

Integrated Report

Nankai Group Integrated Report 2023



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The Nankai Electric Railway Group has created an environmental slogan and logo to use as it actively undertakes further environmental activities. The train car and driver depicted as a green leaf symbolize coexistence between the natural environment and local communities, thereby expressing our intent to keep moving forward with our customers.



Corporate philosophy

Nankai will explore the future with wisdom and vitality.

Contributions to society

As an integrated lifestyle company that creates the future, we will respond to the trust society bestows upon us and contribute to its development.

Customers first

We will pursue comfortable living and enriched culture, providing the best services to customers.

Taking on challenges for the future

With strong vitality and creativity, we will take on the challenges in line with the needs of the new times.

Lively places for people to work together

We will create cheerful and lively places for people to work together, capitalizing on each person's wisdom and character.

Group management policies

Thoroughly ensure safety and security

We will ensure safety and security in all our businesses, including railway services.

Environmentally driven

We see the preservation of the global environment as our mission and place the environment at the heart of our businesses.

Ensuring compliance meticulously

We will conduct fair and healthy corporate activities, complying with the law while recognizing our social responsibilities.

Putting the customer's perspective first

As a community-based company, we will put our customers first and ensure that activities cater to their requirements.

Sustainability Policy

We will create collaboratively and cooperate with various stakeholders, including community residents, local governments and businesses, particularly in the areas along our railway lines. We will also seek both the increase of value as a sustainable company and the realization of a sustainable society by putting our Corporate Philosophy into practice.

Brand slogan

Bound for good times

At the Nankai Group, we will connect and spread the joy of relaxation and excitement.

To this end, we will pursue safety, convenience, comfort, and good communication, bringing new value and boosting customer satisfaction. We will aim to be loved and selected as the Nankai Group, and we will strive to create areas along our railway lines in which people, communities, and lifestyles are optimistic for a better future, and to create areas that are sustainable and realize a bright future.

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Information disclosure matrix

	Financial Information	Non-financial Information
Dialogue	<ul style="list-style-type: none"> Announcement of Financial Results, Financial Results Briefing Meetings with institutional investors and analysts General Meeting of Shareholders 	<ul style="list-style-type: none"> Meetings with stakeholders

	Integrated Report
Reports	<ul style="list-style-type: none"> Financial Results Securities Report Materials for Financial Results Briefings Fact Book Monthly Data ESG Data Corporate Governance Reports Safety Report

	Website IR Information	Website Sustainability
Web		

Notes on future forecasts

The performance predictions and other details in this report related to the future indicate the judgment of Nankai Electric Railway based on information that is available at the time of writing, so these details may contain risk or uncertainty. Please note that the actual business performance may differ from forecasts due to various factors.

Description of the cover

The Nankai Group's logo expresses our corporate attitude of beating our wings powerfully toward the future. We started off as a trailblazer in the field of privately owned railways, and have advanced through the ages and through communities with a pioneering spirit. The cover design includes the Nankai Group's logo as a motif, and expresses the endeavors made in line with our "Corporate Image in 2050" further in the future, as well as a sparkling crystalline shape and the warmth of the Nankai Group as it remains close to the local community.



What the Nankai Group creates An ever-changing future

We use our power as a corporation to bring changes to local communities.

A total of 138 years have passed since we were established

as the first railway company in Japan to be entirely funded by private capital.

With a focus on the southern Osaka and Wakayama area,

the Nankai Group has worked to build a transportation network that covers both land and sea,

while also supporting people's lives and helping communities to grow.

Our goal is to drive highly diverse community development toward 2050.

Based on the four elements of "community coexistence and co-creation, diverse lifestyles,"

"mobility," "diversity and globality" and "Nankai identity,"

the Nankai Group will undergo significant change under the banner

"With an entrepreneurial spirit, Nankai is firmly committed to creating 'DiverCity'* in Kansai."

The Nankai Group is bringing together all its knowledge and energy to create new value and

achieve its goal of creating DiverCity in Kansai.

* DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

Editorial Policy

Purpose of publication and content of the report

The Nankai Group seeks to both "increase its value as a sustainable company" and help to "realize a sustainable society" by putting our corporate philosophy into practice.

We have compiled and summarized details on our approach, strategies, and specific initiatives in this report to broadcast the message to all our stakeholders about our ongoing growth and the roadmap toward value creation at the Nankai Group.

Key points in the Integrated Report 2023

<p>● Overall concept We view value creation at the Nankai Group as a way to realize our "Corporate Image in 2050." To this end, we have positioned information on "making steady progress in executing our growth strategy," and "sustainable management to support transformation (materiality initiatives)" as core content in this report. We have leveraged our skills in the editorial process to express the energy of the Nankai Group as it continues to change.</p>	
<p>Introduction</p>	<p>This section offers an overview of the past, present, and future of the Nankai Group. It describes how the value we provide has changed in tune with the times, our current businesses, revenue structure and presence, and the "Corporate Image in 2050" that we aim to achieve in the future.</p>
<p>Messages from Management</p>	<p>This section features powerful messages from Chairman Teruhiko Achikita and President Nobuyuki Okajima, who are leading daring endeavors to attain our "Corporate Image in 2050," to change the organization, and to build a new corporate culture.</p>
<p>Transformation toward Achieving Nankai's "Corporate Image in 2050"</p>	<p>This section describes our value creation activities, management capital, and management plan for realizing our "Corporate Image in 2050." It includes a special feature on our approach and efforts to enrich human capital to support value creation.</p>
<p>Sustainable Management to Support Transformation (Materiality Initiatives)</p>	<p>This section gives a detailed description of the issues we will work on within each of the three aspects of ESG with regard to our materiality—major themes that may impact the Nankai Group's corporate value. The "Outside Director Roundtable" includes an overview of the governance system through a talk between three Outside Directors.</p>
<p>Business Overview and Strategy</p>	<p>This section provides an overall description of the Nankai Group's business portfolio, and shows information that gives insight into the present and future of each business. It complements the data that can be helpful when engaging in dialogue with stakeholders.</p>
<p>Management Information</p>	<p>This section gives supplementary information that can help in understanding and analyzing the company.</p>

Applicable term

FY2022 (April 1, 2022 to March 31, 2023). Some information, however, is from outside this period.

Organizations covered

Nankai Electric Railway Co., Ltd. and 54 consolidated subsidiaries

Guidelines referenced

- "The International Integrated Reporting Framework" by the IFRS Foundation
- Final Report: "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)"
- "The Environmental Reporting Guidelines, 2018 Edition" by the Ministry of the Environment
- "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry
- "The GRI Sustainability Reporting Standards" by the Global Reporting Initiative



Our History of Value Creation

Based in Namba, the Nankai Group chiefly serves the southern Osaka and Wakayama region to enrich people's lives in areas along its railway lines through efforts that have helped the company grow together with local communities.

With a 138-year history of staying close to changes in the times and in people's values, the Nankai Group will continue to be a popular choice as we provide sustainable value going forward.

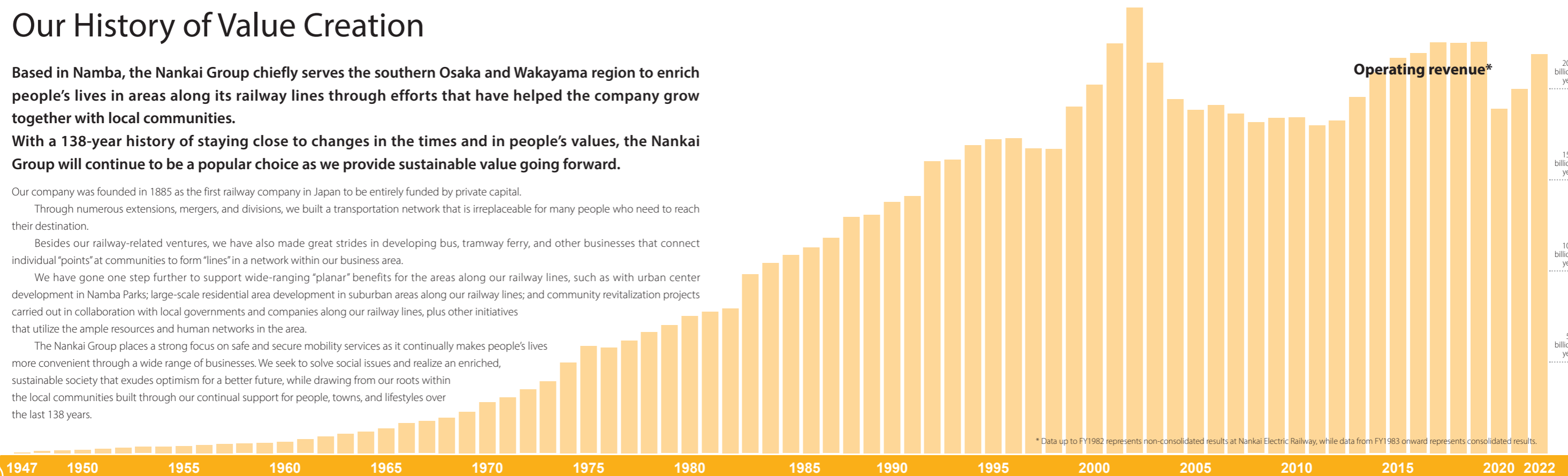
Our company was founded in 1885 as the first railway company in Japan to be entirely funded by private capital.

Through numerous extensions, mergers, and divisions, we built a transportation network that is irreplaceable for many people who need to reach their destination.

Besides our railway-related ventures, we have also made great strides in developing bus, tramway ferry, and other businesses that connect individual "points" at communities to form "lines" in a network within our business area.

We have gone one step further to support wide-ranging "planar" benefits for the areas along our railway lines, such as with urban center development in Namba Parks; large-scale residential area development in suburban areas along our railway lines; and community revitalization projects carried out in collaboration with local governments and companies along our railway lines, plus other initiatives that utilize the ample resources and human networks in the area.

The Nankai Group places a strong focus on safe and secure mobility services as it continually makes people's lives more convenient through a wide range of businesses. We seek to solve social issues and realize an enriched, sustainable society that exudes optimism for a better future, while drawing from our roots within the local communities built through our continual support for people, towns, and lifestyles over the last 138 years.



* Data up to FY1982 represents non-consolidated results at Nankai Electric Railway, while data from FY1983 onward represents consolidated results.

Period	1885 – 1945 (From our founding until the end of WWII)	1950s – 1980s	1990s	2000s	2010s	2020s –
Social trends	Private capital employed to build railway networks in line with the development of modern industry	Rapid economic growth following World War II; increasingly diverse lifestyles	Rapid change at the end of the 20th century; opening up to the world with the opening of Kansai International Airport	Decline in the productive population, maintenance for road networks, and adverse conditions for the railway business	Growth in inbound tourism; Osaka selected for EXPO 2025; and vitality for the Kansai economy	The COVID-19 pandemic brought significant changes to people's lives and values regarding mobility
The value we provide	Built an extensive railway network spanning from southern Osaka to Wakayama, serving as the foundation for local modernization The precursor to our company was founded by 19 people including Jutarō Matsumoto, a prominent figure in Osaka's business community. After launching a service between Namba and Sakai (Yamatogawa) in 1885, this organization expanded its lines across southern Osaka and Wakayama. The pioneering spirit, strong vitality, and enterprising attitude from that time still remains at our company.	Developed a wide range of businesses in the areas along our railway lines and enriched people's lives In line with the diversification in people's lifestyles, we executed many large-scale projects in rapid succession alongside initiatives to develop our transportation network, such as engaging in large-scale residential area development in suburban areas along our railway lines, opening shopping centers, and managing leisure centers. Ever since then, we have helped to develop the areas along our railway lines through our diverse businesses, and have continually supported people's lifestyles.	Opened the Airport Line to serve as a bridge between Kansai and the world In 1994, we opened the Airport Line to provide access to the newly opened Kansai International Airport. We also started service for our iconic "Express train Rapiit." This line triggered development in the areas along our railway lines with a view toward increasing exchange with the world.	Created liveliness through redevelopment in Namba, and overcame the aftereffects of Japan's economic bubble bursting as we took on challenges for the future We completed our Namba district redevelopment project that had been underway for many years. "Namba Parks" saw its grand opening at this time, giving a major boost to development in the Minami area of Osaka. We overcame many challenges in a harsh business landscape, such as the decrease in railway passenger numbers and a fall in land prices. Our experience from this has fueled growth in the next generation.	Grew with a glocal* perspective and created appeal for the areas along our railway lines We captured demand from overseas tourists, brought the current Semboku Rapid Railway into our group, opened NAMBA SkyO, and carried out various other activities as we grew together with the local area. We continue to play a role of linking the areas along our railway lines with many people both in Japan and abroad, as well as reinforcing connections with people and the areas along our railway lines.	Seeking to realize an enriched and sustainable society with the Spirit of Nankai's collaborative creation ("Kyoso") The future is uncertain in a post-COVID world. In light of this, we established our "Corporate Image in 2050" to fulfil our responsibility to continually provide our services. Going forward, we aim to obtain the most popular areas along railway lines and realize a sustainable society under the banner of collaborative creation with stakeholders.

*"Glocal" is a term created by combining "global" and "local" that describes thinking and acting from a global perspective while taking the characteristics of the local area into account.

<p>1885</p> <p>The original Namba Station</p> <p>Opened a line spanning 7.6 km between Namba and Yamatogawa.</p>	<p>1950</p> <p>Built the Osaka Stadium as the home base for the Nankai Hawks professional baseball team.</p>	<p>1994</p> <p>Opened the Airport Line to link Kansai International Airport with Namba.</p>	<p>2003</p> <p>Opened "Namba Parks" with the concept of the city, people, and nature coexisting in harmony</p>	<p>2014</p> <p>Acquired all Osaka Prefectural Urban Development stock and brought it into the Group as Semboku Rapid Railway</p>	<p>2020</p> <p>Promoted functionality enhancement of logistics facilities</p>
<p>1936</p> <p>Deployed Japan's first ever air-conditioned train car.</p>	<p>1978</p> <p>Opened "Namba City," and also entered the real estate and distribution businesses.</p>	<p>1995</p> <p>Our iconic "Express train Rapiit" won a Blue Ribbon Award.</p>	<p>2004</p> <p>Koyasan registered as a World Heritage Site at the end of one of our railway lines</p>	<p>2018</p> <p>Opened "NAMBA SkyO" as a hub for international exchange</p>	<p>2023</p> <p>Opened "Namba Parks South," a new location in the southern part of the Namba area</p>

The Nankai Group's Presence

Nankai Electric Railway runs two major lines: the Nankai Line connecting Namba with Senshu and Wakayama, and the Koya Line to the Koyasan World Heritage Site. On top of our railway business, we leverage these lines to support people's everyday lives as an essential company for the local area through many different projects including shopping centers and housing development.



Corporate profile (as of March 31, 2023)

Company name	Nankai Electric Railway Co., Ltd.
Founded	December 27, 1885
Registered Head Office	2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka 556-8503, Japan
URL	https://www.nankai.co.jp/en/company.html
Share capital	72,983 million yen
Operating revenue	221,280 million yen
Number of shareholders	51,688
Number of employees	2,635 (non-consolidated); 8,905 (consolidated)



Mozu-Furuichi Kofun Group, a World Heritage Site



Koyasan, a World Heritage Site



Kansai International Airport, one of Japan's major international airports
Image courtesy of Kansai Airports



The world's gateway to Kansai at the Namba terminal station

Segment operating revenue and operating income (in FY2022)



* The percentages represent the ratios to operating revenue and operating income, including those from intersegment transactions.

Business Segment	Companies	Nankai by the numbers
Transportation Business • Railway Business • Tramway Business • Bus Business • Ocean Freight Business • Cargo Transportation Business • Vehicle Maintenance Business	35 companies	Operating kilometers on railroads (Nankai + Semboku): 169.1 km Number of passengers transported per year (Nankai + Semboku): 245,902 thousand Number of train cars (Nankai + Semboku): 808 Number of stations (Nankai + Semboku): 105
Real Estate Business • Real Estate Leasing Business • Real Estate Sales Business	6 companies	Size of major rented office areas in the Namba area: Approx. 100,000m² Size of rented logistics facilities: Approx. 460,000m² Number of built-for-sale condominiums: 123
Distribution Business • Management of Shopping Centers • Station Premises Business • Others	9 companies	Namba City Sales: 30.9 billion yen Number of customers going through cashiers: 10.06 million Namba Parks Sales: 22.1 billion yen Number of customers going through cashiers: 5.82 million
Leisure and Services Business • Travel Agency Business • Hotels and Traditional Japanese Inns • Boat Racing Facility Leasing Business • Building Management and Maintenance Business • Funerary Business • Others	20 companies	Number of customers going to Boat Race Suninoo: 1.21 million Number of golf facilities: 2 Number of funeral halls: 16
Construction Business • Construction Business	4 companies	Monetary amount of orders received for construction works (Nankai Tatsumura Construction Group): 31.0 billion yen Monetary amount of orders received for civil engineering works (Nankai Tatsumura Construction Group): 7.8 billion yen

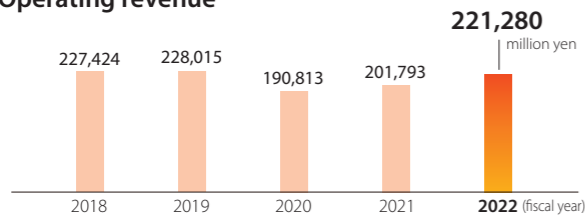
* Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Distribution, and Leisure and Services segments. Semboku Rapid Railway Co., Ltd. is included in duplicate in the Transportation and Real Estate segments.

* The Nankai Group comprises a total of six segments, namely the five segments given above in addition to "Other Business (eight companies)," and consists of 78 companies, namely Nankai Electric Railway Co., Ltd., 54 consolidated subsidiaries, 17 non-consolidated subsidiaries, and 6 non-equity-method affiliates.

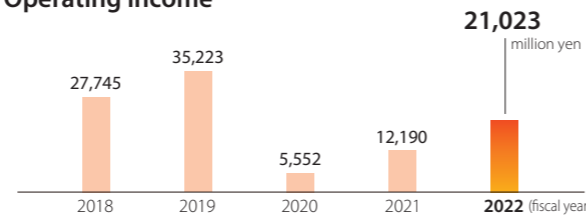
Financial and Non-financial Highlights

Financial

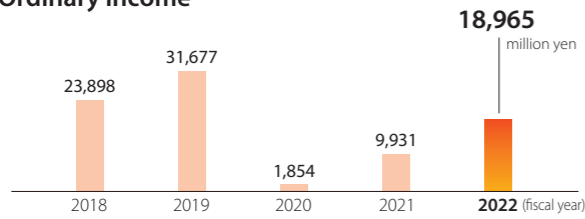
Operating revenue**2



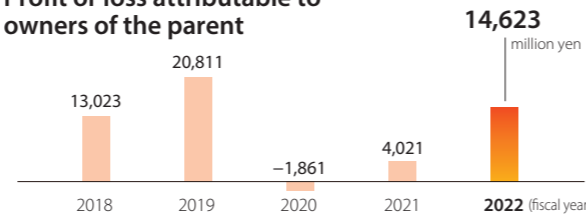
Operating income



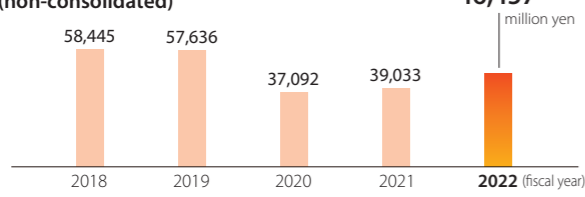
Ordinary income



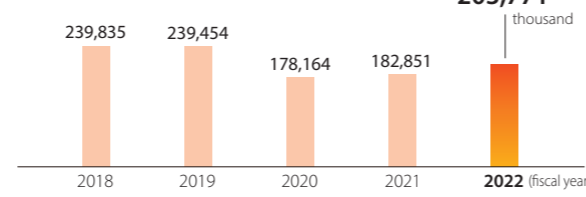
Profit or loss attributable to owners of the parent



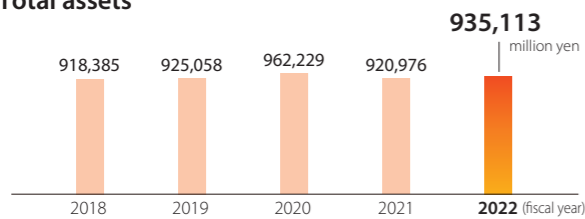
Revenue from passenger transport (non-consolidated)



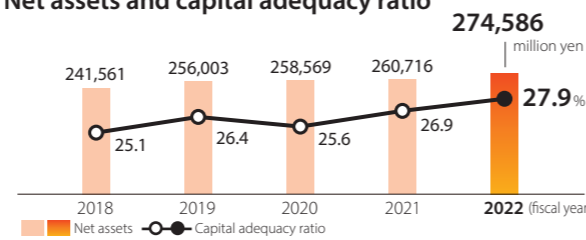
Passengers carried (non-consolidated)



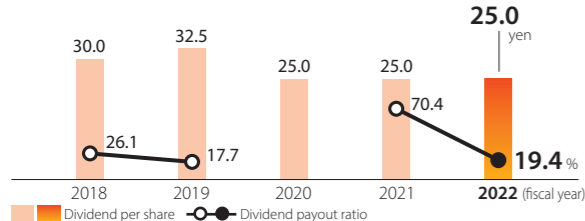
Total assets



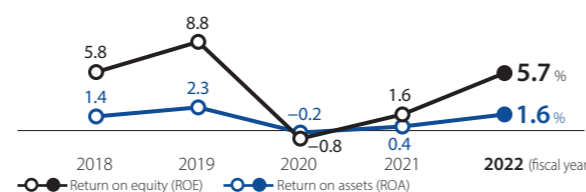
Net assets and capital adequacy ratio



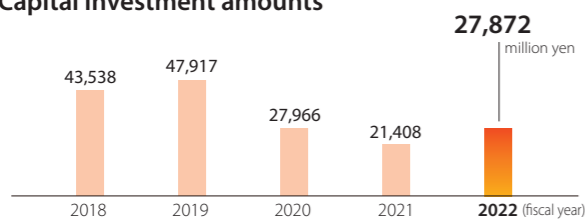
Dividend per share and dividend payout ratio*3



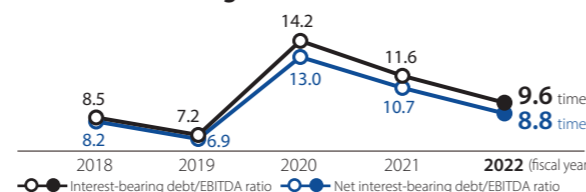
Return on equity (ROE) Return on assets (ROA)



Capital investment amounts

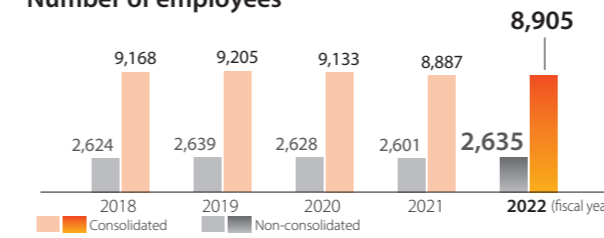


Interest-bearing debt/EBITDA ratio*4 times Net interest-bearing debt/EBITDA ratio*4 times

