business with our customers online. Together with our “feet on the street” marketing methods which mainly involve walk-ins and cold-calling sales, we will establish a system that “attracts customers online.”

Furthermore, by linking the Token Sales PA to other related systems and reflecting the results of data analysis in our marketing, we will create new value in our sales activities. In September 2021, a function, which enabled the extraction of owners to whom repeat proposals were possible based on the number of properties owned and financial conditions, was released on the “Token CRM.”

During the 47th fiscal term, as part of efforts to further strengthen our repeat orders, we will link the “Token CRM” with the “Token Sales PA” to manage the progress of possible repeat proposal projects and have the sales, construction, and the real estate agency divisions share information on possible repeat proposals and make a concerted effort to receive orders.

Real estate agency division

Digitize all operations and enhance user convenience and satisfaction

In the real estate agency division, we already have an online platform that provides moving-in agency services and property-viewing for customers. During the 47th fiscal term, we plan to add “Electronic application,” which will allow customers to conduct web-based procedures after the application process and “Electronic contracts,” which will allow for cloud signatures of disclosure statements and lease contracts, and digitize all operations relating to lease contracts, thereby further improving the efficiency of real estate agency operations and enhancing user convenience and satisfaction.

In online real estate agency services, user convenience will be further improved by linking the online real estate agency platforms “Success21” and “Room Search NAVI.” Furthermore, by strengthening the linkage with the community-based information website, “Home Mate Research,” which is based on each of the Company's branches as “hubs,” we will create value in searching for rooms and increase the number of tenants.

Construction division

Ensuring the safety and quality of construction, as well as improving the efficiency of operations

In the construction division, from the 47th fiscal term, we have launched remote inspections of construction sites using the “Online construction inspection system.” Previously, in internal construction inspections, inspectors would visit the construction sites and inspect compliance with the various construction laws and the Company's

standards by checking with design drawings and specifications, which meant spending a lot of time traveling from one construction site to another. By conducting construction inspections online, the inspectors can use the time spent on traveling for inspecting, which will not only improve business efficiency but also allow more time for careful inspections at a single site. This, in turn, will ensure greater safety and quality of construction.

In addition, for construction subcontracting agreements that are concluded between our company and our clients, we will introduce our proprietary electronic contract platform, “Token e-Contract,” 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. Furthermore, we will make sure that contracts can be completed online by digitizing the “Subcontractors Master Registration Sheet” for contract procedures with contractors when commencing new transactions and changing from hand-written signatures to electronic signatures for the “Basic agreement on outsourcing construction and design” and “Confidentiality agreements.” By digitizing these procedures, we will no longer be required to retain the original contract documents.

Capturing the metropolitan areas

Three product strategies that will contribute to increasing orders in metropolitan areas

We will continue from the previous fiscal term to make efforts to capture the metropolitan areas (urban areas). Capturing the metropolitan areas to acquire superior stock is indispensable in this age of the declining population, and in the 47th fiscal term, we will aim to increase orders and secure superior stock in the metropolitan areas through the three product strategies of “High-end rental homes,” “Furnished rental condominiums,” and “Rental condominiums comparable to hotels.”

“High-end rental homes”

There are two types of high-end rental areas, “high-end urban rental areas,” which are mainly located near stations and in commercial districts, and “high-end suburban rental

areas,” which are located in high-end suburban residential areas, and both types cater to different needs and targets. Accordingly, we will designate different branches to be in charge of the different types and promote sales activities based on the unique features of each high-end rental area that will lead to customer satisfaction (a sense of higher status).

Furnished rental condominiums

We will develop furnished rental condominium products by targeting singles who have adopted carefree and sharing-based lifestyles as our main targets.

Rental condominiums comparable to hotels

We will promote product development and sales strategies for rental condominiums comparable to hotels that are popular with affluent landowners who value design and a sense of status.