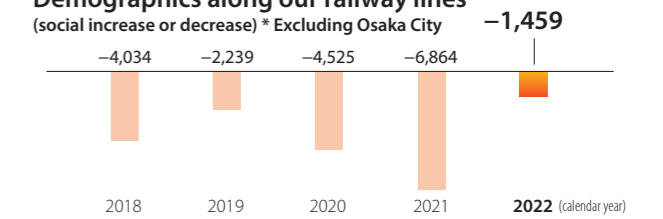


Non-financial

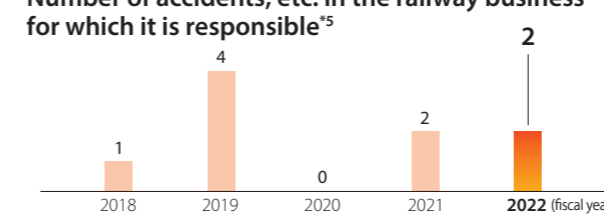
Number of employees



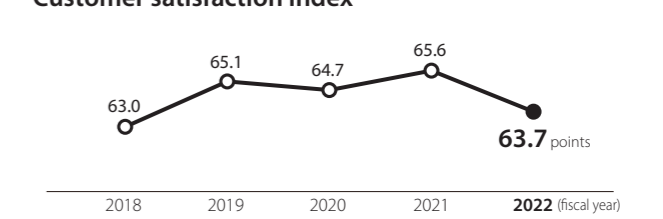
Demographics along our railway lines (social increase or decrease)* Excluding Osaka City



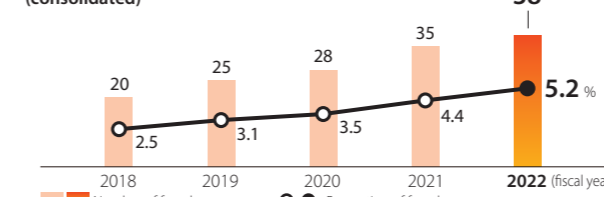
Number of accidents, etc. in the railway business for which it is responsible*5



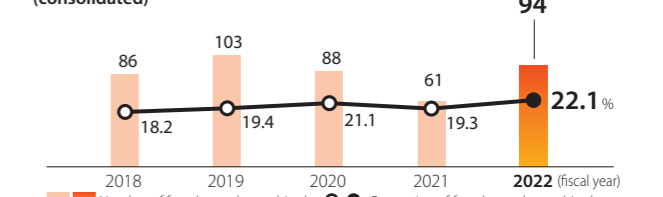
Customer satisfaction index



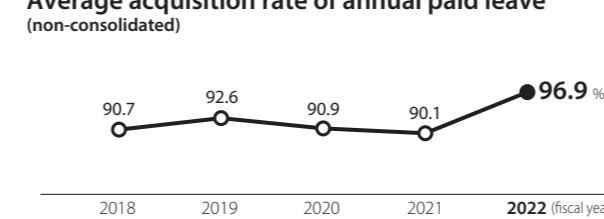
Number and proportion of female managers (consolidated)*6



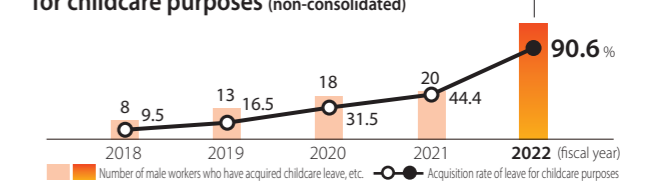
Number and proportion of female employees hired (consolidated)*7



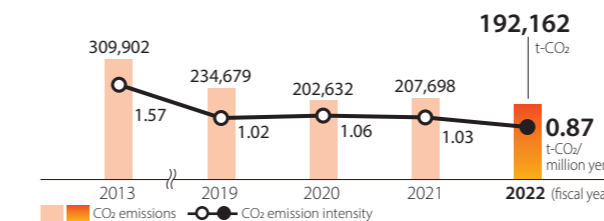
Average acquisition rate of annual paid leave (non-consolidated)



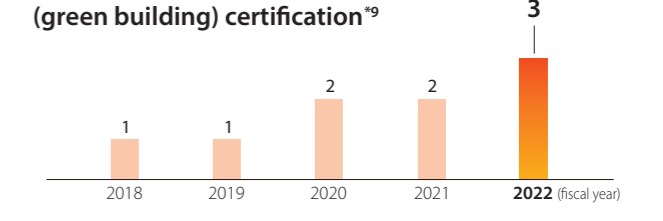
Male workers who have acquired childcare leave, etc. and acquisition rate of leave for childcare purposes (non-consolidated)



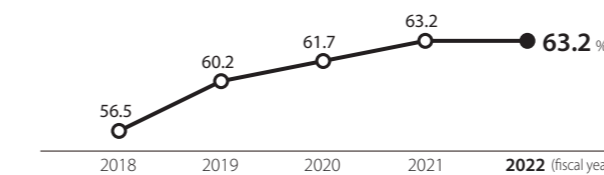
CO2 emissions and emission intensity (consolidated)*8



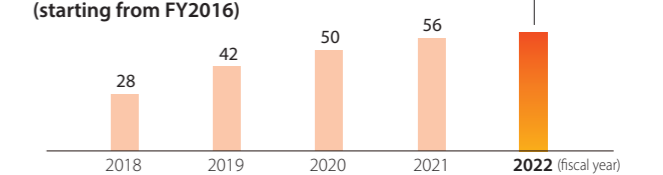
Environmental building (green building) certification*9



Ratio of energy-saving vehicles adoption (Nankai Electric Railway and Semboku Rapid Railway)



Cumulative number of stations with renovated restrooms (non-consolidated) (starting from FY2016)



*1 Operating revenue does not include consumption tax, etc.
 *2 The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.
 *3 There was a net loss in FY2020, so the dividend payout ratio is not shown here.
 *4 EBITDA: Operating income + Dividend income + Depreciation and amortization

*5 Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.
 *6 Definition up to FY2021: Management positions refer to supervisory and managerial positions that are not subject to working-hour restrictions, etc.
 Definition from FY2022 onward: Total of workers in "manager level" and "positions higher than manager level (excluding executives)."
 *7 Refers to the number of full-time employees (total of new-graduate hires, mid-career hires, and part-time employees hired as full-time employees).
 *8 CO2 emission intensity (CO2 emissions divided by operating revenue)
 *9 Based on the DBJ Green Building certification.

Corporate Image in 2050

With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity" in Kansai

In March 2022, the Nankai Group announced its New Medium-term Management Plan, the "Kyoso 140 Plan" covering FY2022 to FY2024, as well as its "Corporate Image in 2050."

The landscape surrounding our businesses has continually changed in recent years, and the outlook for the future is unclear. The COVID-19 pandemic has accelerated these changes even further. We therefore set our "Corporate Image in 2050" to clarify the direction we should take in a society where change is a constant. We are doing this by extending our perspective further into the future and engaging in thorough deliberation and discussions regarding the kind of company we want to be in 2050 and how we should act in order to be wanted by society for years to come.

Nankai's "Corporate Image in 2050"

Community coexistence and co-creation, diverse lifestyles

Together with local communities

Under the banner of being community-based, we will continue to treasure connections with people in communities and areas along our railway lines and work together with these people to create diverse communities where diverse groups of people can live in happiness.

Mobility

Mission as a public transportation operator

We will deepen the history and responsibility of safe and secure operations of the transportation business cultivated in areas along our railway lines to evolve into more diverse mobility business that connects "person and person," "community and community," and "people and communities" towards the future.

With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity"* in Kansai

Diversity and globality

"Think Globally, Act Locally"

With Kansai International Airport as a gateway to the world (Asia), and Namba as a diverse community, we will foster diversity that respects and enhances diverse values and individuality while staying close to Namba, where diverse people from all over the world will continue to gather for the foreseeable future.

Nankai identity

Strong will to open the way to the future on our own

Throughout the long history since its founding, the Nankai Group has built its culture and identity and created a new roadmap for the future. Keeping our mission and responsibility as a member of society in mind, we will take on new challenges, become a business group that carries through on its commitments, and open up our own future.

* DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

Our passion encapsulated within our "Corporate Image in 2050"

We have used our railway business based in Namba as a foundation for growth over many years alongside local communities, while placing southern Osaka and Wakayama as our main area for operations. Our stance will remain unchanged going forward, and our primary mission is to bring vitality to and create new value in the areas along our railway lines and to local communities. "With our roots within the local communities" represents our attachment to the areas along our railway lines that we have cultivated for almost 140 years, and our desire to pass on our pride to future generations.

At the same time, Kansai International Airport is a major growth driver for the areas along our railway lines because it provides direct links with the world and particularly with other countries in Asia. Our railway lines also serve Namba, an appealing city area that attracts many people of different nationalities. "Creating 'DiverCity' in Kansai" expresses our efforts to create a large business model in which we work with local people and continue growing together, as we build communities that serve as the leading choice for a place to live among a diverse group of people of multiple nationalities.

To bring this about, we must take on bold initiatives in many new areas, and build them into businesses. "Entrepreneurial spirit" represents our desire to be a company that keeps working until we succeed.

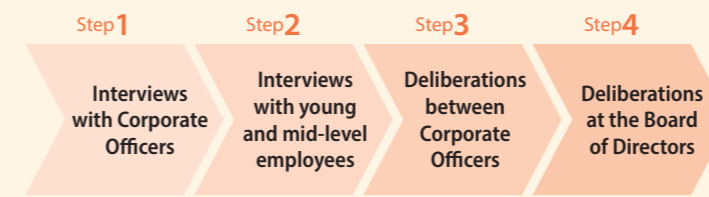
Why 2050?

In corporate management, it is ideal to maintain a highly long-term perspective for the next 100 years. However, discussions on topics with this perspective tended to be abstract, as there are few factors that can be used to make decisions in the context of a rapidly changing society. On the other hand, if we set our eyes to 30 years in the future, we can expect the young employees hired by the current management personnel to have reached the core of management by that time, and we also anticipate global goals to be established for carbon neutrality and other social issues by then. As such, we targeted 2050 as approximately 30 years in the future, considering that this target would enable us to discuss matters in a more concrete way.

Process for establishing our "Corporate Image in 2050"

Some 70 people participated in establishing our "Corporate Image in 2050," ranging from young to mid-level employees, and it took about half a year from the start of the process until the vision was finalized. In the initial free discussion, all participants gave their opinions about how they would like the company to be in 2050 and how it should act in order to be wanted by society for years to come. These opinions were highly varied, ranging from those with an optimistic outlook to those with a considerable sense of crisis. We also identified many keywords in this process. Following this initial discussion, we held

multiple meetings with small groups while collating and narrowing down our keywords. The Board of Directors also held multiple discussion sessions. We worked with the keywords we had selected to establish our corporate image ("With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating 'DiverCity' in Kansai") as well as the four elements of our corporate image (community coexistence, co-creation, and diverse lifestyles; mobility; diversity and globality; and Nankai identity).



Examples of keywords raised in discussions

- The Nankai brand means outstanding trust and safety in the areas along our railway lines
- Community development together with local people
- Namba has transformed into a location that is famous across Asia

Focus areas to achieve Nankai's "Corporate Image in 2050"

The four elements of our "Corporate Image in 2050" indicate our policy to uphold our fundamental stance while also pursuing new growth strategies. They demonstrate our intention to view things with a global perspective, while also steadily moving forward in a grounded way that

resonates with our Nankai identity. We formulated the "Kyoso 140 Plan" as the Medium-term Management Plan to attain our "Corporate Image in 2050." This plan outlines our aims to focus efforts on strengthening our core businesses and exploring new opportunities (future exploration).

Business areas of focus

Existing core businesses	New potential core businesses (future exploration)
<ul style="list-style-type: none"> ■ Comprehensive mobility business <ul style="list-style-type: none"> ● Public transportation business ● Various transportation services ■ Community development/Real estate business <ul style="list-style-type: none"> ● Value creation in areas along our railway lines through community development ● Create value in Namba, famous across Asia 	<ul style="list-style-type: none"> ■ Businesses that contribute to improving value along our railway lines ■ DiverCity-related businesses ■ Tourism-related businesses ■ New businesses, etc.

Specific approach in the four elements

	Community coexistence and co-creation, diverse lifestyles	Mobility	Diversity and globality	Nankai identity
Upholding our fundamental stance	Utilize the strengths that we have cultivated so far, and drive community-based initiatives	Position the provision of safe and secure public transportation as our social mission, and continue to play our role as a public transportation business	Develop business in a grounded way with a focus on the areas along our railway lines	Deepen and expand the trust and business models that we have cultivated to date
New growth strategies	Work with local people and build communities that serve as the leading choice for a place to live among a diverse group of people of multiple nationalities	Deepen the mobility business so it has diversity with a medium- to long-term perspective	Cast our eyes abroad and build a new business model that targets people of other nationalities	Take on bold initiatives in many new areas, and build them into businesses



Representative Director and Chairman, CEO

Teruhiko Achikita

Pictured in Parks Garden with a view of Centara Grand Hotel Osaka

CEO's Message

Carve out a new path for the Nankai Group through changes and speed to realize our "Corporate Image in 2050"

Direction regarding management

The two keywords for leading the Nankai Group to new growth are "change" and "speed." We will focus on maintaining safe and secure services, while also building a corporate culture that flexibly accepts change.

The Nankai Group is engaged in collaborative creation and cooperates with various stakeholders, particularly in the areas along our railway lines. We also seek to both increase our value as a sustainable company and help realize a sustainable society by putting into practice our corporate philosophy: "Nankai will explore the future with wisdom and vitality."

It goes without saying that the public transportation business has been at the core of the Nankai Group across its 138 years of history. I believe that the Nankai Group's most important mission has been, and will always be, to work with our railway and bus businesses as the foundation for providing safe and secure mobility services in a stable and wide-reaching way to the many customers who rely on us.

In addition, the Nankai Group has earned strong trust and expectations from its customers and people in local communities through providing services rooted in the areas along our railway lines and local communities for many years. The phrase "areas along Nankai's railway lines" has come to be used by many people. The way people perceive the Nankai Group can sometimes overlap with their perception of the areas along our railway lines and of local communities. Examining these circumstances reaffirms my awareness that an increase in value within the areas along our railway lines results in a direct boost to corporate value. At the same time, I recognize the trust and expectations that people in the areas along our railway lines and local communities have in us, as well as the enormous responsibility we have to them.

As a company that deals with public transportation, it is imperative for the Nankai Group to strictly uphold our core tenets and maintain safe and secure services. Our earnest and steady efforts have helped foster a sense of security and trust among our customers, though this approach also makes it difficult to build a corporate climate and culture that values changing businesses flexibly with a freeform mindset. However, we are a private company that must survive within a harsh competitive environment, and so a corporate culture that dislikes and avoids change can result in a life-or-death struggle for the Nankai Group if left unchecked. This is because such an attitude could leave us unable to cater to customer needs within a dynamic business landscape.

The Nankai Group has promoted community development and revitalization through various projects on top of our public transportation business, such as real estate, distribution, leisure and services, and construction, with a focus on the areas along our railway lines and local communities. In 2031, we plan to open the Naniwasuji Line and directly link it to national core routes in Shin-Osaka and central Osaka. We expect this to sharply lift the value of the areas along our railway lines. This project will require major investment, but it will also have great social significance. By directly connecting the areas along our railway lines with Umeda and Shin-Osaka, we will bring a large influx of people to the areas along our railway lines from the region extending from Osaka to Kobe, and the communities to the north of this stretch, ultimately bringing greater passenger revenue and increasing the population along the railway lines. The Nankai Group's main mission is to enhance convenience and revitalize the areas along our railway lines and local communities by dealing with changes in the environment, thereby continually boosting the value of these areas. My role as CEO is to point out the path for achieving this mission. If I sit back with my arms crossed over fear of change, the company will be left behind as time marches on. I maintain a strong sense of crisis about this point.

Five and a half years have passed since the start of our previous Medium-term Management Plan, the "Kyoso 136 Plan." We launched a full-scale effort to transform the internal mindset in the wake of the COVID-19 pandemic, and it has begun to bear fruit. Our employees' outlooks are in the process of changing due to endeavors at the company such as carrying out serious initiatives for new business, taking an active stance toward mid-career hires, and reforming our human resource systems.

The two keywords for leading the Nankai Group to new growth are change and speed. Accepting change can sometimes bring pain, and we will be considerate to the people who may feel discomfort. However, for the Nankai Group to survive in a new age and keep growing, we must uphold our core tenets of safety and security as well as respect our corporate culture of being sincere and earnest. Meanwhile, the situation calls for shifting our perspectives, daring to instigate change, and moving forward with a sense of speed without being restricted by previous methods or values.

We declared our objective to achieve through new growth as our "Corporate Image in 2050," which we announced in March 2022. The Medium-term Management Plan that we established to realize our corporate image is called the "Kyoso 140 Plan." Carrying out this plan is a concrete goal for us at present, and in order to drive multiple strategies forward to this end, we have transitioned to a new organizational structure in April 2023. Accordingly, I have been

Nankai's "Corporate Image in 2050"

Community coexistence and co-creation, diverse lifestyles

Together with local communities

Under the banner of being community-based, we will continue to treasure connections with people in communities and areas along our railway lines and work together with these people to create diverse communities where diverse groups of people can live in happiness.

Mobility

Mission as a public transportation operator

We will deepen the history and responsibility of safe and secure operations of the transportation business cultivated in areas along our railway lines to evolve into more diverse mobility business that connects "person and person," "community and community," and "people and communities" towards the future.

With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity"* in Kansai

Diversity and globality

"Think Globally, Act Locally"

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Nankai identity

Strong will to open the way to the future on our own

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* DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

appointed as Representative Director and Chairman, CEO, while Nobuyuki Okajima has been appointed as Representative Director and President, COO. Alongside President Okajima in this new structure, I will dedicate myself to management with a focus on change and speed.

Our passion encapsulated within "Corporate Image in 2050"

Each word of our "Corporate Image in 2050" is filled with strong passion.

We will take a step forward together to reach the corporate image that we seek to achieve.

Firstly, I would like to explain my own views on why we will focus on the year 2050 for our timeframe.

Some may think that setting a specific time-based goal is not suitable in terms of sustainable management. However, we decided to establish our "Corporate Image in 2050" with this specific year because it is not so far away in the future as to be completely unpredictable, even within our rapidly changing times. There is certainly a high degree of uncertainty about the future, but I believe we can paint a

picture of our position some 30 years from now with our own strong dedication and willpower. The year 2050 marks a transitory point through which we will pass through to move even further forward in the future.

What is more, the year 2050 serves as the Japanese government's goal for carbon neutrality. We can also expect new graduates who have joined the Nankai Group to be seeing success in central roles within management by this time.

The Nankai Group has established its "Corporate Image in 2050" in the following way: "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating 'DiverCity' in Kansai." This is a relatively short sentence, but each word is filled with the passion of both the Nankai Group and myself.

The first phrase we focused on is "with our roots within the local communities." The Nankai Group has many initiatives backed by its strong passion toward the areas along its railway lines and local communities. I expect that for almost three decades leading up to 2050, the Nankai Group will achieve growth in a way that ties into its identity by taking action while letting this passion run even deeper. I strongly believe that there are many more things we can achieve at the Nankai Group within the areas along our railway lines and in local communities. The phrase "with our roots within the local communities" expresses our tireless commitment towards development of the areas along our railway lines, as well as the responsibility and sense of duty that the Nankai Group feels about development in these areas and in local communities.

Our social mission is to provide peerless public modes of transportation for the areas along our railway lines and local communities. With this mission as our cornerstone, we will work hard and consistently to further develop our current businesses and diversify our mobility business. We hold a broad view of the term "local communities." First of all, we will focus on bringing vitality to and creating new value in the areas along our railway lines, while also spreading this value across the Kansai region as a whole.

The phrase "creating DiverCity" is an expression of our Nankai identity. The areas along our railway lines include Kansai International Airport, which is a major growth driver because it provides direct links with the world and particularly with other countries in Asia. Our

railway lines also serve Namba, an appealing city area that attracts many people of different nationalities. We seek to develop communities in which all people with diverse nationalities and backgrounds can coexist in peace. We also desire to work in the areas along our railway lines and in local communities to build places that are highly convenient and bring people delight as they live in them—places that people feel to be the most pleasant regions to live within Japan. These aims are encapsulated within the phrase "creating DiverCity."

The phrase "entrepreneurial spirit" is also linked with our Nankai identity, and expresses our determination to boldly take on challenges and achieve commercialization in new areas without being bound by any precedent, to face difficulties head-on and keep striving until we succeed, and to apply strong resolve when establishing new businesses.

"Diversity and globality" are vital keywords for achieving "DiverCity." One significant challenge on the way to realizing our corporate image is to develop the most popular areas and communities along our railway lines. The advance of an aging society in Japan is resulting in a falling population across the country. In light of this, I expect that competition will grow even more between communities with regard to maintaining and increasing their populations. To survive this competition, the Nankai Group will use its collective strengths and steel itself with determination to make the lines and areas it serves into lines and areas of choice. I believe that our efforts to achieve our corporate image can bring a continual increase to the Nankai Group's corporate value, and can also help to attain a sustainable society.

Over the past few years, Nankai Group management and employees have worked hard while experiencing a sense of helplessness with no end in sight during the COVID-19 pandemic. We suffered a heavy blow in terms of performance, but we will nevertheless view obstacles like this as opportunities as we envision how the Nankai Group will look in the medium term and take a bold step forward together with hope toward this vision. This is another aspect of our passion that is encapsulated within our "Corporate Image in 2050."

Changing our management structure

We will make bold organizational changes with a sense of crisis about future growth. Under the leadership of our new President Okajima, we will boost the speed and effectiveness of our businesses.

A year and a half has passed since we established our "Corporate Image in 2050" and since the start of the "Kyoso 140 Plan," which is the Medium-term Management Plan we created through a process of backcasting based on our corporate image. Amid the COVID-19 pandemic reaching its conclusion and society returning to normal, we have achieved acceptable performance in FY2022, partly owing to the effects of restructuring our business. On the other hand, I experience a sense of crisis regarding the current status of the Nankai Group in that there is a lack of speed in our internal measures to tackle the many challenges the Group faces, and that these measures have not yet

produced the expected results. The public transportation and real estate businesses continue to serve as our two pillars of revenue. With respect to the transportation business, there is concern that it will be unable to fight against challenges such as the falling population, and ultimately decline if it proceeds with the current business model. As such, there is a need to make act fast to nurture a business that will serve as our third pillar of revenue. Based on this strong sense of crisis, we decided to make major revisions to the business organization in order to tackle these challenges, and began executing them in April 2023.

There are three key points within these revisions. The first point is "evolving into a comprehensive mobility business." The Nankai Group deals with railways, buses, tramways, and ferries in its transportation business. Rather than taking a perspective of partial optimization for each individual business, we seek to utilize DX (digital transformation) and MaaS* to link these businesses together and achieve optimization across the Group as a whole. To this end, we have established the new Public Transportation Group to integrate operations, and have laid the groundwork for a structure to accelerate our efforts to build a comprehensive mobility business.

The second key point is "integrating our real estate business and community development business." Our Real Estate Division serves the function of managing and operating existing income properties, and our Community Development and Creation Division chiefly works in development projects. We have integrated these two divisions into the Community Development Group and thereby created a structure to carry out community development in a unified manner. In addition to integrating our medium- to long-term efforts for community development in Namba and other areas along our railway lines together with our short- to medium-term efforts in real estate operations, we will also build more physical assets such as offices, shopping centers, and homes, while bolstering our initiatives from a social perspective. As a result, we intend to further boost the value of the areas along our railway lines and maximize income from our real estate business, as well as to accelerate our pace toward evolving and expanding community development.

The third key point is "accelerating efforts to nurture business into a third pillar of revenue." We have restructured our existing corporate divisions into the Corporate Strategy Group, the Financial Strategy Group, and the General Administration & Human Resources Group. In addition, we have placed the Corporate Strategy Group as the single organization for handling future exploration because it is the closest to the members of management. To realize the third pillar as soon as possible, we are expediting decisions on investment of management resources, while also establishing a system to share expertise on how to formulate and review strategies and launch businesses. In this way, we aim to rapidly commercialize and monetize businesses.

To help our new business organization function effectively, we have renewed our business execution system with President Okajima at the helm, and will build a segment management structure while delegating authority and clarifying responsibilities. Through these endeavors, we seek to accelerate the essential activities of management for tackling the Nankai Group's challenges as well as to boost the effectiveness of our measures.

* MaaS: Mobility as a Service



Initiatives for sustainable management

We will strive for both “the increase of value as a sustainable company” and “the realization of a sustainable society” through sustainable management.

We will nurture human resources who can take on challenges without fear of failure.

Nankai's sustainable management aims to achieve both “the increase of value as a sustainable company” and “the realization of a sustainable society” through collaborative creation and cooperation with a wide range of stakeholders as part of our Sustainability Policy. In line with this policy, our efforts for sustainable management are grounded in initiatives directed at our seven major sustainability themes (materiality). I recognize that bolstering governance is a crucial issue with respect to carrying out sustainable management. In FY2021, we shifted from a company with a Board of Company Auditors to a company with an Audit & Supervisory Committee, and also established a Sustainability Promotion Committee. Additionally, we established the Risk Management Committee in April 2022 to avoid and further mitigate risks related to group management. Among the 15 Directors on our Board of Directors, a majority of eight are Outside Directors. Three are female directors, making up 20% of the board. Outside Directors serve as the heads of the Nominating Committee and Compensation Committee, which they run with a sense of urgency while also prioritizing diversity.

There has been widespread debate regarding the concept of “human capital” in recent years. I, too, have a long-held belief that human resources are the most important type of management resource. Through my experience in business up to the present day, I have learned much about the significant impact that human resources have on the success of business.

However, in March 2023, the Osaka Labour Bureau filed criminal papers with prosecutors against Nankai regarding suspected violation of laws related to working-hour management. I would like to extend my sincere apologies for causing major confusion and concern among all related parties. All personnel in management take this extremely seriously, and we will take action to ensure that working hours are managed appropriately and prevent incidents like this from happening again. In addition, we are promoting healthy communication between workplaces and are redoubling our efforts to foster an open workplace culture in which all workers can carry out tasks easily.

Change happens fast nowadays, and the outlook for the future is unclear. The human resources in our organization are the ones who will make suitable, timely decisions in these circumstances to ensure the continuity of our business. It is essential to pursue both quality and quantity in terms of human resources. Quality is vital for diverse ideas and driving innovation, while quantity is crucial for supporting a wide range of businesses. We are tackling this difficult issue head-on with even more enthusiasm than before.

In my own case, I have been involved in work outside the railway business for far longer than I have been working within it. I have continually taken on new projects and tasks I have never experienced before, and have learned so much as a result. This has served as a



major asset to me. For the Nankai Group to achieve new growth, it is imperative to have human resources who can take on challenges without fear of failure, and who can learn something new even if they do fail. We will nurture human resources like these within the company, while also continuing to actively hire personnel from outside.

Working to change the Nankai Group

Focusing efforts to drive sustainable management forward as CEO.

We will continue to take on bold challenges through change and speed, while maintaining a sense of gratitude.

The Nankai Group has resolved to transform itself to achieve our “Corporate Image in 2050.” To this end, we are altering our business structure, and making significant changes to our business rules. Newly appointed President Okajima will take the helm of the new business structure. Meanwhile, as CEO, I will focus on promoting sustainable management while continuing to lead many initiatives including our plan to nurture the next generation of human resources for management, our work to enhance our employees' mindsets, and our efforts to build out our governance system. I will also focus on managing and supervising all areas of management in general.

“Gratitude” is a word that has a special place in my heart. Upon appointment as President eight years ago, I revisited this word and took it to heart to feel gratitude for the fact that we have encountered no accidents and that our safety has continued through the past, present, and future, as well as to feel grateful to the people who help make it so.

We will boldly seize new challenges and grow together with the areas along our railway lines and local communities under the banner of change and speed. I hope you will enjoy watching the Nankai Group's future endeavors.

Representative Director and Chairman, CEO

遠北 光彦

Shifting to a New Structure

We will drive forward efforts in “segment management” and “delegating authority and clarifying responsibilities” as we expedite management and improve effectiveness.

Challenges facing the Nankai Group

In FY2022, the first year of the Medium-term Management Plan, we executed strategic actions to tackle the Nankai Group's key problems. However, these efforts did not bring major results. There were several reasons for this, including the fact that the transportation and real estate businesses were the only major ones earning revenue, the

concern that the transportation business in particular would decline with the decrease in population, and that our initiatives to develop a third pillar of revenue had not yet borne fruit. In light of this, we built a new structure in FY2023 midway through the Medium-term Management Plan to speed up the way we deal with problems.

Building a segment management structure

We will place a related group company under the jurisdiction of each group, and thereby plan and execute a consistent management strategy. We will integrate the management of railways, buses, tramways, and ocean freight under the Public Transportation Group, which will accelerate our efforts to build a comprehensive mobility business. We will integrate everything in our real estate and distribution businesses from property

development to management into the Community Development Group, with the aim to speed up initiatives to deepen and expand the real estate business. We will place the Corporate Strategy Group as the single organization in charge of future exploration, and expedite investments of management resources while sharing strategic knowledge with the aim to commercialize and monetize businesses rapidly.

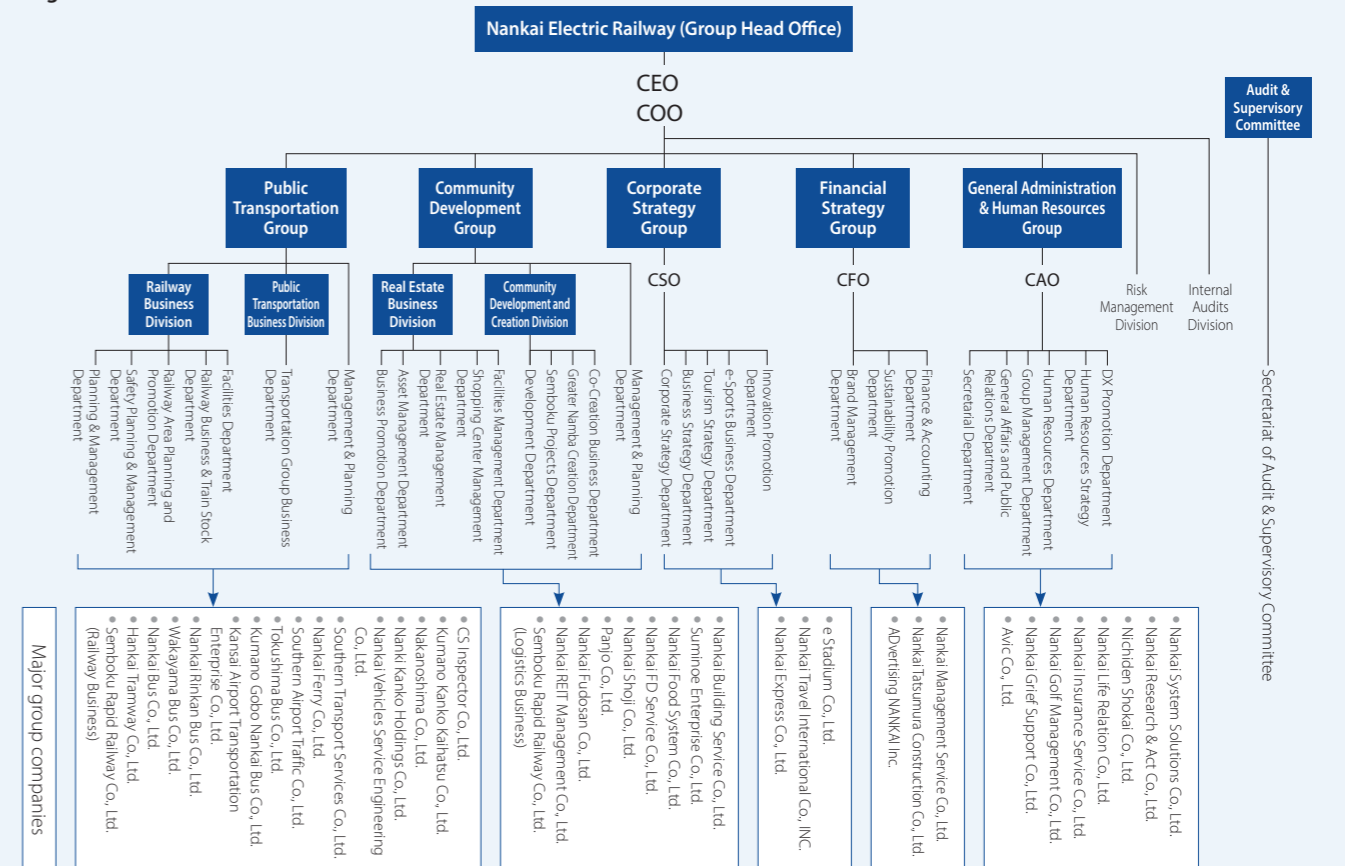
Working to delegate authority and clarify responsibilities

Previously, the authority for executing important business tended to be concentrated between the President, CEO and the Management Committee*. However, going forward, we will delegate authority to the head of each group to boost the speed of management decisions. We will drive the delegation of authority in both qualitative (concepts and processes) and quantitative aspects (monetary amounts). In addition, we

will build a structure that can swiftly execute concrete measures and help to develop the next generation of human resources for management who can make decisions in line with the changing times. By increasing the roles and responsibilities of each group and by involving them more in the decision-making process, we hope that executives and employees alike will have a stronger sense of ownership as they fulfil their own roles.

* Renamed as the Group Top Management Committee in April 1, 2023.

Organization chart



COO's Message

We will maximize the abilities of each and every individual as we achieve the "Kyoso 140 Plan."

Comments on being appointed as President I will help the measures for realizing our "Corporate Image in 2050" bear fruit and lead the Nankai Group to growth

I was appointed as Representative Director and President, COO of Nankai Electric Railway starting this fiscal year. I joined the company in 1989, so I am approaching my 35th year as part of Nankai. I have worked in divisions related to the railway business for longer than any other area of business. I have also been involved with practical business in divisions related to actual work-site operations, such as station attendants, conductors, drivers, and assistant station masters. My experience also extends to managing a bus company within the Group. In this way, I have been deeply involved with the key operations related to mobility at the Nankai Group. Over the years, there have been periods of strong forward progress, and periods where forward movement was less robust. Not long after I joined the company, the railway business was working hard to bolster its transportation capabilities alongside housing development projects that were timed for the opening of Kansai International Airport. When demand among overseas tourists was at its zenith before the fierce impact of the COVID-19 pandemic, the Nankai Group achieved significant growth by building a structure to accommodate tourists from overseas and capture this demand.

My experience from this favorable period has certainly helped me grow, but through my varied experiences in harsh circumstances I have learned even more as a manager and executive. After Japan's economic bubble burst and when demand fell for Kansai International Airport, I strived many times to streamline the railway business and help it recover. When I transferred to one of the Group's bus companies, I gained experience while working to build an efficient operational system for drivers and strived for many hours to request support from local municipalities in the face of a harsh business landscape. I strived to achieve improvement to business income and expenditure in my management-related tasks, but many such measures involved painful aspects, such as when revising the organization's operational structure.

Through my experiences in these tough conditions, I developed a strong belief in the importance of listening closely to other people's opinions and to continue talking together without giving up. If you deal sincerely with other people and engage together in thorough discussions, they are sure to take action with a sense of ownership. I, too, can gain a large amount of insight by

paying attention to other people's opinions. When it comes to interpersonal relations, there are no shortcuts and no objectively correct approaches. While effort may not always result in success, it is possible to move the hearts of stakeholders and maximize the abilities of each and every employee by taking a stance of identifying problems through communication and then taking care to solve them one by one. Sustainable management has gained attention in recent years. I believe the true essence of this concept is in careful communication both inside and outside the company.

As COO of the Nankai Group, I will work alongside CEO Achikita to fulfil the group's mission going forward. My primary mission as COO is to help the measures for realizing the Nankai Group's "Corporate Image in 2050" bear fruit and ensure the Group achieves solid growth.

To this end, I am firmly committed to consistently executing the business strategies and meeting the numerical targets outlined in the "Kyoso 140 Plan," the Medium-term Management Plan that began in FY2022. In addition, I will carry out thorough reviews regarding the reference indexes.

"Kyoso 140 Plan" numerical targets and reference indexes		
Numerical targets	Operating income*1	28.0 billion yen
	Ratio of the net interest-bearing debt to EBITDA*2	7.5 times or less
Reference indexes	Capital investment amounts (3-year total)	160 billion yen
	Reduction of CO ₂ emissions (FY2024)	-32% from FY2013 levels

To boost our corporate value in a sustainable way, it is vital to not simply realize numerical targets, but to also continually develop all employees within the Group as human resources. We may face difficulties time to time in the process of carrying out initiatives, but I encourage everyone to collaborate with their superiors, subordinates, and colleagues in tackling challenges, and to be aware of their own growth through this process.

The Nankai Group is rich in employees with strong potential. If each and every individual remains highly motivated and works to unleash their maximum potential, there is no doubt we can realize our goals. As such, we aim to build workplaces and nurture personnel in a way that boosts engagement for all individuals and allows them to let their abilities shine through. We will further bolster our efforts to encourage lively communication in all workplaces, and I will continue to operate with the stance of communicating casually with employees at the front line within these workplaces.

*1 Operating income + Dividend income

*2 Operating income + Dividend income + Depreciation and amortization

Representative Director and President, COO

Nobuyuki Okajima

Pictured in Parks Garden with a view of NAMBA SkyO and Swissôtel Nankai Osaka

The current business landscape and the progress of the "Kyoso 140 Plan"

The "Kyoso 140 Plan" is proceeding steadily following improvements in the business landscape.

We will continue to focus our efforts on achieving our numerical targets.

Looking at the current business landscape, we are starting to see signs of the COVID-19 pandemic ending after it wreaked such havoc on society for so long. With the relaxation of restrictions on entering Japan as well as support for traveling across the country, the Nankai Group's main businesses experienced a recovery in demand during the second half of FY2022. Consequently, our performance is showing a recovery trend, particularly in the transportation business. Owing to the effects of our ongoing cost reduction measures, income and expenses for FY2022, the first year of the "Kyoso 140 Plan," exceeded the initially forecast performance, providing a satisfactory start. Our operating revenue was 221.280 billion yen (+9.7% year on year), owing to an increase in passengers carried within the transportation business and a rise in the amount of completed construction contracts in the construction business. Our operating income was 21.023 billion yen (+72.5% year on year), though we were affected by rises in material prices and other product prices. In this way, we achieved growth in both revenue and income compared to the previous fiscal year.

In FY2023, social and economic activities are returning to normal following the recategorization of COVID-19 as a Class 5 disease, so I expect the Nankai Group's performance to enter a full-scale path to recovery. However, because there are many uncertain elements we cannot let down our guard. For example, revenue from commuter passes has fallen with the spread of remote work, and the number of tourists from China and other countries overseas has not completely returned to pre-COVID levels. There is also the impact of rising prices in energy and other fields. In light of these circumstances, the Nankai Group will continue to work on the reforming its business structure, while also operating under the new management structure launched in April 2023 to accelerate management, reliably execute specific measures for our strategies, and make progress in achieving the



numerical targets given in the "Kyoso 140 Plan."

We created the "Kyoso 140 Plan" (the Medium-term Management Plan) through backcasting based on our "Corporate Image in 2050." This plan comprises three business strategies, as well as human resource strategies and financial strategies that support these business strategies. I would like to describe the progress we have made in these three major business strategies.

1) Sustainable management of the public transportation business

We are taking four measures under this strategy: "Systematic promotion of safety measures and disaster countermeasures," "utilization of digital technologies," "enhancement of profitability and improvement of brand services," and "evolving into a comprehensive mobility business."

Regarding "evolving into a comprehensive mobility business," we are working to maintain safety and security while boosting service quality as the fundamental aspects of our public transportation business. At the same time, we are developing our existing railway, bus, and other businesses to solve social issues such as the declining population, falling birthrate, aging population, and ongoing depopulation, while also simultaneously achieving sustainable growth. In light of the decline in demand for commuting and other forms of mobility owing to changes in behavior after the COVID-19 pandemic, we will need to provide seamless mobility services to customers going forward, with railway at the core alongside buses and other modes of transportation, as well as the last mile. I see this as our current task to work on. The Nankai Group has introduced many services including MaaS and on-demand buses in the past, but these efforts have not reached completion yet. As such, we seek to bring these initiatives together and develop them in a more strategic way. To do this, we have established the new Public Transportation Group as an organization to lead our comprehensive mobility business under the revised business structure. Going forward, I will take advantage of my own experience of working in the railway business and bus business for many years as I exert every effort to engage in collaborative creation with local governments, thereby realizing a sustainable public transportation business that covers the last mile.

We have been making tireless efforts to boost management efficiency and reduce costs in the railway business. However, there is a limit to our ability to sustainably provide value by strengthening our safe and stable transportation infrastructure and upgrading our services to meet society's needs while operating with our current fares. Therefore, we have decided to revise existing fares* while continuing to exert every effort regarding management.

* See p. 34 for more details on fare revision.

2) Developing the most popular areas along railway lines and deepening and expanding the real estate business

We are implementing five measures under this strategy: "Community development through collaborative creation," "acceleration of the Greater Namba concept—transforming Namba into a location that is famous across Asia," "sustainable development of Semboku New Town," "functionality enhancement of logistics facilities," and "establishment of a private REIT (to accelerate community development)."

We are seeing steady progress in each of the measures described in our plan. To speed up work in community development in the areas along our railway lines, the new Community Development Group that was established during our business organization reform is pursuing efforts from both social and physical perspectives. Our "Greater Namba" concept focuses on our largest base of business, Namba. Development work is proceeding as planned around Nankai Shin-Namba Station (Provisional name) on the Naniwasuji Line, as well as around Nankai Namba Station. We are pursuing development initiatives through collaborative creation with local governments and the local area to realize sustainable communities in Semboku New Town, a core location among the areas along our railway lines.

Our logistics facility leasing business has served as a stable source of revenue for the Nankai Group, even during the COVID-19 pandemic. As such, we position it as crucial business that can help disperse business risk. In addition, we are working diligently to fine-tune our Kita Osaka logistics facilities in order to expand revenue, such as by converting them from single-story to multi-story.

3) Future exploration

We are promoting five measures under this strategy: "DX strategy," "acceleration of initiatives for new businesses," "coexistence with non-Japanese people," "enhancement of tourism-related businesses," and "provision of new services in the new-normal era."

"Future exploration" represents our initiatives to create a third pillar for revenue to follow our transportation and real estate businesses. We position this as a period of building the foundations for our next steps in growth, and so are accelerating efforts to explore many different fields and consider commercialization of them.

Our e-sports* business is one current example of these endeavors. Besides this, we are working on many other efforts for future exploration from multiple approaches, such as fleshing out proposals for new enterprises while leveraging freeform ideas from Nankai Group employees, and considering new businesses using many different kinds of data with a DX-oriented perspective. In FY2023, we will aim to deepen our tourism strategies such as by redefining the value of mobility, and will pursue discussions on commercializing and monetizing businesses at an early stage with a view to reliably capturing overseas tourists who are expected to show more diverse needs as demand recovers. This is how we plan to focus efforts on nurturing our tourism-related businesses.

* e-sports: Short for "electronic sports." This concept positions head-to-head matches in computer and video games as a form of competitive sport.

The name "Kyoso 140 Plan" encapsulates our strong passion for the Medium-term Management Plan. We chose the number "140" because the company will celebrate its 140th anniversary once we reach the goal of the Medium-term Management Plan. But, it is not just a number. It represents the pride we have in our long history as the greatest company in the private railway sphere. The word "Kyoso" expresses our commitment to listening to the opinions of different stakeholders and working together as we move towards the same goal.

Passion for sustainable growth in the future

We will promote "coexistence and co-creation" with stakeholders, and draw on our pioneering spirit to achieve steady growth for the Nankai Group.

Our approach to value creation based on the Nankai identity involves steady efforts to boost the value of the areas along our railway lines with a long-term perspective while maintaining deep roots in local communities. Our corporate culture is about working hard for others before serving ourselves, and this culture has been fostered through our 138 years of history. I seek to pass this culture to the employees who will take charge of the company in the next generation.

As I mentioned earlier, my paramount mission as COO is to help the measures for realizing the Nankai Group's "Corporate Image in 2050" bear fruit and ensure the group achieves solid growth.

The Nankai Group is a corporate group filled with a pioneering spirit. Nankai began its journey when it was founded as Japan's oldest privately owned railway company. We have always explored ways to provide new value, such as when we introduced the first air-conditioned train in Japan, when we started operating a baseball stadium featuring an ice-skating rink and bowling arena on the same premises, and when we launched the airport express train Rapi:t that generated buzz with its modern shape. Our e-sports initiatives were launched as part of our "future exploration" activities, and we are proud to have made strong progress in an area that is rare among public transportation businesses.

Returning to a point I made at the beginning of this message, I like to emphasize the value of interpersonal relations. Because the future is unclear in our present age, the organization must be able to respond to any situation, and each and every employee needs to be resilient, so that the company can achieve sustainable growth in the future. I am placing particular focus on building a human capital management system. The aim is that all employees will be able to preserve the Nankai Group's pioneering spirit and accommodate new perspectives without being bound by conventional ideas and frameworks while they serve as the driving force in tackling the challenges we face.

In addition, going forward, there will be a growing trend for people to recognize each other's values and individuality, and to help elevate and nurture each other's diversity. We will emphasize the spirit of "coexistence and co-creation" in which people respect each other's individuality, and cherish the connections we have with our customers, people in local communities, our shareholders, and all other stakeholders.

I invite you to watch us, the Nankai Group, as we continue to progress steadily with a pioneering spirit.

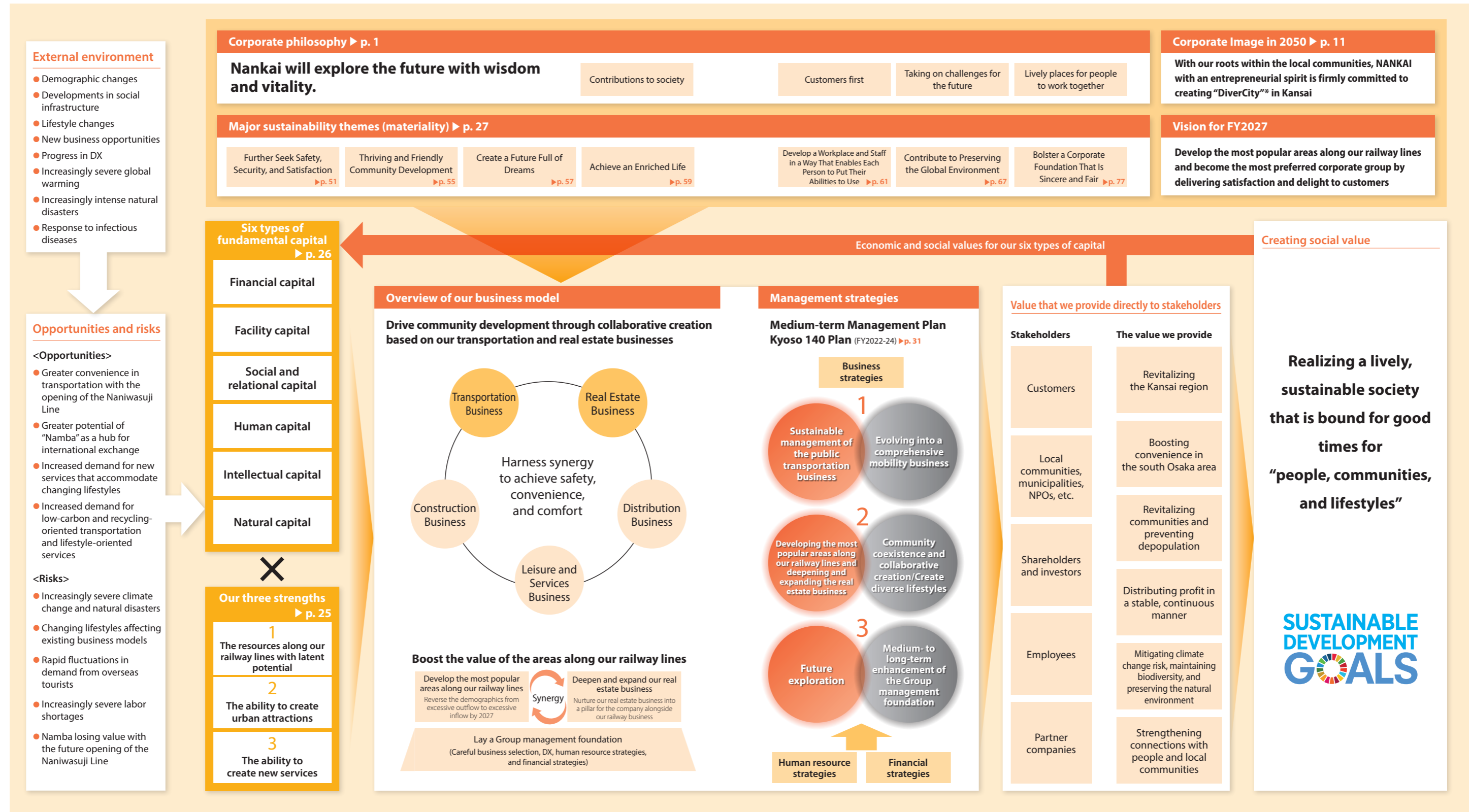
Representative Director and
President, COO

岡嶋信行

Our Value Creation Process

We are growing alongside local communities while leveraging our businesses to enhance the communities' value as places to "live in, work in, and visit."