The future pioneered by digital innovation

We have been promoting DX for the past 20 years and it has brought greater business efficiency and improved productivity to the Group. In recent years, the new technologies that have been developed one after the other and the advances made in digitization and the shift to online allow us to seek unprecedented ways of utilizing such technology. Backed by these developments, we have not only been promoting operational and process reforms but also focusing on measures that respond to customer awareness and consumption behavior that have changed significantly in this post-COVID world.

The Company will proactively utilize digital technology and further strengthen its management structure through digitization and the shift to online, thereby transforming into a corporate group that looks toward a future worthy of a successful company in the post-COVID age.

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

Nagoya Touken World, the Nagoya Sword Museum



Nagoya Touken World, the Nagoya Sword Museum, had been preparing for its opening in June 2020 but the opening has been postponed due to prevailing social conditions. To meet the expectations of the customers who are looking forward to the opening of this museum, we are currently considering the different displays and display methods and making preparations to make it an even better museum.

This museum, as part of Token Group's CSR activities, has been positioned as the Group's restaurant business through "Yuraku," the cafe and restaurant located alongside the museum as well as the cultural business through merchandise sales at the museum shop. As for the museum shop, it has commenced online sales ahead of the museum opening and has become popular with the customers. We hope that it becomes a museum not only for Japanese sword enthusiasts but also a new tourist destination in Nagoya for those who are interested in history.



SNS strategies

As more and more people today use Internet searches on their smartphones and tablets to gather information, we have also been focusing on PR activities using the Internet.

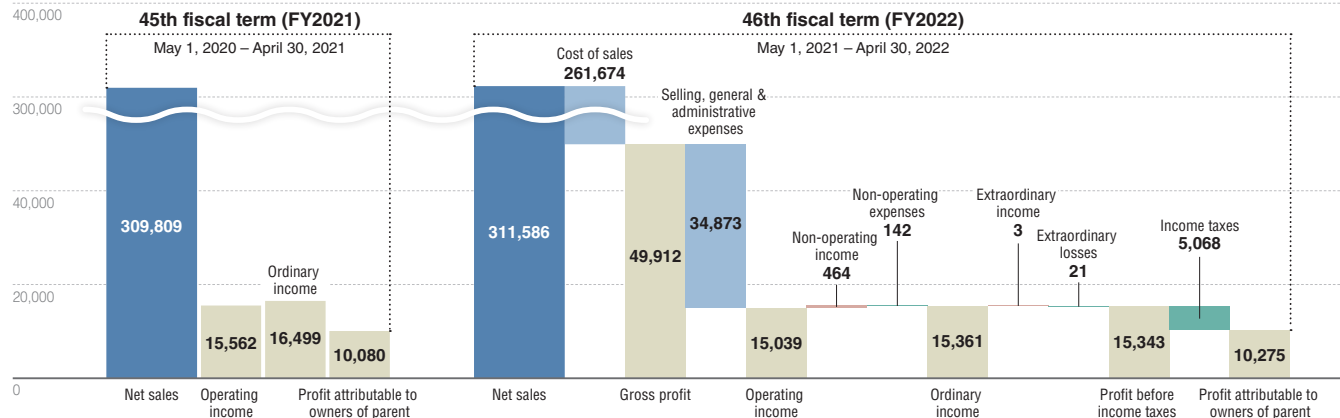
Previously, the Company had promoted PR on the Internet using SEO (search engine optimization) measures. However, starting from the current fiscal term, we are, in addition, strengthening our "PR on SNS" by utilizing (1) Twitter, (2) Facebook, (3) Instagram, and (4) YouTube. Specifically, we will create official accounts for Home Mate Research and Nagoya Touken World, and by increasing the number of followers, attract more customers to the websites via SNS. Furthermore, we are considering the possibility of creating official accounts at each branch and planning to attract more customers by building a PR platform in which employees advertise their own branch.

Release of a website dedicated to "land use"

To appear higher in the search engines under the keyword, "land use," in June 2022, we released a new website, "Home Mate Land Use." This website is not a part of the corporate website or content included in the Home Mate website but has been released as an independent, dedicated website that produces and discloses useful information on land use such as basic information on the management of apartments and rental condominiums as well as advice on financing. The Company known as "a pioneer in land use," offers content that aggregates expert information, which leads to document requests and online consultations.