We are accelerating initiatives that generate value by enacting our New Medium-term Management Plan, the "Kyoso 140 Plan (▶ p. 31)," while considering the Corporate Image in 2050: "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating DiverCity* in Kansai (▶ p. 11)."



* DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

The Nankai Group's Strengths, Management Resources, and Value Provided

The three nurtured strengths will help the Nankai Group grow further

Strength 1

The resources along our railway lines with latent potential

Home to both "advanced, international cities" and "historical heritage sites"

With the international and advanced district of "Namba" as our base, we serve many other areas along our railway lines, which feature a number of historical heritage sites. Examples include the World Heritage and sacred site Koyasan, Sakai's World Heritage Mozu Kofun Group, and Sakai City itself, which prospered through historic international trade. We also serve Kishiwada City, which is famous for its Danjiri Festival; Izumisano City, which was a bustling port town; and Wakayama City, which used to be a castle town ruled by the Kishu Tokugawa family. These areas are also home to lush natural environments.

Ever since Kansai International Airport opened, the region has become the gateway to the world. We plan to open the Naniwasuji Line in 2031, allowing for better airport access and connections with areas along other Nankai railway lines and with Shin-Osaka and Umeda situated on national core routes. In this way, the new line will bring greater convenience to Kansai's railway network and boost the value of the areas along our lines.

Developing communities in line with historical trends and changes in people's values

While collaborating with local communities, the Nankai Group has been promoting community development and the revitalization in the areas along our railway lines through commercial buildings, office buildings, condominiums, residential development, running leisure facilities, and carrying out other activities focused around the major stations on our railway lines.

For example, to develop the "Namba" area, we invited department stores and opened Namba City, Namba Parks, NAMBA SkyO, and other buildings to provide varied urban functions all in one place. Meanwhile, we have focused our efforts on residential development over the years in the suburban areas along our railway lines, such as by building "new towns" during the 1960s and 1970s. Through these initiatives, we have developed communities that are appealing for people to live in, work in, and visit.

Nowadays, we are cooperating with local communities and residents in such ways as aiming to achieve the envisaged "Greater Namba concept" of revitalizing a wider area of Namba, to transform it into an even more attractive district.

Strength 3

The ability to devise new services

Envisioning future services based on groundbreaking ideas not bound to precedent

The Nankai Group has been providing many different services to accommodate the needs of customers and the residents in the areas along our railway lines, based on our concept of offering "services that make life convenient." In addition, to capture the digitalization trend, we are actively working to create new products and services utilizing digital technologies such as the Nankai App.

Under the "Kyoso 140 Plan" (the Medium-term Management Plan), we are promoting future exploration initiatives to benefit society in the years to come. We will continue to refine our ability to create new services based on groundbreaking ideas not bound to precedent.

Strength 2

The ability to create urban attractions

Enhancing the Nankai Group's ability to earn revenue by refining the management resources, which comprise six types of capital

Capital	Promoting capital enhancement															
<h3>Financial capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> A well-balanced business portfolio established over time that delivers a stable revenue flow A stable financial foundation we have established 	<p>"Kyoso 140 Plan" numerical targets and results</p> <table border="1"> <caption>Operating income and debt ratio trends</caption> <thead> <tr> <th>Year</th> <th>Operating income¹ (billion yen)</th> <th>Ratio of net interest-bearing debt to EBITDA² (times)</th> </tr> </thead> <tbody> <tr> <td>FY2021 (Result)</td> <td>12.9</td> <td>10.7</td> </tr> <tr> <td>FY2022 (Result)</td> <td>8.8</td> <td>22.0</td> </tr> <tr> <td>FY2023 (Forecast)</td> <td>8.0</td> <td>25.5</td> </tr> <tr> <td>FY2024 (Target)</td> <td>7.5</td> <td>28.0</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Improve the return on equity (ROE) Improve the asset efficiency Optimize financial leverage <p><small>*1 Operating income + Dividend income *2 Operating income + Dividend income + Depreciation and amortization</small></p>	Year	Operating income ¹ (billion yen)	Ratio of net interest-bearing debt to EBITDA ² (times)	FY2021 (Result)	12.9	10.7	FY2022 (Result)	8.8	22.0	FY2023 (Forecast)	8.0	25.5	FY2024 (Target)	7.5	28.0
Year	Operating income ¹ (billion yen)	Ratio of net interest-bearing debt to EBITDA ² (times)														
FY2021 (Result)	12.9	10.7														
FY2022 (Result)	8.8	22.0														
FY2023 (Forecast)	8.0	25.5														
FY2024 (Target)	7.5	28.0														
<h3>Facility capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> Traffic service assets such as extremely safe railway infrastructure Railway lines to access Kansai International Airport Highly profitable real estate properties and shopping centers 	<table border="1"> <caption>Capital investment plan for the "Kyoso 140 Plan"</caption> <thead> <tr> <th>Category</th> <th>Amount (billion yen)</th> </tr> </thead> <tbody> <tr> <td>3 Future exploration</td> <td>15.0</td> </tr> <tr> <td>1 Sustainable management of the public transportation business</td> <td>52.0</td> </tr> <tr> <td>2 Developing the most popular areas along our railway lines and deepening and expanding the real estate business</td> <td>93.0</td> </tr> <tr> <td>Total</td> <td>160.0</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Open the Naniwasuji Line Update aging facilities 	Category	Amount (billion yen)	3 Future exploration	15.0	1 Sustainable management of the public transportation business	52.0	2 Developing the most popular areas along our railway lines and deepening and expanding the real estate business	93.0	Total	160.0					
Category	Amount (billion yen)															
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1 Sustainable management of the public transportation business	52.0															
2 Developing the most popular areas along our railway lines and deepening and expanding the real estate business	93.0															
Total	160.0															
<h3>Social and relational capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> The international, state-of-the-art district of Namba The resources along our railway lines with latent potential Strong relationship of trust with local communities and municipalities 	<p>Social experiment at Namba Station Front Plaza</p> <ul style="list-style-type: none"> Improve the value of assets in areas along our railways (Environmental friendliness, etc.) Address the declining population along our railway lines 															
<h3>Human capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> Highly specialized human resources with business expertise Human resources dedicated to contributing to society Higher motivation to generate innovation 	<table border="1"> <caption>Proportion of female managers and women among new employees</caption> <thead> <tr> <th>Year</th> <th>Proportion of female managers (Consolidated)* (%)</th> <th>Proportion of women among new employees (Consolidated) (%)</th> </tr> </thead> <tbody> <tr> <td>FY2022 (Result)</td> <td>5.2</td> <td>22.1</td> </tr> <tr> <td>FY2030 (Target)</td> <td>10</td> <td>30</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Promote HR strategies in line with management and business strategies Secure and train expert human resources who will drive the business transformation Increase employee engagement Promote diversity and inclusion and create innovations <p><small>* Total of workers at manager level and positions higher than manager level (excluding executives)</small></p>	Year	Proportion of female managers (Consolidated)* (%)	Proportion of women among new employees (Consolidated) (%)	FY2022 (Result)	5.2	22.1	FY2030 (Target)	10	30						
Year	Proportion of female managers (Consolidated)* (%)	Proportion of women among new employees (Consolidated) (%)														
FY2022 (Result)	5.2	22.1														
FY2030 (Target)	10	30														
<h3>Intellectual capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> Outstanding trust and prominence in areas along the Nankai railway lines Expertise in providing safe, reliable, and high-quality transportation services The ability to create urban attractions The ability to create new services 	<p>NANKAI BRAND BOOK</p> <ul style="list-style-type: none"> Fully implement future exploration Further strengthen the Nankai brand 															
<h3>Natural capital</h3> <p>Characteristics</p> <ul style="list-style-type: none"> Rich natural environment in the areas along our railway lines that are within commuting distance from urban districts Facilities for environmental conservation 	<p>Namba Parks rooftop park "Parks Garden"</p> <ul style="list-style-type: none"> Address and help combat climate change Contribute to conserving biodiversity Develop with a reduced environmental burden 															

Major Sustainability Themes (Materiality)

To present our commitment to realizing a sustainable society to our internal and external stakeholders more clearly, the Nankai Group has formulated the Sustainability Policy, and as key long-term measures to be worked on under the Policy, on April 30, 2021, we announced seven major sustainability themes (materiality) that incorporate an SDG-based perspective.

We have also established the Sustainability Promotion Committee as an organization to drive sustainability measures across the Group, and the Sustainability Promotion Department as its administrative department. Since FY2021, the Committee has played the central role in setting sustainability targets, monitoring progress, and evaluating outcomes (PDCA cycle), in collaboration with business divisions.

The Sustainability Promotion Committee also checks the progress and countermeasures for materiality targets, and discusses the evaluations and opinions of our stakeholders, including external experts, *shareholders and investors, to apply this information to business management.

* Dialogue with external experts on Nankai Group Integrated Report 2022, which was issued in September 2022.

Sustainability Policy

We will create collaboratively and cooperate with various stakeholders, including community residents, local governments and businesses, particularly in the areas along our railway lines. We will also seek both the increase of value as a sustainable company and the realization of a sustainable society by putting our Corporate Philosophy into practice.

Identification processes for major sustainability themes (materiality)

We identified materiality items based on the Guidelines and issues we will work on (approximately 1,600 items from the management survey). Then, we held discussions with the management and spoke with external experts. The experts in different fields evaluated the validity of the details and gave us suggestions about what constitutes Nankai's unique character, which we reflected in the materiality and issues we will work on.

[See below for the details of the identification process](https://www.nankai.co.jp/en/sustainability/materiality/process)
<https://www.nankai.co.jp/en/sustainability/materiality/process>



System to promote the Sustainability Policy



Achievements of the Sustainability Promotion Committee

Dates of meeting: May, September, and December 2022/April 2023

Main challenges	Description
Initiatives related to TCFD	<ul style="list-style-type: none"> Formulate the scope for FY2022 and future initiative policies Conduct scenario analysis based on the TCFD recommendations, report the progress, and disclose information Implement initiatives for TCFD recommendations related to CO₂ Obtain third-party assurance for Scopes 1 and 2, and calculate for Scope 3
Progress reporting on the materiality and issues we will work on	<ul style="list-style-type: none"> Report progress on KPIs (▶ p. 28) Monitor the materiality and issues we will work on
Creating the integrated report	<ul style="list-style-type: none"> Review the editorial policies, report progress on the initiatives, analyze and report external evaluations
ESG evaluation analysis results	<ul style="list-style-type: none"> Identify issues we will work on based on the results of ESG evaluation analysis and plan future responses

Major sustainability themes (materiality)

ESG	Materiality	Policies for our initiatives	Issues we will work on	Related SDGs
S Society	Further Seek Safety, Security, and Satisfaction ▶ p. 51	Based on the belief that safety and security are the backbone of our Group's businesses, we will strive to improve customer satisfaction through measures to address stakeholder expectations, including planned investment in safety and conducting safety education and BCP training. Going forward, we will also proceed strategically with our response to natural disasters, which are expected to become even more severe.	Ensuring safety in our railway business and other businesses KPI Zero accidents in the railway business for which it is responsible Preparedness for natural disasters, including risks arising from climate change Providing safe and comfortable facilities and services Improving satisfaction through putting the customer's perspective first KPI To have the customer satisfaction index continuously exceed the results of the previous fiscal year	6, 11, 13
	Thriving and Friendly Community Development KPI Reversing the demographics from high outflow to high inflow (FY2027) ▶ p. 55	We will both develop areas to maximize Namba's potential and build a foundation to bring back the population that has become concentrated in cities to the areas along our railway lines, capitalizing on local resources such as nature and the countless tourism resources and historical assets in each area, and through communication with a diverse range of stakeholders.	Revitalizing the Namba area Revitalizing local communities with railway stations as hubs Preserving and utilizing tourism resources Improving the value of areas along our railway lines through collaborations with stakeholders	8, 11, 12, 17
	Create a Future Full of Dreams ▶ p. 57	We will aim for further growth of the areas along our railway lines, using the opening of Naniwasuji Line, tourism to Japan, EXPO 2025, and the integrated resort (IR) as footholds. With a view to instituting work-style reforms through the advance of digitalization, we will promote community development that is not based on commuting to city centers, merge the digital with the real, and drive the formation of smart cities that will offer not just ways for people to travel, but services for various situations in daily life.	Forming a new north-south line with the opening of the Naniwasuji Line Creating new products and services with digital technology Building smart cities KPI Advancing plans to revitalize Semboku New Town, and the Izumigaoka Station-Front Vitalization Project Providing products and services that will expand the number of people interacting (tourism to Japan, EXPO 2025, IR)	8, 9, 11, 17
	Achieve an Enriched Life ▶ p. 59	We will provide services such as those for learning, working, playing, raising a family, and living a retired life, in every setting of daily life, to bring about enriched living that will give peace of mind to all generations.	Providing lifestyles and services that address the changes underway in work-styles and lifestyles Providing services for all generations Enhancing the functions of logistics sites that underpin social infrastructure	3, 4, 8, 11, 17
	Develop a Workplace and Staff in a Way That Enables Each Person to Put Their Abilities to Use ▶ p. 61	We will promote career advancement for diverse human resources and increase employee engagement by creating an environment that allows for flexibility in place and time. We will also develop a culture where employees take on challenges in unknown areas and nurture human resources who can respond to rapid changes in the environment.	Diversity and inclusion (promoting women's career advancement, etc.) KPI Increase the proportion of female managers to approximately 10% (by FY2030) KPI Increase the proportion of women among newly hired employees to approximately 30% (by FY2030) Promotion of health management and creation of a comfortable work environment Developing personnel who can respond to rapid changes in the environment	3, 4, 5, 6, 8, 10
E Environment	Contribute to Preserving the Global Environment ▶ p. 67	Seeing the risk of climate change as our Group's greatest risk, we will promote introduction of energy-saving vehicles (trains and buses) and the use of renewable energy to encourage a modal shift, and enhance our acquisition and development of green buildings. We will also strive to maintain biodiversity by developing the forests that we own within the areas along our railway lines and our business areas.	Reducing CO ₂ emissions in response to climate change, promoting the use of renewable energy, and so forth KPI Reducing our Group's CO₂ emissions by more than 46% compared to FY2013 (FY2030) Bringing about a circular society Preserving biodiversity Strengthening our environmental management Expanding the number of environmentally-friendly buildings (green buildings) KPI Obtaining environmental certifications for newly developed properties	6, 7, 9, 11, 12, 13, 15, 17
G Governance	Bolster a Corporate Foundation That Is Sincere and Fair ▶ p. 77	To dynamically respond to a rapidly changing society, we will aim for speedy decision making, appropriate financial management, and a stronger supervisory function. We will also strive for two-way communication with our stakeholders, including shareholders and investors, to ensure timely, appropriate, and fair disclosure of information and to enhance management transparency.	Corporate governance Risk management Fulfilling communication with stakeholders (such as shareholders, investors, and the media) Responsible procurement policies that respect society and the environment Ensuring sound and transparent finance	5, 6, 10, 16, 17

Newly added KPIs

- Issues we will work on** Providing safe and comfortable facilities and services
 - Complete renewal of station restrooms in at least 90% of stations scheduled for maintenance (Nankai Electric Railway) (by FY2026)
 - Install onboard security cameras in all cars of Nankai Electric Railway and Semboku Rapid Railway trains (by FY2028)
- Issues we will work on** Reducing CO₂ emissions in response to climate change, promoting the use of renewable energy, and so forth
 - Increase the ratio of energy-saving vehicles adopted (Nankai Electric Railway and Semboku Rapid Railway) to 85% (FY2030)
- Issues we will work on** Promotion of health management and creation of a comfortable work environment
 - Maintain an average acquisition rate of annual paid leave (non-consolidated) at least 90% (by FY2026)
 - Achieve 100% acquisition rate of childcare leave, etc. and leave for childcare purposes among male workers by FY2030 (non-consolidated)

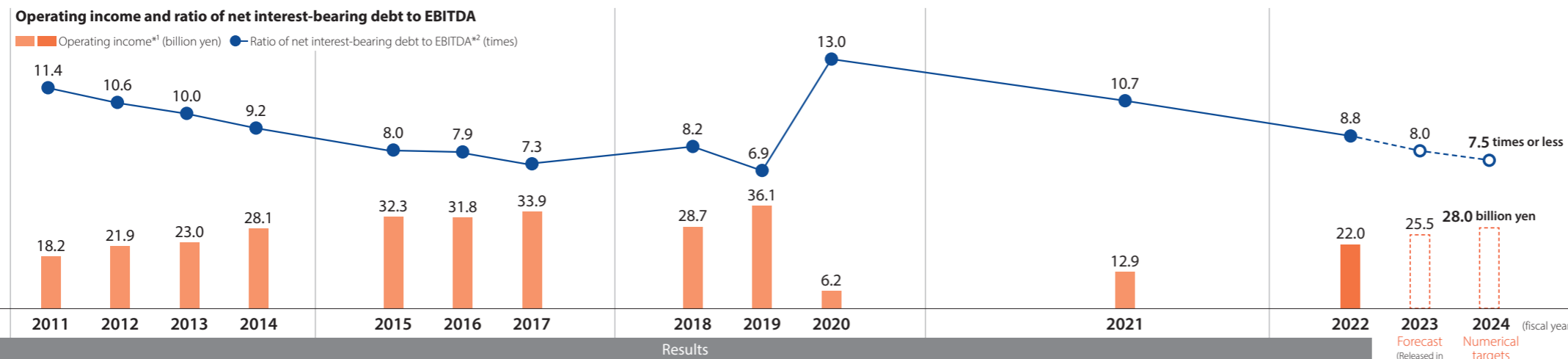
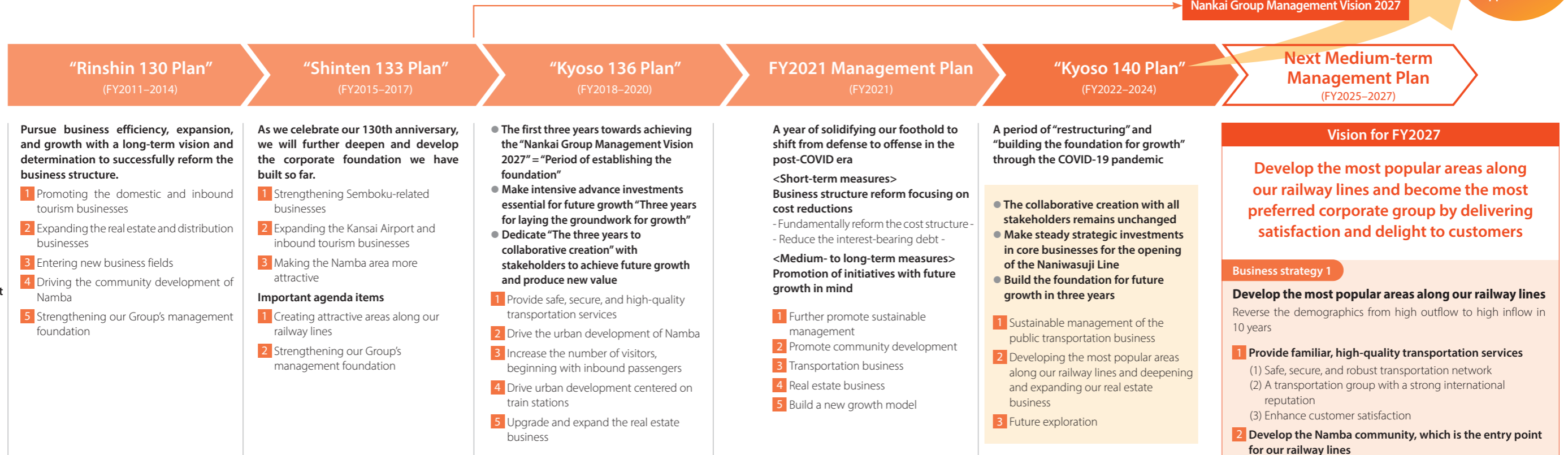
History of the Medium-term Management Plan

Roadmap to achieving the Nankai Group Management Vision 2027

Achieving the Nankai Group Management Vision 2027 - A decade of enhancing the attractiveness of areas along our railway lines in preparation for the opening of the Naniwasuji Line

- With neighborhoods along our railway lines as main business areas, apply all the capabilities of our Group to focus on increasing value along these lines
- By using Namba and inbound tourism as business opportunities, accelerate the rise in value along our railway lines
- Raise the speed of business development by proactively using alliances

Corporate Image in 2050
▶ pp. 11-12



*1 Includes dividend for FY2018 and onward *2 Operating income (Includes the dividend income for FY2018 and following fiscal years) + Depreciation and amortization

Review of the FY2022 "Kyoso 140 Plan"

FY2022, which marks the first year of the "Kyoso 140 Plan," saw reasonably good performance, as social and economic activities returned to normal and the business structure reform we have been implementing since FY2021 brought success (aimed at improving the revenue by 5 billion yen per annum). Especially in the latter half of the year, owing to the relaxation of border restrictions and recovery in demand due to nationwide travel

support, etc., along with cost-saving efforts, we saw a recovery trend, primarily in the transportation sector. As a result, the revenue performance of each business unit exceeded the forecast (announced in October 2022), and we finally started to see signs of optimism.

Among the numerical targets, the net interest-bearing debt decreased by 9.9 billion yen compared to the previous fiscal year, reaching 436.1 billion yen (plan: 455.5 billion yen), and the net

interest-bearing debt/EBITDA ratio fell by 1.9 points to 8.8 times (plan: 10.0 times). The operating income (including dividend income) also rose by 9.1 billion yen from the previous fiscal year, reaching 22 billion yen (plan: 17.9 billion yen).

For FY2023, the entire Group will continue to work as one in acting with agility to crystalize the business strategies of the "Kyoso 140 Plan" while precisely capturing the trend of recovery from the pandemic, with the aim of achieving the numerical targets.

• Consolidated operating income*1 **45 billion yen**
• Ratio of the interest-bearing debt to EBITDA*2 **Around 6 times**

Overview and Progress of the "Kyoso 140 Plan"

Three years of "restructuring" and "building the foundation for growth" through the COVID-19 pandemic

Our Group is promoting the "Kyoso 140 Plan," the Medium-term Management Plan that positions the three years from FY2022 to FY2024 as a period for "restructuring" and "building the foundation for growth" through the COVID-19 pandemic. To respond flexibly and quickly to changes happening around us, we believe it will become even more important to embrace the spirit of collaborative creation ("Kyoso"), i.e., "creating new value together with stakeholders." Therefore, we included the word "kyoso" in the latest Medium-term Management Plan, just as we did in the previous Medium-term Management Plan, the "Kyoso 136 Plan."

To promote sustainable management and achieve the "Nankai Group Management Vision 2027," we will make strategic investments in our core business projects, including the Naniwasuji Line project and community development projects for areas along our railway lines, while investing in initiatives to nurture seeds of new businesses for the future.

Overview of the "Kyoso 140 Plan"

Outline of business strategies



1 Sustainable Management of the Public Transportation Business

▶ p. 33

- 1 Systematic promotion of safety measures and disaster countermeasures
- 2 Utilization of digital technologies: Establishment of new technologies and frameworks, and enhancement of preventive maintenance
- 3 Strengthening of profitability and improvement of brand services
- 4 New services - Evolving into a comprehensive mobility business



2 Developing the Most Popular Areas along Our Railway Lines and Deepening and Expanding the Real Estate Business

▶ p. 37

- 1 Community development through Kyoso (collaborative creation)
- 2 Acceleration of the Greater Namba concept - transforming Namba into a location famous across Asia
- 3 Sustainable development of Semboku New Town
- 4 Functionality upgrades to logistics facilities
- 5 Establishment of a private REIT



3 Future Exploration

▶ p. 42

- 1 Acceleration of initiatives for new businesses
- 2 Coexistence with non-Japanese people
- 3 Enhancement of tourism-related businesses
- 4 Provision of new services in the new-normal era
- 5 DX strategy: Establishing digital customer contact points and creating new value

Relation to the business strategies for the "Nankai Group Management Vision 2027"

Business strategy 1

Develop the most popular areas along our railway lines

- 1 Provide familiar, high-quality transportation services
- 2 Develop the Namba community, which is the entry point for our railway lines
- 3 Mobilize all our resources for measures to revitalize communities along our railway lines

Business strategy 2

Deepen and expand our real estate business

- 1 Increase the number of income-generating properties and shift toward becoming a flow business
- 2 Complete the functionality upgrade of the logistics facilities

The strategic outline of our Group's 10-year vision, "Nankai Group Management Vision 2027" ("develop the most popular areas along our railway line" and "deepen and expand our real estate business"), remains unchanged. To accelerate the realization of this vision, we have placed the highest priority on "community development in Namba and areas along our railway lines," as well as "investment in initiatives to deepen and expand our real estate business." We have also identified measures that are linked to these strategies and incorporated them into specific business strategies for the "Kyoso 140 Plan."

The two pillars supporting business strategies

Financial Strategies ▶ p. 45	<ul style="list-style-type: none"> ● Maintain financial soundness ● Ensure the funding needed for business strategies ● Clearly prioritize and execute capital investments to capture every opportunity
Human Resource Strategies ▶ p. 47	<ul style="list-style-type: none"> ● Improve the productivity of the organization to produce more added value ● Diversify career plans and human resources to build a new "human resources portfolio"

Progress by business strategy

Sustainable management of the public transportation business	Key results of FY2022	FY2023-FY2024
1 Systematic promotion of safety measures and disaster countermeasures	<ul style="list-style-type: none"> ● Continuous overpass constructions (in Takaishi and Sakai cities)/Installation of security cameras inside train cars/Slope disaster prevention measures in mountainous sections/Seismic reinforcement work for elevated bridges, station facilities, etc./Advancing barrier-free conversion work, etc. ● Pilot installation of car side cameras and onboard security cameras ● Introduction of the bridge abnormality detection system for the Yamatogawa Bridge on the Koya Line 	
2 Utilization of digital technologies: Establishment of new technologies and frameworks, and enhancement of preventive maintenance	<ul style="list-style-type: none"> ● Consideration of increase in one-person operated trains by FY2024 to cover some sections of the Nankai Line ● Preparations are underway for autonomous operation testing 	<ul style="list-style-type: none"> ● Testing using test-run trains → Review and evaluation by a third-party committee
3 Strengthening of profitability and improvement of brand services	<ul style="list-style-type: none"> ● Renewal of train cars/Remodeling of station facilities and restrooms/Acceleration of promotions in preparation for EXPO 2025 ● Application for fare revision, fare revision approved (Revision: October 2023-) ● Testing for Visa touch payment system ● Renovation of Nakamozu Station: Relocation of the ticket gate 	<ul style="list-style-type: none"> ● Continuation of the touch-payment service
4 New services - Evolving into a comprehensive mobility business	<ul style="list-style-type: none"> ● Examination of land, sea, and air transportation systems/Promotion of MaaS initiatives ● Testing of flying cars (Marubeni Corp. and three other companies) ● Testing of the on-demand bus service (Semboku area) 	<ul style="list-style-type: none"> ● Promotion of the comprehensive mobility business

Developing the most popular areas along our railway lines and deepening and expanding the real estate business	Key results of FY2022	FY2023-FY2024
1 Community development through Kyoso (collaborative creation)	<ul style="list-style-type: none"> ● Implementation of regional revitalization measures (project to improve the value of areas along our railway lines)/resolution of issues for areas along our railway lines/area branding ● Various events in the areas of "parenting/education," "industrial promotion/ entrepreneurship support," "agricultural promotion," and "town renovation development" 	
2 Acceleration of the Greater Namba concept - transforming Namba into a location famous across Asia	<ul style="list-style-type: none"> ● Acquisition of properties, development of owned properties, renewal of existing properties ● Nambanaka 2-chome Development Project Construction work, leasing, preparation to open ● Improvement of Namba Station Front Plaza (scheduled for partial opening to the public in fall 2023) ● Ebisuchō Land Development Project (construction of shared-style corporate dormitories) 	<ul style="list-style-type: none"> ● Namba Station Front Plaza: Improvement of the Nansan Namboku-Dori avenue (scheduled for completion at the end of FY2024)
3 Sustainable development of Semboku New Town	<ul style="list-style-type: none"> ● Promotion of the Izumigaoka Station-Front Vitalization Project ● Semboku New Town Smart City Strategy Promotion ● Establishment of the SENBOKU Smart City Consortium (139 members, 11 businesses established from the consortium) 	
4 Functionality upgrades to logistics facilities	<ul style="list-style-type: none"> ● Enhancement of Osaka Prefectural Food Products Distribution Center, Building E (Opened in April 2023) 	<ul style="list-style-type: none"> ● Kita Osaka Truck Terminal Phase II Building Enhancement work (scheduled for completion at the end of FY2025)
5 Establishment of a private REIT	<ul style="list-style-type: none"> ● Establishment of AM 	<ul style="list-style-type: none"> ● Proceed with necessary approval and license procedures, establish an investment corporation and start operating it as soon as possible

Future exploration	Key results of FY2022	FY2023-FY2024
1 Acceleration of initiatives for new businesses	<ul style="list-style-type: none"> ● Fully launch the e-sports business → Establish its presence in the e-sports industry in Kansai ● Established eStadium Co., Ltd., launched the business (projects commissioned by the government, facility operation, event) ● "Fly beyond," a new business development program → "beyond the B order," business creation support program ● Phase I: Three projects incorporated; Phase II: incorporation of two projects under consideration; Phase III: recruit external human resources 	
2 Coexistence with non-Japanese people	<ul style="list-style-type: none"> ● Promotion of sustainable community development with non-Japanese people from both social and physical aspects ● <Physical aspect> Attracted a student dormitory into a Nankai-owned facility in Shin-Imamiya ● Fully commercialized the overseas IT human resources placement service "Japal," industry-academia-finance business collaboration 	
3 Enhancement of tourism-related businesses	<ul style="list-style-type: none"> ● Enhancement of tourism content/Promotion of attraction of passengers by implementing effective PR/Creation of travel products/Development of new monetization methods ● Launched high value-added travel products ● Started to provide a shared mobility service called "NK Pedal" 	<ul style="list-style-type: none"> ● Refinement of tourism strategies, discussion on their commercialization
4 Provision of new services in the new-normal era	<ul style="list-style-type: none"> ● Creation of new lifestyle services/expansion of the "Lieflice" shared office service ● Tested services that automatically display subtitles of conversations (First by a railway company in Kansai) ● Tested conversational AI robots that support multiple languages 	
5 DX strategy: Establishing digital customer contact points and creating new value	<ul style="list-style-type: none"> ● Improving the ease of living by expanding digital customer contact points/Building a portal site that connects local people and a variety of services ● Tested "Pikureru," a service where people can pick up food at stations ● Launched the new minapita reward point service/held discussions on expanding the service 	

Business strategies
1

Sustainable Management of the Public Transportation Business

Message from Head of Public Transportation Group



We aim to evolve into a comprehensive mobility enterprise by developing our existing public transportation business.

Senior Managing Corporate Officer, Head of Public Transportation Group **Naoto Ashibe**

Mission and plans of the Public Transportation Group

The company aims to achieve sustainable management with an eye on the Corporate Image in 2050. We, the Public Transportation Group, were formed this fiscal year as the department mainly responsible for "mobility" among the four elements of sustainable management: (1) Inclusive community and collaborative creation, diverse lifestyles –Together with locals–; (2) Mobility –Our mission as a public transport operator–; (3) Diversity and globalization –"Think Globally, Act Locally"–; and (4) Nankai identity– Strong will to open the way to the future on our own–.

Public transportation is one of the key ways people move around, and the Group is on a mission to work with their communities to continue ensuring its safety and security. The transportation services that the Group operates include railways, trams, buses, ferries, and more. Recently, however, all of the businesses have been critically affected by the COVID-19 pandemic, forcing a fundamental shift from traditional values. Therefore, visionary initiatives have become even more crucial.

Specifically, rather than looking at each transportation system in isolation, we must provide the best transportation system for accommodating the needs of the communities and passengers. We can do this in ways such as improving the connection experience to provide seamless transportation services and integrating the transportation business services within the Group.

From point to line, from line to surface In addition to incorporating new systems such as MaaS and AI-driven on-demand transportation, we aim to evolve into a "comprehensive mobility business" that provides a variety of services up to the last mile by developing our existing railway, bus, and other businesses through careful planning over the medium term.

Journey to achieving the "Kyoso 140 Plan"

One of the pillars of the Medium-term Management Plan (the "Kyoso 140 Plan") is "sustainable management of the public transportation business." Actions to cope with natural disasters, such as a series of torrential rains, which have become increasingly severe in recent years, are now far more important and urgent than in the past.

To ensure that everyone in the areas along our railway lines can use our services as a matter of course, we are systematically and intensively investing in safety equipment to reduce and

eliminate risks that impede safe and stable transportation. Past initiatives include seismic reinforcement of structures to prepare for the Nankai Trough Earthquake, measures to prevent scouring of river bridges, and systematic felling of hazardous trees. At the same time, we will continue to explore and implement the best, safest, and most reliable methods for the times by utilizing digital technologies as needed, rather than limiting ourselves to conventional methods.

We will also focus on improving operational efficiency and transforming the profit structure by establishing a new framework, activities to strengthen the brand, and more. For example, by accumulating and analyzing transportation system IC card usage data and various other big data, we can provide products and services that specifically match the preferences of each customer. In utilizing these resources, we hope to build a sustainable corporate group that will exist as a matter of course in the communities for years and decades to come, by not only working on our own, but also collaborating with related companies and local governments.

Message for stakeholders

There have been some positive signs beginning to emerge, such as the rapid return of international visitors, which is a significant change from the pandemic period through FY2022. Furthermore, we see many positive developments in our surrounding environment, such as EXPO 2025, and subsequent development of an integrated resort (IR) and construction of the Naniwasuji Line.

Nevertheless, we will not be able to realize a bright future unless areas along our railway lines are thriving. In a way, transportation is one of the most important elements of community development. Therefore, we would like to help make the communities more attractive and revitalize them by providing suitable transportation services so that existing railway lines and buses will be even more convenient and easier to use from the customers' perspective. This in turn will help increase the value of the community.

The Group will continue to develop our businesses to meet expectations of stakeholders by organically integrating our comprehensive transportation systems, which include the railway lines, buses, sea routes and other transportation methods we operate, those provided by other companies, and stand-alone transportation methods.

Business strategies and specific measures under the "Kyoso 140 Plan"

Evolving into a comprehensive mobility business based on improved safety and security and better service quality

1 Systematic promotion of safety measures and disaster countermeasures



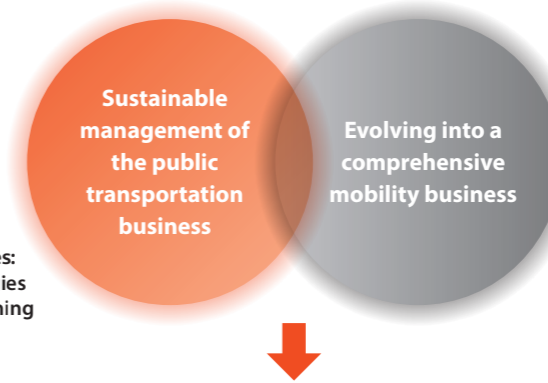
3 Strengthening of profitability and improvement of brand services



2 Utilization of digital technologies: Establishment of new technologies and frameworks, and strengthening of preventive maintenance



4 New service – last mile



Collaborate with communities, devise ideal methods of local public transportation that take advantage of the transportation characteristics of each method, such as railway lines and buses

1 Systematic promotion of safety measures and disaster countermeasures

Safety and security are the backbone of our Group's businesses.

Currently, we are systematically carrying out seismic reinforcement of railway facilities, slope disaster prevention measures for mountainous zones, and countermeasures for increasingly severe natural disasters and the like. In FY2022, we installed a system to detect bridge abnormalities in the Yamato River Bridge on the Koya Line.

In addition, to improve security and reduce crimes on trains, we installed security cameras on some commuter trains on a trial basis, and examined their operations and other aspects. We have been progressively installing onboard security cameras in commuter trains since June 2023, with the aim of having them operating in all train cars by the end of FY2028.

We will continue systematic capital investment for safety and

security and work to sustainably create "safety, security, and trust," which are the core of our brand.

- Development of a safe and secure usage environment
- Enhancement of slope disaster prevention measures in mountainous sections
- Anti-seismic measures for the anticipated Nankai trough megathrust earthquake

Reduction and elimination of risks that impede safe and reliable transportation

To achieve this objective, systematically invest a total of **52 billion yen** over three years



Onboard security camera (illustrative image of an installed camera)



8300-series train car

Fare Revision

We have been making every effort to rationalize management and reduce costs, but have concluded that the current level of fares is not sufficient for sustainably providing value by strengthening our safe and stable transportation infrastructure and upgrading our services to meet society's needs. Therefore, we have decided to revise our fares to ensure we can continue to operate these services on a premise that we will continue to exert utmost management efforts.

<Details of fare revision>

- Effective on Sunday, October 1, 2023

Basic fare, revision rates, and commuter pass discount rates

	Basic fare	Revision rate (Revenue increase rate)				Discount rate	
		Regular fare	Commuter pass	Student commuter pass	Total	Commuter pass	Student commuter pass
Current	160 yen	-	-	-	-	38.8%	79.1%
Revision rate	180 yen	9.0% (7.8%)	12.3% (12.0%)	4.5% (4.1%)	10.0% (9.3%)	37.0%	80.2%

Basic fare (1 km – 3 km): +20 yen; (4 km – 15 km): +30 yen; 16 km – : +40 yen

Updated fares for specified zones

- A special fare will apply to the regular fare between Namba Station and Nakamozu Station

Previous fare	(New fare)	Fares for specific zones
340 yen	(370 yen)	350 yen

(Applies to zones with the same fares between Namba Station and Nakamozu Station)

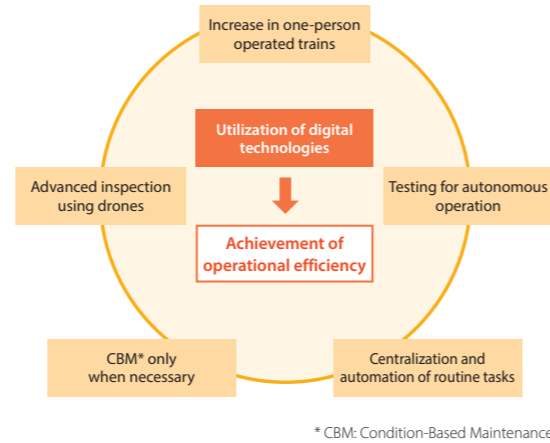
2

Utilization of digital technologies: Establishment of new technologies and frameworks and enhancement of preventive maintenance

We believe that employing technology helps to provide new value, and are working diligently to promote cashless operations, digitalize railway maintenance operations, and test automated operations.

In particular, automatic operation is an important way to maintain the railway infrastructure amid a declining population, and we began studying the feasibility of automatic operation with a crew other than the driver in the lead car in 2020. Since July 2022, we gradually started preparation and in August 2023, began automatic operation on a trial basis on the Wakayamako Line.

For railroad maintenance, we will promote condition-based maintenance (CBM*), which utilizes measurement data collected at each facility to detect signs of equipment failure and perform appropriate maintenance, thereby enhancing preventive maintenance and streamlining operations.



3

Strengthening of profitability and improvement of brand services

Making the most of this digital data will enhance our profitability by improving customer convenience and spurring new demand for travel.

Specifically, we are working on expanding the features of the Nankai App and digitizing the commuter pass. Starting from April 2023, in addition to VISA, which we already accept, the Nankai Group's four companies (our company, Semboku High-Speed Railway Co., Ltd., Nankai Rinkan Bus Co., Ltd., Nankai Ferry Co., Ltd.) have started accepting tap payments by JCB, American Express, Diners Club, and Discover cards for fare payments. Through this service, we aim to further boost convenience for domestic customers as well as for the skyrocketing number of international visitors.

We will keep raising the quality of customer service and enhance our brand by providing high-quality station and train spaces.



4

New service – last mile

Going forward, our agenda will be to provide transportation services that are as seamless as possible, because we see demand for transportation services, such as for commuting, decline due to changes in customer behaviors in the post-pandemic era.

In addition to the existing public transportation business, we will work with local governments to provide new services that will cover last miles and evolve into a comprehensive mobility business.

We will aim to both solve social issues for the areas along our railway lines, such as the declining and aging population, and depopulation, and achieve sustainable growth for our Group by upgrading the existing railway and bus services based on the

fundamental principles of safety, security, and improved service quality that are essential for public transportation services.



Evolving into a Comprehensive Mobility Business

Solving social issues by providing seamless transportation services

Initiative 1

Joint establishment of MaaS* by seven Kansai/railway companies

(1) Established KANSAI MaaS Council (November 2022)

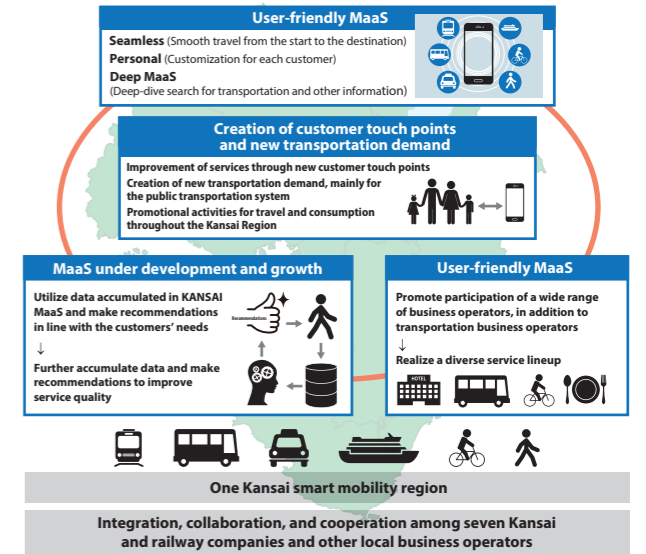
- To establish and strengthen customer touch points and generate new demand for public transportation services by promoting adoption of and expanding KANSAI MaaS, seven Kansai railway companies have jointly established the KANSAI MaaS Council with the aim of contributing to customers' daily lives, communities, and next-generation community development.

(2) Released KANSAI MaaS App (September 2023)

- This is the first initiative in Japan for multiple railway business operators to jointly establish a MaaS system and app.
- KANSAI MaaS, a MaaS app for a wide range of areas developed through collaboration among transportation business operators in the Kansai Region, is a smartphone app with convenient features for exploring the region, and we are planning for linkage with the EXPO 2025 app.
- "KANSAI MaaS" provides multi-modal transfer route search and train ticket services, as well as tourism information such as information on facilities and sample itineraries. Going forward, we are coordinating with related parties to provide one-stop services such as reservation/distribution of shuttle bus tickets to the EXPO 2025 venues and distribution of advance-purchase passenger tickets.

* Mobility as a Service (MaaS) is a service that provides searches, reservations, payments, etc. in a single package by optimally combining multiple public transportation and other transportation services to meet the trip-by-trip transportation needs of local residents and travelers.

[Concept of KANSAI MaaS]



Our future

- We will strive to make MaaS a reality. This will help significantly in further revitalization of the Kansai Region even after EXPO 2025, mainly by refining traffic services through digital transformation and attracting tourists to our services. The project is running under the slogan of "One Kansai" as a smart mobility region," through extensive collaboration with a variety of service providers, including traffic business operators in the Kansai Region.

Initiative 2

Initiatives of the mobility business

(1) Testing of on-demand buses ▶ p. 40

- We were awarded a subsidy for the Osaka Prefecture AI on-demand transportation model project and have commenced a demonstration project for the NANKAI On-Demand Bus service in the Semboku New Town area. (Phase I: January 10 – March 10 2023, Phase II: October 1, 2023 – January 31, 2024)



Testing of on-demand train passes

(2) Participation in the flying car project

- From December 2022 to January 2023, we tested flying cars in cooperation with Marubeni Corp., one of the operators of the monitoring tour for simulated experience in a flying car*, utilizing a subsidy from the Osaka Prefectural Government.



Advertisement to recruit participants for the monitoring tour for simulated experience in a flying car

* This is a tour where participants travel by helicopter from Osaka Heliport (Maishima) to our group's accommodation facility, "Aoki-shima no Yado Kumano-bettei Nakanoshima" in Nachi Katsuura and stay there based on the hypothetical fare that would be applied if the flying car becomes practical.

Business strategies
2

Developing the Most Popular Areas along Our Railway Lines and Deepening and Expanding the Real Estate Business

Message from Head of Community Development Group



We will promote sustainable community development and tackle the challenges of doing so while accommodating needs in areas along our railway lines.

Managing Corporate Officer, Head of the Community Development Group **Yoshinori Nikaya**

Mission and plans of the Community Development Group

In addition to developing communities around the stations, the Community Development Group is working to make thriving communities through creative ways to build social infrastructure, and helping to solve social issues and develop communities sustainably, promoting community development through collaborative creation that will help maintain and expand the population in areas along our railway lines, through synergy with our public transportation services.

Specifically, to make the areas along our railway lines attractive as places to "live," "work," and "visit," we hold events for the parenting generation (live), help companies in these areas with their recruitment and provide support for open factory events (▶p. 56) to promote their advanced technological capabilities to the public, and implement initiatives to improve the sustainability of agriculture (work). We are also promoting the development of tourist destinations, especially the World Heritage sites in the areas along our railway lines, in light of the upcoming EXPO 2025 (visit).

As the population decline accelerates and community development through collaborative creation becomes ever more important, we are aiming to become a hub to strengthen collaboration among a variety of stakeholders, including local governments of the areas along our railway lines, and establish a business model that will make these activities sustainable.

Journey to achieving the "Kyoso 140 Plan"

Regarding development of communities around the stations, we will especially focus on Namba and Semboku New Town.

Namba Parks South opened in July 2023 thanks to the cooperation of many different companies. Situated on the south side of Namba Parks, it comprises a Thai luxury hotel and a lifestyle-oriented hotel, and an office building. This has further improved the Namba district's urban functions. On the north side of the Nankai Building (Takashimaya Osaka), we are creating a new pedestrian space under the Namba Station Area Redevelopment Project, a collaborative project between the public and private sectors. The Namba Station Front Plaza is scheduled for opening to public this fall as the first phase of this project. As the gateway to

Osaka's hospitality, this new people-centered plaza will be welcoming visitors from Japan and abroad.