Consolidated Statement of Income (Millions of Yen)



Net sales

Revenue declined, as the volume of completed construction decreased due to restrictions on economic activities and the effects of prolonged construction period in the construction business. Meanwhile, in the real estate leasing business, revenue increased due to an increase in rental income and management fee revenue, as the number of managed properties increased. Revenue increased by 0.6% year-on-year for the Group as a whole.

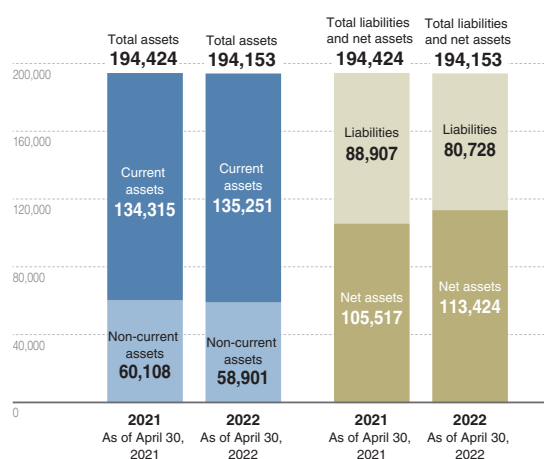
Operating income

Efforts were made to reduce selling, general and administrative expenses but it could not compensate for a decrease in gross profit resulting from a decrease in the volume of completed construction and soaring costs, and operating income decreased by 3.4% year-on-year.

Profit attributable to owners of parent

Although impairment losses of ¥1.2 billion were recorded under extraordinary losses for some golf course-related non-current assets held in the previous fiscal term, extraordinary income/loss improved in the fiscal term under review as a reaction to the previous fiscal term, and profit attributable to owners of parent increased by 1.9% year-on-year.

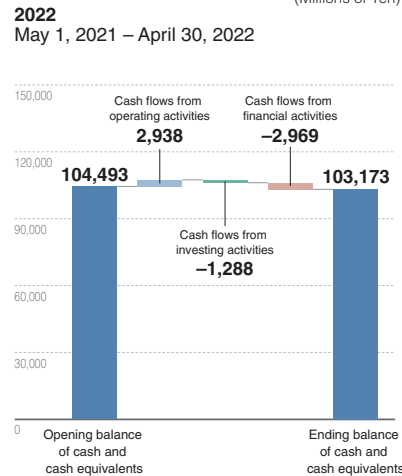
Consolidated Balance Sheet (Millions of Yen)



Financial Condition

Total assets decreased by 0.1% year-on-year due to a decrease in cash and deposits. Liabilities decreased by 9.2% year-on-year due to a decrease in notes payable, accounts payable for construction contracts and other. Net assets increased by 7.8% year-on-year due to an increase in retained earnings. As a result, equity ratio rose by 4.1 percentage points from the previous fiscal year term to 58.4%.

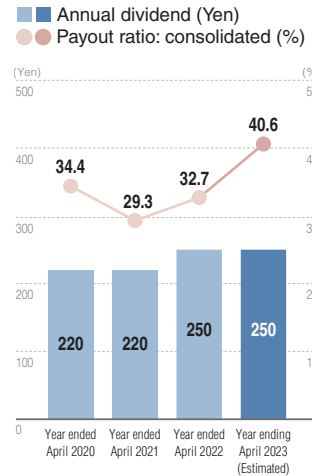
Consolidated Statement of Cashflows (Millions of Yen)



Cash flows from operating activities

Cash flows from operating activities was revenue of ¥2,938 million mainly due to profit before income taxes of ¥15,343 million and depreciation of ¥2,233 million.

Trend in dividends per share



Dividend

The annual dividend for the 46th fiscal term (FY2022) was ¥250 per share. For the 47th fiscal term (FY2023), an annual dividend of ¥250 per share, the same as the 46th fiscal term, is planned.