Semboku New Town, as the core city along the Semboku New Town line, is working to create an attractive and lively community by upgrading the stores at each railway station and redeveloping the area in front of Izumigaoka Station. In addition, we are participating in the SENBOKU Smart City Consortium, a public-private partnership initiative aimed at solving social issues facing the New Town and creating a sustainable community through applying digital technologies.

To promote these initiatives, it is essential to establish a solid real estate revenue base to back them up, and it will be important to deal with changes in lifestyles after the pandemic.

We will work to develop an office building of choice for prospective business tenants, by providing shared-office services for their employees to help with tenants' health management and the like. In the shopping center, we will renovate Parks Garden, the rooftop park of Namba Parks, based on the key phrase "touching nature," and open a new museum that will serve as an information hub for subcultures and such to provide opportunities for in-person encounters and experiential value.

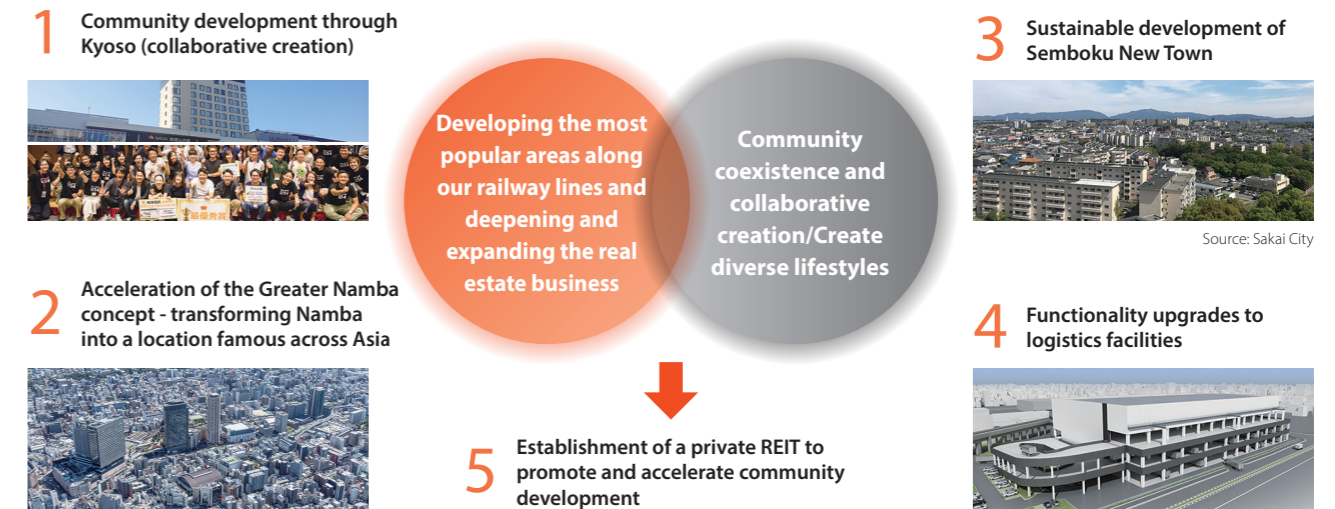
Regarding logistics, we are steadily improving profitability through incorporating the latest in high-grade facilities. In April 2023, we opened Osaka Prefectural Food Products Distribution Center, Building E, and will accelerate the development of the Kita Osaka Truck Terminal Phase II Building going forward.

Message for stakeholders

To promote and further accelerate the above efforts, we are preparing to form a private REIT. We already established Nankai REIT Management, Inc. as an AM company in October 2022, and are preparing to start operating it. Through partnerships with stakeholders, we will continue to enhance the value of the areas along our railway lines in a sustainable way and develop the most popular areas along our railway lines to achieve the Corporate Image in 2050.

Business strategies and specific measures under the "Kyoso 140 Plan"

We will accelerate the development of Namba and areas along our railway lines for the future by taking new strategic moves



1 Community development through Kyoso (collaborative creation)

By creating collaboratively with stakeholders to solve various problems facing areas and communities along our railway lines, we are promoting community development to make them more attractive to visitors and better places to live and work in. In addition, with an eye on EXPO 2025 and initiatives to draw tenants to the integrated resorts (IRs), we will refine our business plans for derivative/related businesses and the like. Through these initiatives, we will work to revitalize the communities from a long-term perspective, aiming to increase the numbers of people interacting and those who will eventually settle.

Social issues and needs of areas along our railway lines

(Examples)
Industry revitalization, corporate support, food, urban function development, education, child-raising, and health

Solutions using alliances
● Establishment of sustainable business models
● Development of the company's land areas near the station



Increase the value as places to live, work, and visit

2 Acceleration of the Greater Namba concept (transforming Namba into a location famous across Asia)

We will press on with our endeavors to create "Greater Namba" by developing the areas near Nankai Shin-Namba Station (tentative name) on the Naniwasuji Line, which is scheduled to open in 2031, and Nankai Namba Station. The aim is to "make Namba famous across Asia," thereby increasing the value of the areas and expanding our revenue base. We will develop urban functions that do not rely solely on inbound visitors and tourism, create a diverse town that serves as a hub for socializing between visitors and

residents as well as for sharing new culture and information, and continue to develop communities where new services and businesses based in "Namba" form.

Based on the Greater Namba Vision, which the Group formulated as a promise to seize the initiative in community development, we will establish both physical and social infrastructure, thereby taking action to increase the number of visitors to the city and the duration and frequency of their stays.

Representative projects in the Greater Namba



1 Development of Namba Station Front Plaza

Namba is a major hub for transportation, with direct links to Kansai International Airport as well as the Kita and Midosuji areas in Osaka. To reorganize the area in front of the station, which is the face of the station, into an attractive plaza that is suitable as a "gateway to Osaka's hospitality" that draws international visitors, we are promoting a public-private joint project called the "Namba Station Area Redevelopment Project," with stakeholders of Osaka City and local regions (fall 2023: the station front plaza will be open to public access ahead of other areas)



By expanding the pedestrian space around the station front, we will connect stations in Namba with the bustling neighborhoods of the surrounding shopping and restaurant districts and Midosuji Avenue, and create a network that encompasses the entire district, while promoting activity and consumption throughout the area to boost its value.

2 Opened Namba Parks, a new district in the target area of the Nambanaka 2-chome Development Project

Namba Parks South, which we had been building in collaboration with various companies under the Nambanaka 2-chome Development Project, had its grand opening in July 2023.



By redeveloping an area of approximately 9,000 m² to the south of Namba Parks and bringing in hotels, stores and offices, we aim to strengthen the functions and promote a new bustling feel to the Namba area, especially in the area to the south of Namba Station.

3 Promotion of the Ebisuchō Land Development Project

We are working to revitalize neighborhoods as part of our initiative to expand Namba to the south, as per the basic guideline of Greater Namba. Currently, the city is promoting the construction of "Southern Crest Namba Minami," a shared-style corporate dormitory for young employees and transferees of several companies in Ebisuchō, in an effort to create a thriving community and promote the settlement of young people in the area.

The Greater Namba Vision has been devised to develop a next-generation district with the aim of accelerating implementation of the Greater Namba concept

The Greater Namba concept is one of community development that draws from the philosophy of "community-based collaborative creation," in which stakeholders in the local area, such as the local government and shopping districts, engage in collaborative creation and cooperation to develop key locations in the Namba area where a diverse range of people can gather regardless of age

or nationality. In declaring the "Greater Namba Vision," the Group aims to share the vision with stakeholders to generate empathy, resonance and, in turn, collaborative creation on a variety of projects to transforming Namba into ENTAME-DIVER-CITY (Entertainment & Diversity City), Namba's newest incarnation.

Our approach to community development

Vision of our declared Greater Namba 2050

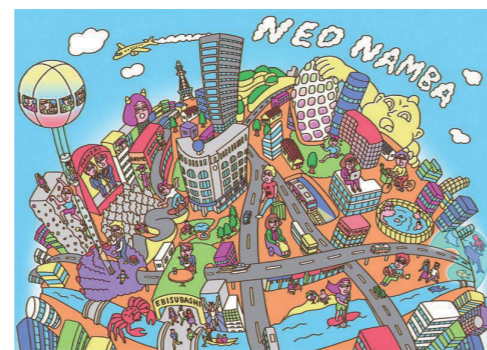
ENTAME-DIVER-CITY
 -Meet! Eat! Beat! On NAMBA-

Our community development policies

- 1 Upgrade of railways, offices, shopping centers and other existing resources in the Namba area
- 2 Real estate development and public space around the new stations
- 3 Accumulation and development of human resources who will take the lead in promoting energy and growth

Target impact

$$\text{Opportunities for consumption} = \text{Number of visitors to the district} \times \text{Duration of stay} \times \text{Frequency of visits}$$



Illustrative image of ENTAME-DIVER-CITY

3 Sustainable development of Semboku New Town

A representative example of community development through collaborative creation is our initiative in Semboku New Town*.

Located in Sakai City, for which we have been promoting a development plan for since 2014, Izumigaoka Station is the main station in Semboku New Town. We are promoting the Izumigaoka Station-Front Vitalization Project and Semboku New Town Smart City Strategy to take advantage of the opportunities created by the relocation of Kindai University's Faculty of Medicine and Kindai

University Hospital to Izumigaoka and the influx of new residents due to the UR redevelopment projects (public housing condominiums) and other rental accommodation in neighboring areas. We will develop a sustainable and attractive town as a pilot model for the new town regeneration project.

* Semboku New Town is one of the largest new towns in Kansai, which once boasted a population of 165,000 in 1992. More than 50 years after its establishment, the population had dropped to 116,000 in 2021. By 2030, it is expected to drop further to less than 100,000, so the declining and aging population is a serious social issue. In response, we are working with stakeholders to promote activities that bring out the area's appeal and vitality.

SENBOKU Smart City Consortium

Based on the principles of the SENBOKU New Design and the Sakai Smart City Strategy, the SENBOKU Smart City Consortium was established in June 2022 by Sakai City, Osaka Gas, Nippon Telegraph and Telephone West Corporation, and our company. Currently, more than 140 organizations, including companies and universities, have joined the consortium, accelerating efforts through equal partnership between public and private sectors.

In FY2022, 11 projects were implemented in five working

Testing (1)

Conducting NANKAI On-demand bus demonstration project* – Initiatives of the mobility working group –

Our company and Nankai Bus Co., Ltd., together with Sakai City, ran an AI-driven on-demand bus demonstration project in selected areas of the Semboku New Town area and at three stations, including Senkaoka Station on the Semboku Rapid Railway, in FY2022. The purpose was to encourage residents to go out and about, improve the convenience of transportation to destinations, and create a new way to get around the area. We have been running the same project since October, in a wider area and for a longer period of time in FY2023.



* This test project was selected as a model project for AI-driven on-demand transportation in Osaka Prefecture in FY2022 and FY2023, and is being implemented using the subsidy.

Testing (2)

Testing of the "Health-Smart Semboku" app – Initiatives of healthcare working groups –

"Health-Smart Semboku" is a smartphone app that promotes prevention of lifestyle-related diseases and behavioral changes by creating exercise and measurement routines for seniors. Since FY2022, we have been testing targeted residents and visitors in the Semboku New Town area. In April 2023, we launched a service to exchange reward points accumulated by walking with digital transportation tickets between each of the stations on the Semboku Rapid Railway line. We are currently working to expand the app's content.



Stakeholder's message

More than 50 years have passed since Semboku New Town first opened to the public, and the community is facing such issues as declining population and birthrate, and aging population and infrastructure. A new public-private collaborative initiative, the SENBOKU Smart City Consortium, has been launched with the aim of recreating a city capable of developing sustainably by solving the above issues, increasing the value of the community, and passing it on to the next generation.

We are promoting smart city projects with various member companies of the consortium in energy-related fields. We believe that collaboration with Nankai Electric Railway, which unites the mobility, healthcare, and smart town fields, is particularly important to promote decarbonization and resilience, as well as to improve the residents' QOL*.

We will continue to strengthen collaboration with Nankai Electric Railway to bring about the smart city, with them continuing to take initiative as a business that has roots in our community.

* Short for "Quality of Life." Refers to each individual's "quality of life" based on its content, quality, and social standards.



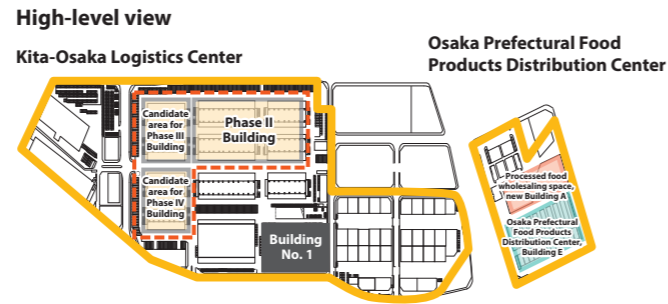
Managing Corporate Officer
 Osaka Gas Co., Ltd.
 Mr. Shigeru Chikamoto

4

Functionality upgrades to logistics facilities

The logistics facility leasing business has been a stable source of income even amid the COVID-19 crisis, and we are focusing on developing this business as an area with potential.

The Kita-Osaka and Higashi-Osaka Logistics Centers, which the Group operates, are logistics transit points between eastern and western Japan that also have excellent access to central Osaka, making them favorable locations for efficient transportation. To take advantage of this strength, we will promote the initiative to upgrade the logistics facilities (from single-story to multi-story) and expand the revenue they generate, thereby further growing the logistics business and stabilizing the business portfolio.



Osaka Prefectural Food Products Distribution Center, Building E

At the Kita Osaka Truck Terminal Redevelopment Project, we completed Osaka Prefectural Food Products Distribution Center, Building E in March 2023. For the Osaka Prefectural Food Products Distribution Center, we completed the construction of Building A after its upgrade and vertical expansion two years ago. Building E was then constructed on the land freed up by this work. The facility, with a total floor area of approximately 50,000 m² (four-story warehouse section), is expected to help increase the revenue at the Kita Osaka Truck Terminal.



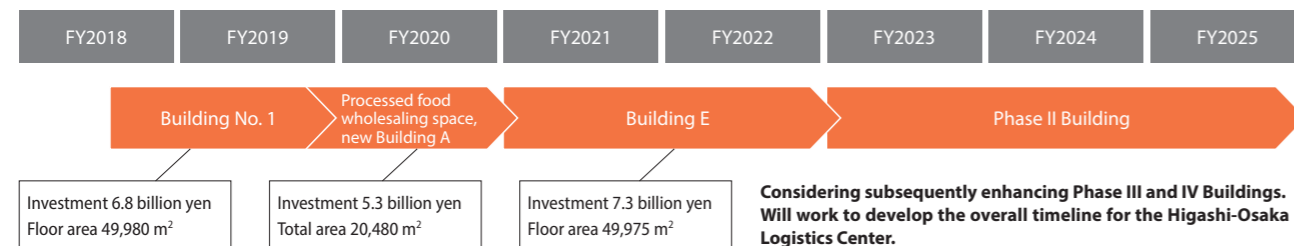
Kita Osaka Truck Terminal Phase II Building

Following Osaka Prefectural Food Products Distribution Center, Building E, we have decided to begin planning for the development of the Kita Osaka Truck Terminal Phase II Building. Aiming to complete the building in the spring of 2026, we will construct a truck terminal and delivery center with six floors above ground and a total floor area of approximately 190,000 m² at a total project cost of approximately 35 billion yen. By adopting a seismic isolation structure and improving the BCP, we will make sure that the building will accommodate needs of a wide range of tenants.



Overall timeline for upgrading the logistics facilities

* Plan for May 2023



5

Establishment of a private REIT (to accelerate community development)

We established Nankai REIT Management Company, Ltd. (asset management company) in October 2022. By selling the Group's real estate properties to the private REIT as we start operating it, we will secure development funds while controlling interest-bearing debt and accelerate the promotion of "community development through collaborative creation" by investing in community development in Namba and other areas along our

railway lines.

We will formulate an exit strategy to sell owned or developed assets to the private REIT so we can enjoy profits derived from development, collect funds and transfer assets to off-balance sheet items, and at the same time diversify real estate earnings by creating a fee-based business where our Group will earn related fees (PM and BM) for sold properties.

Business strategies 3

Future Exploration

Message from Head of Corporate Strategy Group



Roadmap to the "Corporate Image in 2050"
– Build a foundation for transformation together with new businesses.

Managing Corporate Officer, Head of Corporate Strategy Group, CSO **Yasuyuki Matsumoto**

Mission and plans of the Corporate Strategy Group

In addition to the Corporate Strategy Group, which is responsible for the Group's corporate planning, the Corporate Strategy Group has four other departments, all four of which are business departments, not functional ones. In other words, these departments are responsible for creating candidate enterprises for the third pillar of the Nankai Group's business, following the current core public transportation business and real estate and community businesses. The mission of the Corporate Strategy Group, which combines these five departments, is to lay the foundation for transformation in the first few years of the roadmap to realize the "Nankai's Corporate Image in 2050." To this end, we need to both develop management strategies that will enable us to grow sustainably and create new enterprises for the future at the same time, while formulating a should-be business portfolio with the aim of optimizing the entire Group. As for developing new enterprises, in addition to the tourism-related business and business to promote living in harmony with non-Japanese people, which will be discussed later, we will also focus on promoting initiatives to enter the e-sports and other new markets, from which we will select an area to create a business that will grow to become the third pillar in the near future.

Journey to achieving the "Kyoso 140 Plan"

This latest reorganization has resulted in a new CEO-COO management structure. Reporting to the COO, the Corporate Strategy Group will first work closely with two business groups, the Public Transportation and Community Development Groups, as well as corporate groups, namely the Financial Strategy and General Administration & Human Resources Groups, to achieve the current mid-term "Kyoso 140 Plan," and to maintain and strengthen a system that will ensure the Group executes specific strategic initiatives as planned. In the "Kyoso 140 Plan," creating new businesses as a means of exploring the future is a vital pillar of our management strategy. As a group that plays a vital role in this strategy, we are committed to transforming business ideas generated by our employees through the "New Business Development Program" as well as those that emerge through

collaborative creation with external parties into tangible businesses. Additionally, we will cultivate several budding concepts, such as the previously mentioned tourism-related business and business to promote living in harmony with non-Japanese people, with the aim of steadily promoting them so that they can be incorporated into specific business plans for the next Medium-term Management Plan. As for a strategic function in group management, in addition to putting immediate short-term measures into action, we will search for strategies that will lead to medium- to long-term growth beyond the current Medium-term Management Plan.

Message for stakeholders

The roadmap to realizing our target "Corporate Image in 2050" features plans that will drive economic revitalization in the Kansai region, such as upcoming EXPO 2025 and development of the IR (integrated resort). Needless to say, the opening of the Naniwasuji Line scheduled for 2031 is a significant responsibility for us, as we are directly involved in it. However, we also need to ensure that numerous future projects will progress in a timely manner, such as promotion of community development in parallel with the opening of the new lines, without delays. At the same time, we see this as a great opportunity to achieve medium- to long-term growth. Meanwhile, achieving carbon neutrality by 2050 is a global economic commitment, and we, as a company that belongs to the global economy, are dedicated to this goal as part of the mid- to long-term management strategy, while always considering our responsibility and the importance of our role in achieving this goal.

To realize sustainable corporate growth, we believe that in addition to business experience and expertise, as well as trust and pride in our relationships in areas along our railway lines, which we have cultivated and cherished over our long history, it is imperative to see changes in the environment and uncertainty in the future as the "norm." We must be agile enough to anticipate such changes and have the entrepreneurial spirit to create new things on our own in the midst of such changes. Determined to realize transformation and act with agility, we will diligently promote both achievement of short-term plans and future exploration for continued medium- to long-term growth.

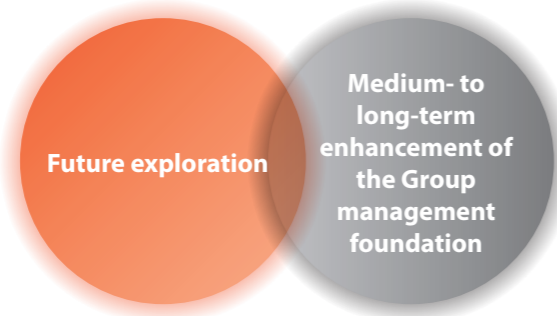
Business strategies and specific measures under the "Kyoso 140 Plan"

- Embodying and accelerating the creation of new core businesses to realize the future that Nankai envisions
- Realize the DX strategy and accelerate digitalization to develop a local support portal for areas along our railway lines

1 Acceleration of initiatives for new businesses



2 Coexistence with non-Japanese people



3 Enhancement of tourism-related businesses



4 Provision of new services in the new-normal era



5 DX strategy: Establishing digital customer contact points and creating new value

1 Acceleration of initiatives for new businesses

The Group is currently promoting the e-sports business (▶p. 44) to leverage various assets cultivated through our business activities to date. Through the Business Creation Support Program that helps transform the ideas of passionate employees into actual enterprises, we are promoting cultivation of a culture that encourages and embraces trying new things.

2 Coexistence with non-Japanese people

Currently, we are promoting efforts to create a sustainable community that is easy to live in for both Japanese and non-Japanese people, in terms of both social and physical infrastructure.

For example, regarding physical infrastructure, we have successfully attracted a student dormitory for international students to our facilities in the Shin-Imamiya area. In terms of social infrastructure, we officially launched the "Japal" (▶p. 44) international IT talent recruitment business in November 2022.

3 Enhancement of tourism-related businesses ▶ p. 58

Currently, we are focusing on the fundamental value and desires of mobile individuals and are attempting to redefine tourism. We will strive to refine our tourism strategy with agility and dedicate ourselves to developing related businesses. In addition, we aim to create value in areas along our railway lines and increase corporate value by formulating an area strategy with local governments and relevant organizations. The goal is to boost consumption through new people coming, interacting, and staying and creating new industries in the region.

In addition, the areas along our railway lines are home to Kansai Airport and Namba, both of which have great potential to attract international visitors, and drawing greater attention due to the upcoming EXPO 2025, the integrated resort (IRs), and more. We will utilize local and other resources in the areas along our railway lines to maximize the impact of an increase in the number of passengers, building a sustainable business model related to tourism.

4 Provision of new services in the new-normal era

We will continue to explore new possibilities for transportation use by utilizing digital limited-offer passenger tickets, and continue to provide new lifestyle services, including "Pikureru," which enables users to order restaurant meals online and pick them up at train stations, and "Lieffice By NANKAI," a shared office that accommodates a variety of applications, with the aim of improving customer convenience.

5 DX strategy: Establishing digital customer contact points and creating new value

We will promote a DX strategy to swiftly respond to changes in customer needs by collecting and converting the information obtained in all business fields, including railway, real estate, and distribution, into data to provide a wide variety of cross-sector services. We will build a portal site that connects local people with a variety of services to improve the livability for customers living in areas along our railway lines and revitalize local industries.

Introduction of our initiatives in e-sports and to introduce and help overseas IT human resources

In June 2022, the Group established a new company, eStadium Co., Ltd., as our third pillar following the railway and real estate businesses, entering the e-sports market. We are also operating a fee-based professional placement service for introducing IT talent in Nepal to Japanese companies. Here are some key FY2022 initiatives of both enterprises, aimed at building business models that will grow with local communities.

e-sports Opened the first partner store in Japan, e-Stadium Izumi*

As we continue to open directly managed stores nationwide, e-Stadium Izumi opened as our first partner store in September 2022. In addition to directly operated stores, we and eStadium Co., Ltd. will continue to provide logistical support for launch and operation, and strengthen cooperation with partner companies in our efforts to solidify the e-sports business.

* In Ecoll Izumi in Izumi City, Osaka Prefecture

Operating e-Stadium nationwide (currently 5 stores)

e-sports Izumisano City held an e-sports camp for high school students

Our company, e-Stadium Co., Ltd., Nankai Travel International Co., Inc., and Wellpride Rizest Co., Ltd., have become the contracted operators for the e-sports MICE Content Verification Project in Izumisano City. As part of the project aimed at making Izumisano City a place with an advanced e-sports industry, the city held an e-sports camp for high school student players (August 2022, August 2023)

We will continue to collaborate with companies and local governments nationwide, especially those in areas along our railway lines, to promote healthy development of young people in particular and the community at large through e-sports.

e-sports camp that took place in August 2022

e-sports Won the FOST Social Contribution Award*

We received this award for our endeavors to promote understanding of the parental generation while accommodating students' needs.

We will continue to contribute to society through e-sports with the aim of soundly developing and sublimating them.

* What is FOST Award
The Foundation for the Fusion of Science and Technology has been awarding outstanding simulation a gaming researchers and organizations to recognize their work since 2007. This year, we received the FOST Social Contribution Award, which recognizes individuals or organizations that have made outstanding achievements in social contribution, whether in academic or business fields.

Japal Supporting the growth of local companies through "Japal*," an overseas IT human resources placement and support service collaboratively created by the industry, academia, and financial institutions

In January 2023, we, Senshu Ikeda Bank, Ltd. and Transcend-Learning formed a business alliance for Japal, a placement service for overseas IT human resources.

We help local companies grow through Japal, an overseas IT human resource placement and support service, with the aim of building a diverse and sustainable local community.

* About Japal
This placement service helps companies seeking people with extensive system development experience, focusing on high-caliber IT experts in Nepal, which is attracting attention as an emerging country for IT human resources. In addition, this service ensures that companies which are hiring overseas human resources for the first time can rest assured from the comprehensive support Japal provides, including for visa applications and other complicated procedures, as well as post-onboarding support.

Financial Strategies

Message from Head of Financial Strategy Group



We strive to improve our corporate value over the medium-to-long term with the aim of building a financial base to support sustainable management.

Managing Corporate Officer, Head of Financial Strategy Group, CFO **Takahiro Otsuka**

Mission and plans of the Financial Strategy Group

The Group has set in our "Corporate Image in 2050," from a medium-term and long-term perspective, that kind of company we want to be and to be wanted by society for years to come, toward sustainable management. To realize this corporate vision, the role of the Financial Strategy Group is to help formulate business strategies through financial strategies, and to promote both financial and non-financial initiatives and disclosure in a comprehensive manner. Currently, non-financial aspects have become crucial factors that significantly impact corporate value, so we need to pay even more attention to non-financial assets. In addition to business activities that have a direct impact on finances, we will also strive to strengthen our initiatives and communication in non-financial activities, namely in the fields of sustainability and branding.

The period for the "Kyoso 140 Plan," the Medium-term Management Plan we are currently promoting, is positioned as a time for restructuring in the post-COVID era and building a foundation for growth, one for laying the foundation for growth toward the future. To that end, we have earmarked 160 billion yen in line with the three business strategies, while maintaining financial soundness as a major premise. In addition, to both increase investment and ensure financial discipline, we will consider and implement ways to diversify our financing methods, including funding through the private REIT. Based on this, the

numerical targets for the final year of the "Kyoso 140 Plan" (FY2024) are 28 billion yen for operating income (including dividend income) and 7.5 times or less for the ratio of net interest-bearing debt to EBITDA.

FY2022, the first year of "Kyoso 140 Plan," got off to a rough start due to lingering effects of the pandemic and inflation. However, thanks to a recovery in demand in the second half of the year, due to easing of entry restrictions and nationwide travel support, as well as the effects of cost-cutting measures, each profit/loss exceeded the initial plan. Although we anticipate further revenue recovery in our plan for FY2023, concerted company-wide efforts are underway to achieve the planned figures.

Journey to achieving the "Kyoso 140 Plan"

Specifically, we will continuously provide safety and security, as part of our "1. Sustainable management of the public transportation business." In particular, as safety and disaster countermeasures, we will consistently push safety measures, including the installation of cameras in railway train cars, slope disaster prevention measures for mountainous sections, and natural disaster countermeasures such as seismic reinforcement work for elevated bridges. At the same time, we will seek to expand revenue by providing digital tickets and capturing demand from international visitors.

Next, we are planning to invest 93 billion yen, the largest amount among the three business strategies, to "2. Developing the

most popular areas along our railway lines and deepening and expanding our real estate business." In particular, we are planning to invest approximately 28 billion yen to accelerate the Greater Namba project and approximately 27 billion yen to upgrade logistics facilities as part of our initiatives to expand revenue.

Specifically, regarding the former initiative for community development in Namba, we are considering acquiring properties around the new station on the Naniwasuji Line and planning to develop that real estate, and promoting a joint public-private project, the "Namba Station Area Redevelopment Project." Moreover, the Namba Station Front Plaza is scheduled for opening to public in fall 2023, ahead of other areas being developed under the plan. As for the logistics facility upgrade, the construction of Osaka Prefectural Food Products Distribution Center, Building E was completed in March 2023. Going forward, we expect that promoting the development of the Kita Osaka Truck Terminal Phase II Building will drive an increase in revenue.

Furthermore, to deepen and expand our real estate business, we are looking at generating development funds through the use of the private REIT from the standpoint of achieving compatibility with financial discipline. Nankai REIT Management Ltd. was set up for this purpose in October 2022. Currently, we are preparing to launch the private REIT.

Finally, we regard "3. Future exploration" as an important seed to plant to secure a pillar for future earnings. We will work hard to establish a business that will become the third pillar of our operations following the railway and real estate businesses, and aim to make it profitable as soon as possible.

The investment in FY2022 fell short by just under 20 billion yen compared to the planned 49 billion yen. This arose from a lack of deals in new property acquisitions, partly because of soaring real estate market prices, delays in some investments for future exploration, and a decrease in safety and renewable investment due to changes in the timing. Since we will take measures to offset these decreases during the period of the Medium-term Management Plan, the total investment amount of 160 billion yen remains the same at this point.

Of the 160 billion yen of capital investment under the "Kyoso 140 Plan," the plan is to invest 46 billion yen in sustainable investments, including disaster countermeasures, DX promotion, CO₂ emission reduction, and brand enhancement. Above all, as

one of the KPIs related to sustainable management, we have set a goal to reduce CO₂ emissions by 46% or more in FY2030 compared to FY2013, so we will invest a significant amount (19 billion yen) in this area in particular to accelerate the reduction of CO₂ output.

Shareholder returns

We recognize that shareholder returns is one of the most important management issues. As we are mainly in the railway business, which is a sector with a highly public nature, our basic policy is to pay stable dividends by further improving earnings while striving to secure a stable management base and strengthen our financial position over the long term.

Although in FY2022 we were on a recovery track from the pandemic's impact, we decided to pay a dividend of 25 yen per share (year-end dividend), the same as the previous fiscal year, taking into account that people's lifestyles and values have changed significantly and that the business environment remains uncertain and does not allow for optimism. Looking ahead, we will do our utmost to meet the expectations of our shareholders with the aim of achieving an early recovery in business performance.

Promoting improvement of capital efficiency and corporate value

To enhance corporate value in the medium to long term, the Nankai Group must strive to improve its capital profitability and advocate growth strategies in order to sustainably expand the cashflows. While controlling the balance between investment for growth and financial discipline, we will work to build a sound financial base that will support sustainable management.

In addition, we believe that holding dialogues with our shareholders, investors, and other stakeholders is beneficial for improving our corporate value. These dialogues will also help everyone to understand the Group's Management Policy and strategies from a medium- to long-term perspective. At the same time, we believe that proactive investor relations activities will help to reduce capital costs. We will continue to disclose information in a timely and appropriate manner, and I am seizing the initiative as CFO to improve management through constructive dialogue with stakeholders.

"Kyoso 140 Plan" numerical targets and results

	FY2022 Results	FY2023 Forecast (released in April 2023)	FY2024 Target
Operating income*1	22.0 billion yen	25.5 billion yen	28.0 billion yen
Net interest-bearing debt	436.1 billion yen	429.8 billion yen	433.9 billion yen
Ratio of the net interest-bearing debt to EBITDA*2	8.8 times	8.0 times	7.5 times or less

*1 Operating income + Dividend income
*2 Operating income + Dividend income + Depreciation and amortization

Reference Capital investment plan for the "Kyoso 140 Plan"

Capital investment amounts (3-year total) 160 billion yen

1. Sustainable management of the public transportation business

52 billion yen: To maintain a sustainable transportation network, make systematic investments in safety and renewals

2. Developing the most popular areas along our railway lines and deepening and expanding the real estate business

93 billion yen: While securing development funds through a REIT, make concentrated investments in the Namba and Izumigaoka areas and for the functionality upgrade of logistics facilities

3. Future exploration

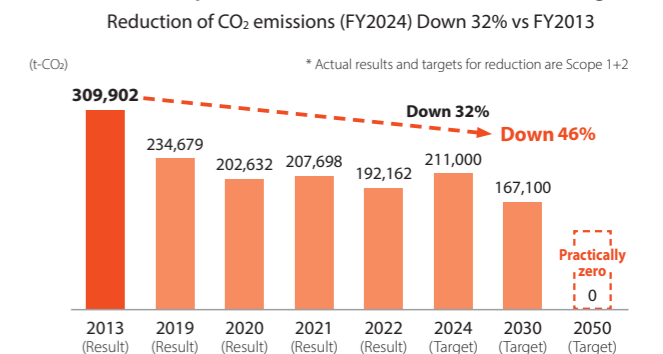
15 billion yen: Allocate funds in the budget for building a third core business, following railway and real estate businesses, from a medium- to long-term perspective

Capital investment for the "Kyoso 140 Plan"

	FY2022 Results	FY2023 Forecast (released in April 2023)	FY2024 Plan
Total capital investment amounts*	30.1 billion yen	53.3 billion yen	66.0 billion yen
Future exploration	0.8 billion yen	6.4 billion yen	5.7 billion yen
Revenue expanding	9.9 billion yen	14.5 billion yen	38.0 billion yen
Safety and renewal	19.4 billion yen	32.4 billion yen	22.3 billion yen

* Includes values before inter-company transaction eliminations, investments, etc.

Reference The Group's actual CO₂ emissions and reduction target



Human Resource Strategies

Message from Head of General Administration & Human Resources Group



We aim to manage the organization in a flexible, robust, and resilient manner to enable the company to grow sustainably.

Managing Corporate Officer, Head of General Administration & Human Resources Group, CAO **Takahiko Nishikawa**

Mission and plans of the General Administration & Human Resources Group

The General Administration & Human Resources Group consists of six departments, including the General Affairs & Human Resources Departments, the DX Promotion Department, which promotes the Group's IT initiatives, and the Group Management Department, which oversees the budgets of all Group companies and handles general affairs. Although the back-office departments used to be mainly associated with operational support roles, they are currently attracting a lot of attention in relation to governance-driven management structures and practical management of human capital. Their roles are now becoming increasingly important as foundations of corporate management.

For example, nowadays, companies are increasingly expected to visualize multiple aspects of themselves such as through integrated reports. While there is the investor relations aspect of making corporate activities more transparent to investors, it is also important to promote corporate activities to many others, including people living in areas along our railway lines. Being a company deeply rooted in the local community naturally expands our scope of business, and the General Affairs & Public Relations Department is responsible for fulfilling that role. We will deliver information we would like our stakeholders to know, ranging from timely items on events hosted by the railway and community development departments to information about the future, such as formulation of our vision on community development and the Medium-term Management Plan. Since making our company and areas along our railway lines more appealing will help lift the population in areas along our railway lines, which is vital for us, a railway company, we will continue to focus on increasing the value of the news and delivering information that piques interest by enhancing the way we present information so we can secure media coverage and reach a wider audience.

Journey to achieving the "Kyoso 140 Plan"

The impact of the COVID-19 pandemic is gradually fading, and people's behaviors are returning to normal. Although the performance of our company and the rest of the railroad industry is also improving year-on-year due to the rebound effect, to

continue growing steadily in the future we must approach the work we do differently to how we did so before the pandemic. One approach is to implement data-driven business strategies, which we are working on under the Medium-term Management Plan.

I mentioned earlier the importance of letting our customers know us. Similarly, I think it is essential for us to better know our customers. Since we have mainly engaged in railway operations, by "customers," we usually refer to the entire demographics of passengers of our trains. As a result, I feel this has diverted our focus away from trying and acting to understand customers well. By utilizing data to know our customers well, we hope to create a virtuous cycle of taking actions that make our customers feel peace of mind, and they, in turn, will choose us. During the period of the Medium-term Management Plan, we would like to see human resources in each department learning to think in a data-driven, or customer-driven, way in their day-to-day work, and take strategic approaches and actively practice them.

Message for stakeholders

Articles on generative AI have been making the headlines in the newspapers. Until recently, they said that robots were replacing humans in handling simple tasks, but current information technologies are rapidly encroaching even into intellectual areas. Meanwhile, the importance of human capital management is being emphasized. We realize that in order for the company to grow sustainably, it is essential not only to deploy information technologies but for employees to grow as well. A project launch is currently underway to organize and reorganize the Group's human resource strategies by incorporating the concept of human capital management into our operations. To survive the era of VUCA*, individual strengths such as innovative thinking, intellectual sensibility, and aesthetic consciousness, as well as the diverse scope of portfolios of relevant human resources, are becoming increasingly important. We will focus on recruiting and training people to ensure that the company can operate with flexibility, strength, and resilience as an organization, rather than in a uniform fashion.

* A coined acronym of "Volatility, Uncertainty, Complexity, and Ambiguity," and means "uncertain and unpredictable."

Special Feature

Enriching Human Capital to Support Value Creation

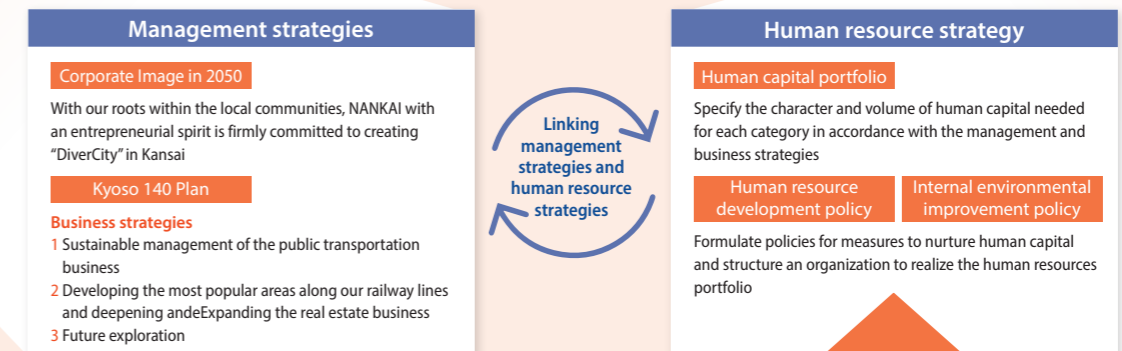
Improving corporate value and contributing to society by enhancing human resources

To realize our envisioned the "Corporate Image in 2050," "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating 'DiverCity' in Kansai," we describe human resources as "人財 (human assets)" in the "Kyoso 140 Plan" to emphasize that the most important management resource of internal and external parties is employees. We have also positioned financial strategies and human resource strategies as the two pillars supporting the three main business strategies, and are working on various measures while strengthening the linkage between the two types of strategies.

Based on our belief that enhancing our human resources and organization is essential to sustainably improve corporate value, we have set a materiality item called "Develop a workplace and staff in a way that enables each person to put their abilities to use."

We aim to be a corporate group that is known for having the DNA of taking on challenges without fear of change while maintaining pride and a strong sense of professionalism in supporting critical social infrastructure, a strong commitment to safety and security, and that can offer new value to society. To this end, we will advocate the development of diverse human resources who will be the driving force of business transformation, and will also work to improve employee engagement by creating an organization where all human resources can work with enthusiasm and play active roles in the Group's success. In June 2023, we established a "Human Resource Development Policy" and an "Internal Environmental Improvement Policy" together with corresponding indicators (KPIs) and targets. Aiming to sustainably enhance our corporate value, we will build an optimal human resource portfolio able to support business transformation, and promote measures to realize this goal.

Linking management strategies and human resource strategies



Important themes of human resource strategies	Human resource development policies	Internal environmental improvement policies
Important themes Improve productivity Promote work-style transformations that help to improve productivity Secure and develop human resources Secure and develop human resources who can play core roles in business Provide places for diverse activities Accelerate the promotion of diversity and inclusion	<ul style="list-style-type: none"> Develop management resources and human resources with expertise and diversity and inclusion ▶ p. 49 Example 1 Promote development of capabilities to drive innovation and improve productivity ▶ p. 49 Example 2 Secure and help retain human resources that support each of the Group's businesses ▶ p. 50 Example 3 	<ul style="list-style-type: none"> Promote work-style reforms that help to improve productivity ▶ p. 50 Example 4 Provide the best-in-class, facilitating environment for human resources engaged in parenting, nursing care, etc. ▶ p. 50 Example 5 Promotion of health management Respect for human rights and prevention of harassment

	Metrics	Target	FY2022 results
Indicators for human capital	Proportion of female managers (consolidated)*1	Improve to about 10% (by FY2030)	5.2%
	Proportion of women among newly hired employees (consolidated)*1	Improve to about 30% (by FY2030)	22.1%
	Proportion of female new graduates in the management training program*2 (non-consolidated)	At 40% or more (by FY2026)	40.9%
	Annual paid leave acquisition rate (non-consolidated)	At 90% or more (by FY2026)	96.9%
	Male workers who have acquired childcare leave, etc. and acquisition rate of leave for childcare purposes (non-consolidated)	100% (by FY2030)	90.6%

*1 Our company and 54 consolidated subsidiaries (as of FY2022) *2 High-end career path for manager and management candidates

Special Feature Example: The Group is cultivating human resources and building an organization capable of responding flexibly in the era of VUCA. Here are five new examples.

Example 1

Securing and development of expert human resources

We are actively recruiting mid-career employees in order to secure human resources who possess the expertise to drive our business transformation. The proportion of mid-career hires among our regular employees in FY2022 is as high as 63% (mid-career hires include those converted to regular employment), and many people with diverse backgrounds, skills, and values are playing active roles in a wide range of departments, mainly in departments that are engaged in business model transformation and future exploration in the businesses where they work. Collaborative creation by existing employees and mid-career hires not only helps in developing and refining business strategies, but also delivers positive impacts such as better business processes and promotion of diversity and inclusion throughout the organization.

In addition, we introduced a system to train people by career path in FY2023 as part of our efforts to internally develop professional human resources. Under this system, employees can

choose from three courses, Management, Expert and Railway Professional Courses. We promote talent development through suitable assignment and training plans for each course. At the same time, to empower each employee to choose their future career path based on their aspirations and aptitudes, we have introduced a system that enables employees to change their career paths, submit transfer requests, or notify the company of their personal and family matters. This helps to place the right people in the right jobs to optimize their abilities and engagement.

Program categories	Role
Management Training Program	Enhance the business by gaining diverse career experience and aim to become a management executive in the future
Expert Training Program	Responsible for ensuring fulfillment of existing duties as human resources with expertise in specific fields
Railway Professional Training Program	Responsible for providing safe and secure transportation services as attendants in the railway business

Example 2

Driving innovation and talent development through the Business Creation Support Program

To drive innovation and development of new businesses throughout the Group, we have been running the Business Creation Support Program since FY2019.

The three in-house venture businesses created through this program have been selected for two consecutive years in FY2021 and FY2022 by the Ministry of Economy, Trade and Industry for the "Subsidy for Projects to Help Human Resources of Major Companies Create New Businesses" (a project to help secondees create start-ups). In 2022, we will launch "Beyond the Border," a program where we externally source ideas and aim to commercialize them over an interval lasting up to one year. In promoting these initiatives, we are developing people who are dedicated to innovation and think flexibly without being bound by existing frameworks.



Presentation in the Business Creation Support Program term II

Words from a Team Member

There is no correct theory on forming new businesses, and they rarely proceed according to the original business plan.

In the Business Creation Support Program, we iterate hypothesis testing and update the trajectory of the business, not based on theories, but by dialoguing with market stakeholders. In doing so, we experience many failures for a single business plan. We feel that this experience is an asset in propelling innovation in the Group. Given the low success rate of new businesses around the world, what is important is how effectively you can learn from failures, apply them to the next opportunity, and thereby raise the probability of success, and this program provides an opportunity to experience it.

Since 2019, we have been promoting the initiatives based on the concept that it is people who create new value. We learn a lot from projects even if they are not commercialized, and many people who have experienced them belong to the Group. I feel that the day is not far off when innovations will emerge from the Group one after another.



Mana Higashimoto
Corporate Strategy Group
Innovation Promotion
Department

Example 3

Fostering an organizational culture capable of adapting to change

The organizational culture (a common understanding among members of the organization about what kind of behavior is expected and praised) is an important factor in making sure that individual people can work energetically and make the most of their strengths. Since FY2022, we have been running the Management Vision Achievement Program, an organizational development program where management work to create an organizational culture where diverse employees, including new hires, can play an active role. The purpose of this program is to further strengthen the purpose-driven culture where employees work and act to achieve the corporate vision and Medium-term Management Plan and instill a flexible culture that respects individuality and diversity and ensures psychological safety.

In addition, we are working to foster an organizational culture that is open and encourages collaborative creation by providing opportunities for interaction among executives, young, and mid-level employees and mid-career hires as well as among Group companies.



Management vision achievement program

Example 4

Hot-desking and flexible attire system

The Group is promoting improvement of productivity by developing a stimulating work environment for our employees and transforming work-styles.

Specifically, in 2019 we introduced a flextime system (employees are free to choose what time to start work) and a system to enable employees to take half-day off as part of their annual leave, and in FY2022 brought in a telecommuting system. At the same time, we are progressively deploying collaboration tools shared throughout the Group to make flexible work easier.

Furthermore, in May 2023, Nankai Electric Railway officially launched a flexible attire program with the aim of fostering a culture and stimulating work environment that encourages employees to try new things. In July, we extensively renovated some floors of the headquarters office with "connection,"

"communication," and "diverse work-styles" as keywords, and introduced a hot-desking system for cross-departmental collaboration.



Employees having a chat in the free space outside their working hours

Example 5

Introduction of Baby Support Leave

The Group has set "providing the industry's best working environment for people engaged in childcare, nursing care, etc., and senior employees" as a medium-term goal.

In light of the increasing number of households where both parents work and other social trends, we think of it as a company's mission to help employees continue working while going through changes in life stages such as marriage and childbirth, and are promoting support for balancing parenting and work and developing a work environment that makes this easier.

The number of male employees taking childcare leave and other types of leave for childcare purposes has been rising every year, and the percentage of male employees who took such leave in FY2022 is as high as over 90%.

Furthermore, from FY2023, we introduced a paid leave program called "Baby Support Leave," which allows both male and female employees to take up to ten days off during the postpartum period. While employees on childcare leave receive such benefits as exemption from social insurance premiums and childcare leave benefits, they are not paid during the leave. However, employees on Baby Support leave are paid the same amount as when they are working, enabling them to parent with greater peace of mind.



Employee dedicated to parenting by utilizing both the Baby Support and childcare leave benefits

Materiality 1 Further Seek Safety, Security, and Satisfaction

Based on the belief that safety and security are the backbone of our Group's businesses, we will strive to improve customer satisfaction through measures to address stakeholder expectations, including planned investment in safety and conducting safety education and BCP training. Going forward, we will also strategically proceed with our response to natural disasters, which are expected to become even more severe.

Ensuring safety in our railway business and other businesses

Safety management in the railway business

Establishment of a Safety Policy, along with a system for business activities that has safety as its highest priority

On October 1, 2006, we established a Safety Policy*1 and are striving to develop a system for business activities based on the principle of holding safety as the top priority. Furthermore, we strive to ensure transportation safety through how we utilize our railway facilities, railroad cars, and employees.

Safety Policy

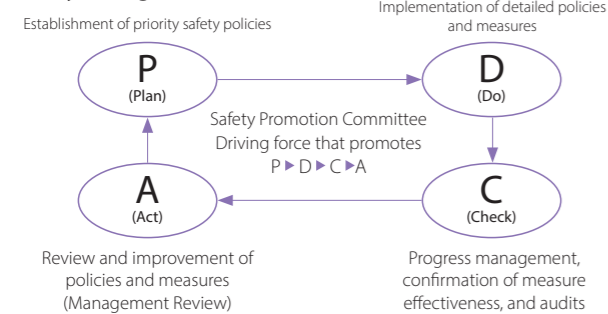
1. We will work together to prevent accidents, with safety as our top priority.
2. We comply with all laws and regulations related to transportation safety and perform our duties in a strict and dedicated manner.
3. All necessary confirmations will be performed and the handling method that is considered to be the safest will be conducted within the course of our work.
4. In the event of an accident or disaster, we will place saving lives as the top priority, and swiftly take safe and appropriate measures.
5. We will operate our safety management system appropriately and strive for constant improvement.

*1 Revised on June 26, 2009.

Committee organization



Safety management methods



Priority safety policies for FY2023

- Reduction of the increasing risk of natural disasters and reinforcement of crime prevention measures
- Prevention of serious accidents through facility improvements (including social requirements), and improving safety at station platforms and railroad crossings
- Improving security through renewal of train cars and facilities
- Introduction and promotion of safety equipment systems using digital technologies
- Cultivating human resources and passing down skills to support safety
- Prevention of human error

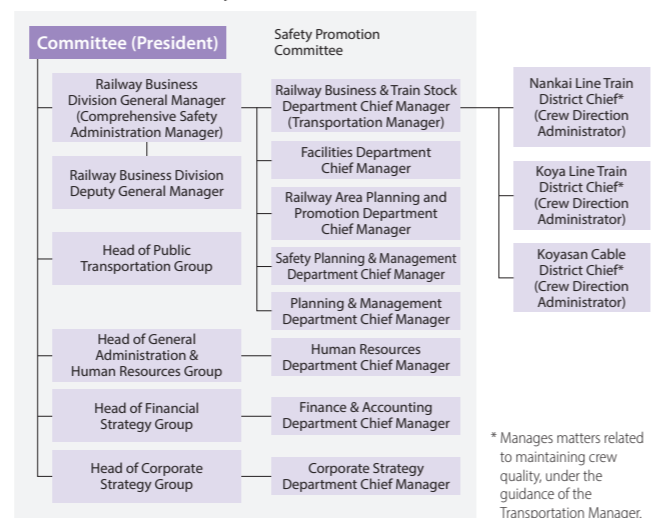
Establishment of a safety management system led by the President

We endeavor to "promote the attitude of safety first" and "cultivate a culture of safety" throughout the company, mainly through the regularly scheduled meetings of the Safety Promotion Committee (headed by the President) and the monthly Safety Promotion Executive Committee (headed by the Comprehensive Safety Administration Manager). The heads of business management divisions for corporate strategies, financial strategies, and general administration & human resources also participate in the Safety Promotion Committee.

As the chief executive responsible for safety management systems, the President appoints the Railway Business Division General Manager as the Comprehensive Safety Administration Manager, and the Railway Business & Train Stock Department Chief Manager as the Transportation Manager, establishing a safety management system by clarifying the roles to be played by those responsible for each relevant department.

The "Safety Planning & Management Department" has been established as a department dedicated towards thoroughly ensuring safety and security. The Safety Planning & Management Department oversees matters related to the appropriate operation and improvement of safety management systems, and coordinates with relevant departments to promote organization-wide efforts that are necessary for improving the safety and stability of transport.

Structure of the Safety Promotion Committee



* Manages matters related to maintaining crew quality, under the guidance of the Transportation Manager.

Status of railway operation accidents, transportation failures, and incidents

KPI

Zero accountable accidents in the railway business*1

➔

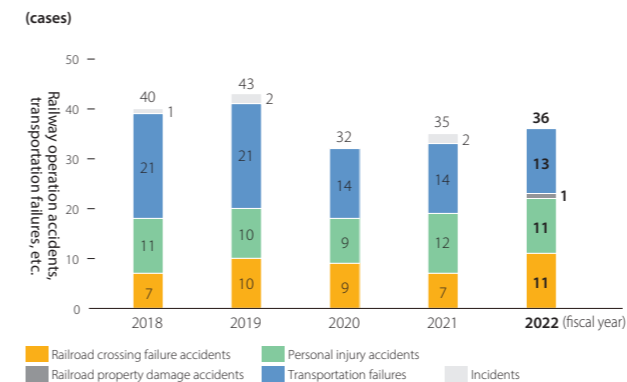
Results for FY2022

There were no major accidents. Two incidents of railroad property damage (obstruction in garage)*2 and transportation disruption (emergency stoppage of the Cable Line) occurred.

*1 Incidents in the railway business, transportation failures (limited to delays or suspensions of service for at least three hours), and other incidents for which we are responsible.
*2 Reported to the Kinki District Transport Bureau, no administrative guidance to our company.

Occurrences in the past five years

Number of accidents over five years



<Reference> Classification of railroad operation accidents, etc.

Major accidents	Train collision accidents	Accidents where a train collided with or came into contact with another train or vehicle
	Train derailment accidents	Accidents where a train was derailed
	Train fire accidents	Accidents involving fires on trains
Railroad operation accidents	Railroad crossing failure accidents	Accidents where a train or vehicle collided with or came into contact with a person or vehicle passing along the road at a railroad crossing
	Personal injury accidents	Accidents that resulted in the death or injury of a person due to train or vehicle operation (excluding those involving the accidents mentioned above)
	Railroad property damage accidents	Accidents resulting in property damage of ¥5,000,000 or more due to the operation of a train or vehicle (excluding those resulting from the above-mentioned accidents)
Transportation failures		A situation in which trains are suspended or delayed (for 30 minutes or more) for reasons other than a railroad operation accident
Incidents		A situation that has not caused an accident yet, but is recognized as having the potential to cause a railroad operation accident

Safety education

Example 1: Comprehensive training for accident recovery

Every year, "comprehensive training for accident recovery" is conducted in which all departments in the railway business division participate to rescue the injured, evacuate customers, and restore areas that have been damaged, based on a scenario of a large-scale accident or disaster. In FY2022, the training took place based on the scenario of "guiding customers from train cars to the nearest train station and restoring damaged facilities for a train that had stopped under the instructions of the Earthquake Early Warning System and had derailed due to the shaking of the earthquake." Multiple training areas were set, and the information gathering and coordination were checked. In addition, company-wide evacuation drills were conducted with the participation of people from divisions other than the Railway Division.



Restoration of railroad track facilities

Example 2: Crime prevention drills

Crime prevention drills took place in cooperation with the police in preparation for an incident involving an onboard injury. In the drill, we confirmed how to strengthen cooperation with the police, contact and reporting systems, how to guide customers to evacuate, and how to utilize protective equipment. In addition, the Technical Department also conducted a crime prevention response training course with the cooperation of the police to improve its response capabilities.

Other drills were conducted on various scenarios, such as evacuation drills from tunnels and vehicle evacuation drills in case of flooding.

Safety investments

Continued capital investment for safety measures

We continue to invest capital to systematically and promptly implement necessary safety measures. Construction work was undertaken for seismic reinforcement of elevated bridge columns and station buildings to prepare for large earthquakes that are predicted to occur in the future, along with measures to improve safety on station platforms and renewal of aging facilities.

We will continue to make investments for the systematic promotion of safety measures in FY2023 as well.

Investments for safety



Major capital investments in FY2022

- Seismic reinforcement of elevated bridge columns (110 columns)
- Continuous overpass construction project
- Disaster prevention measures (Kinokawa River Bridge scour prevention measures, etc. on the Koya Line)
- New 8300-series train cars (for six cars on the Koya Line)
- 9000-series car renovations (Nankai Line six cars)
- Replacement of power line equipment
- Renewal of the platform lighting system (including tunnel lighting system)

Preparation for natural disasters, including risks arising from climate change

Climate change has been increasing the risks of natural disasters. Our company has incorporated the "Earthquake Early Warning System," which instructs all train drivers to make an emergency stop in the event of an earthquake, along with the "Disaster Prevention Information System," which collects and monitors weather information (including rainfall, wind speed, and earthquakes) and other information that may affect railway lines, such as river water levels.

Furthermore, we have posted tsunami hazard maps, evacuation site maps, and evacuation routes at train stations located in evacuation zones (tsunami inundation areas) designated by Osaka and Wakayama Prefectures, and have installed tsunami evacuation signs to guide customers to a safe area before the arrival of tsunamis, in the event that trains stop between stations.

Natural disaster countermeasures taken in FY2022

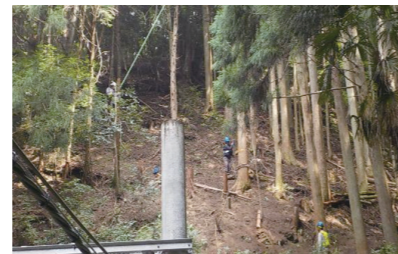
Countermeasure themes	Activities conducted in FY2022	Targets for FY2023
Seismic reinforcement of structures in preparation for the Nankai Trough Earthquake	Seismic reinforcement construction conducted for 110 elevated bridge columns (Progress rate: 94%)	Seismic reinforcement planning for 67 columns
Measures to prevent scouring of river bridges	Started scour prevention work on one bridge pier	Scour prevention work completed on one pier; scour prevention work scheduled to begin on one pier
Systematic removal of hazardous trees	Removed 45 trees that had been judged as unsafe during a health assessment by an arborist	Prioritizing the cutting of trees that have a large impact on train operations



Kishinosato-Tamade Station seismic retrofitting



Construction to prevent scouring on the P3 bridge pier at the Kinokawa River Bridge on the Koya Line



Tree removal situation

Providing safe and comfortable facilities and services

KPI

Complete renovation of station restrooms in at least 90% of stations scheduled for maintenance (Nankai Electric Railway)(by FY2026).

Results for FY2022

Implemented at three stations (Cumulative 65% of the 91 stations scheduled for maintenance have been completed)
* Renovations began in FY2016.

KPI

Install onboard security cameras in all Nankai Electric Railway and Semboku Rapid Railway trains (by FY2028)

Results for FY2022

Sequential implementation starting in FY2023

Onboard security camera

In June 2023, we introduced onboard security cameras in commuter trains to improve onboard security and prevent crimes so that passengers can use trains more safely.

In principle, a total of four cameras per car are installed above the doors. In addition, stickers are placed near camera installations to inform customers. In FY2023, all 8300-series cars (total 116 cars: as of July 2023) are scheduled to be in operation. After FY2024, we will gradually begin operating the trains with non-8300 series cars, aiming to have all trains in operation by the end of FY2028.

Joint management plan with JR Shikoku (integrated fare operation)

Tokushima Bus started a joint management plan with JR Shikoku on April 1, 2022, that allows JR tickets and commuter passes to be used on some sections of the highway bus Anan-Osaka route, with the aim of improving the convenience of local passenger transportation services in the southern Tokushima region and creating a Shikoku model for an optimal and sustainable public transportation network in Shikoku.

This enables users to freely choose between buses and railroads as their mode of transportation, and allows them to make

transportation choices that suit their lifestyles.

In addition, JR Shikoku's ticketless application "Shikoku Smart Ekichan" has created an environment where various mobility services can be used with a single smartphone (currently only rail and bus services). This initiative is the first of its kind in Japan, and we plan to further expand the area to improve the user environment for our customers.

- * Details of joint management
- JR tickets can be used for intermediate stops on Tokushima Bus's "Muroto, Ikumi, Anan-Osaka Route."
- When transferring between railroads and buses, a through fare based on JR tickets shall be applied.



Improving customer satisfaction by putting the customer's perspective first

KPI

To have the customer satisfaction index continuously exceed the results of the previous fiscal year

➔

Results for FY2022

63.7 points
(1.9-point decrease from FY2021)

Grasping the level of customer satisfaction and using it to improve services

We recognize the results of customer satisfaction surveys and customer opinions and requests as important hints for our company management, and use them to improve problems and services. Opinions, requests, and compliments from customers received through our website or received directly by employees are accumulated in our "Customer Voices" database. This content is published at our in-house network where employees can view them to improve operations and services. There were 2,768 customer voices received in FY2022.

Initiatives to boost the Nankai brand's likability

Based on analysis customer satisfaction survey results, we are working to "improve customer service and hospitality skills," "enhance comfort in facility spaces," and "strengthen information dissemination on the official website."

With regard to the first, "improving customer service and hospitality skills," we provide employees in the Railway Division with various training programs necessary for enhancing their ability to respond to customers. Specifically, in addition to

improving basic skills in customer service and hospitality, station attendants are trained to respond to customers through role-playing and to broadcast information in the event of an emergency. We also provide ongoing training to improve our response to overseas visitors to Japan.

The second, "enhancing comfort in facility spaces," involves inviting outside lecturers to hold "CS and Brand Seminars" on the theme of comfort improvement, as well as conducting CS improvement training for railway technical department staff and employees involved in customer service at the Nankai Group Companies to promote the improvement of customer service and hospitality skills. Not only did employees learn about customer service and hospitality, but also the effects of fostering the "Omotenashi Spirit" accumulated through training and brand activities, customers commented that they were being treated with respect.

Regarding the third point, "strengthening information dissemination on the official website," in August 2022, the website was completely updated with the aim of making it easy to navigate and giving it a unified design to strategically disseminate information.

We will continue to refine these efforts make the Nankai Group a business of choice.

Aiming to boost the Nankai brand's likability

The Nankai Group has "Bound for good times" as its brand slogan, to work on establishing the Nankai brand.

Initiatives underway to improve customer satisfaction

To provide safety, security, and comfort to our customers, each of our railway departments is committed to daily efforts to improve customer satisfaction, which are described as "We want to deliver 'Nankaiine (optimistic action)' to our customers."

https://www.nankai.co.jp/company/csr/voice/202112_01.html



Hito Machi Mirai
Nankai ACTION

We widely communicate to our stakeholders our sustainable efforts to solve various social issues.

<https://www.nankai.co.jp/contents/action/>

Materiality 2 Thriving and Friendly Community Development

We will both develop areas to maximize Namba's potential and build a foundation to bring back the population that has become concentrated in cities to the areas along our railway lines, capitalizing on local resources such as nature and the countless tourism resources and historical assets in each area, and through communication with a diverse range of stakeholders.

KPI Reversing the demographics from excessive outflow to excessive inflow (FY2027)

Results for FY2022: The decrease in population along our railway lines was reduced from the previous fiscal year to -1,459 persons (-6,864 persons in FY2021)

Revitalizing the Namba area

Please refer to the Greater Namba concept on pp. 38-39.

Namba City Planning for 2050

Directly connected to Kansai International Airport, Namba is the gateway to Kansai from the rest of the world, and is one of Japan's main terminals.

Ever since its founding in 1885, the Nankai Group has positioned Namba as its largest base for business. The company has grown together with the area while aiming to be at the forefront of current trends in community development efforts. Currently, we are promoting the Greater Namba concept, which aims to revitalize a wider area.

In March 2023, we formulated the "Greater Namba Vision "ENTAME-DIVER-CITY ~Meet! Eat! Beat! NAMBA"" to realize the corporate image in 2050 under the "Kyoso 140 Plan" (the Medium-term Management Plan). This is a declaration of our Group's long-term, proactive commitment to urban development on the occasion of EXPO 2025 and the opening of the Naniwasuji Line in 2031. We will create the next generation of attractions by responding agilely to the needs of the future decline in the domestic population and the VUCA era. This vision follows the "community development vision to upgrade the urban status of the Namba area with the powers of entertainment and staying," which was formulated in April 2022 through a public-private partnership.

Namba has three strengths: it is Osaka's most vibrant "entertainment district," has urban green space, a downtown area, a "diversity of districts" from pop culture to traditional culture, and a "diversity of people" that attracts a wide range of tourists, leisure travelers, commuters, and residents. What we offer to visitors is experiences that fill their hearts and minds. Namba Parks South opened in July 2023, Namba Station Front Plaza will be partially completed in the fall of 2023, and a program to gather "Machikatsu Cast," who will be "bearers" of the city, will be launched by the end of 2023. This will help to sustain the enthusiasm of the Namba area by increasing the number of visitors, time spent in town, and frequency of visits.



Machikatsu Cast work scene

The "Greater Namba" concept



Revitalizing local communities with railway stations as hubs

Revitalizing local communities with Nakamozu and Yoshimosato stations

The Nankai Electric Railway Group, in cooperation with local governments and others, aims to create communities that are "good for the global environment," "good for people of all generations," and "resistant to natural disasters" by providing various services necessary for all aspects of daily life. These include the development of commercial, office, and residential buildings, promotion of tourism and local industries, and support for entrepreneurs, based on comfortable transportation services mainly at major stations along our railway lines.

For example, Nakamozu station is currently undergoing renovation work to improve transfer convenience and station attractiveness. In September 2022, the ticket gate was relocated to

shorten the transfer route. We continue to beautify the station and renovate the retail section. We aspire to create a station with a dignified and luxurious atmosphere that will be a pleasant and relaxing place to spend time, in addition to being used for transfers, and that will be crowded with customers.

In addition, Yoshimosato Station is collaborating with the town of Tajiri to drive urban development centered on train stations. In March 2023, the station's front plaza was opened, and the



Yoshimosato Station building and community facilities

station was renovated with a warm, wood-grained design in addition to shortening the customer flow line by relocating the crossing track and constructing a new waiting room in the station building. The community facility "Machi Ai Terrace," located in the

station's front plaza, was also opened, creating a lively place for local customers and other visitors. The station's front plaza and station building will become a new gateway to the city, leading to further revitalization of the surrounding area.

Preserving and utilizing tourism resources

Achieving sustainable sustainability tourism

The environment surrounding the tourism industry has changed dramatically due to the restrictions on travel caused by the COVID-19 pandemic. In addition to the extraordinary tourist destinations that have been the standard, tourists' preferences and needs are becoming even more diverse, with the natural environment, history, culture, and other aspects of Japan's original daily landscape becoming new travel destinations in the post-COVID-19 era.

In light of this, with the creation of new value and new styles of travel in mind, we will take a fresh look at the local resources at our feet and deliver to people around the world the one-of-a-kind, valuable, and attractive resources that have been handed down from generation to generation along our railway lines. In addition to exchange through tourism promotion, we will also work hard to preserve the region's natural environment and cultural assets to

expand the number of people interacting with and related to the railway lines.

Also, in anticipation of EXPO 2025 and the integrated resort (IR), we aim to further revitalize and increase the value of the areas along the Yumeshima railway line by spreading the number of visitors to Yumeshima to other areas along our railway line, and by combining regional resources over a wide area to realize long-term stays that have never been attained before by utilizing digital and new mobility technologies.



Kumano Hongu Taisha shrine

Improving the value of areas along our railway lines through collaborations with stakeholders

Cooperation with agriculture along our railway line and local production for local consumption

In cooperation with JA (Japan Agricultural Cooperative), universities, and other organizations, we conducted the "NANKAI FARMERS' MARKET," a demonstration experiment in which agricultural products and other goods from places along the railway line are transported by commercial trains (freight and passenger mixed loading) and sold at a special store at Namba Station.

This initiative aims to "promote local production for local consumption," "promote decarbonization" through train transportation, and "reduce food loss" by adding unsold vegetables from direct sales to some of the products, as well as "expand job opportunities for employment of people with disabilities" with our special subsidiary joining the operation.



Sales at NANKAI FARMERS' MARKET

Support for improving and communicating the attractiveness of companies along our railway line

As part of the #BIZTAG NANKAI project to improve and communicate the attractiveness of companies along the rail line to increase the number of people working along the line, we are collaborating with open factory events* along the line.

In FY2022, we held a traveling workshop event "Namba de Kouba" at Namba City and exchange meetings connecting each host region.

* An initiative in which multiple companies open their factories to the public on the same day to showcase their manufacturing sites to the public. In addition to corporate PR, it is effective in recruiting, training, and forming ties among local companies. In recent years, the event has gained momentum in various areas, and in FY2022, it will be held in four areas along our railway lines (Sakai, Senshu, Kawachinagano, and Wakayama), with approximately 9,000 people participating.



Namba de Kouba implementation scene

Developing communities to support enjoyable child-raising

The "Smile for Families +1 Project" aims to develop communities to support enjoyable child-raising.

"Exciting Experiences for Parents and Children Along the Nankai Railway Line - Let's Do It! Nankai Railway," a series of 47 hands-on events held in collaboration with local governments and companies along our railway line.

In addition, the "Nankai Electric Railway Area Discovery Creators Section" teams up creators who love the Nankai railway lines with our company to discover and communicate the charms of the areas along our railway lines.



"Exciting Experiences for Parents and Children" poster

Materiality 3 Create a Future Full of Dreams

We will aim for further growth of the areas along our railway lines, using the opening of the Naniwasuji Line, tourism to Japan, EXPO 2025, and the integrated resort (IR) as footholds. With a view to the work-style reforms through the advance of digitalization, we will advance community development that is not based on commuting to city centers, merge the digital with the real, and drive the formation of smart cities that will offer not just methods for people's travel, but services for various scenes in daily living.

Forming a new north-south line with the opening of the Naniwasuji Line

Obtaining the urban planning project approval for the "Naniwasuji Line project" and preparing for construction

Regarding the Naniwasuji Line project currently scheduled for a 2031 opening, project organizer Kansai Rapid Railway Co., Ltd. obtained urban planning project approvals for the railway segment in August 2020 and the road segment in January 2021. In October 2021, construction began on the Nakanoshima Station (tentative name) and Nishi-Honmachi Station (tentative name) sections, and preparatory work has also begun on the Nankai Shin-Namba Station section and the branch tunnel section, as we steadily advance our efforts toward the opening.

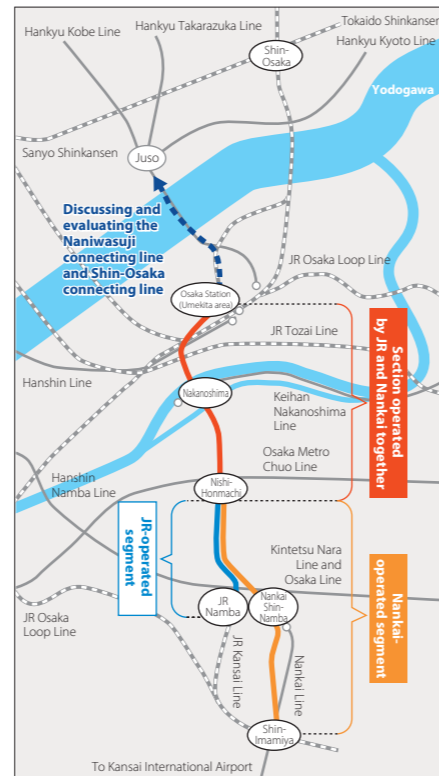
The consigned design for the new elevated bridge we have taken on for the north side of the Shin-Imamiya Station intersection, and the survey of the existing elevated bridge needed to install new railway switches, are also going according to plan. Going forward, we will continue to work steadily on these projects while closely collaborating with the national government, local municipalities, and associates.

Major benefits expected from the Naniwasuji Line

- National core route of Shin-Osaka and central Osaka will be directly connected to other areas such as southern Osaka.
- The Ume Kita area will become more accessible, and community development in the Nakanoshima area will improve.
- There will be better accessibility to Kansai International Airport.
- It will generate interactions between tourism spots across a wider region.
- There will be better accessibility to the Namba area.

Overview of the Naniwasuji Line plan

Segment to work on	Osaka Station (Ume Kita) – Nishi-Honmachi Station (tentative name) – Nankai Shin-Imamiya Station Osaka Station (Ume Kita) – Nishi-Honmachi Station (tentative name) – JR Namba Station
Stations covered	Nakanoshima Station (tentative name), Nishi-Honmachi Station (tentative name), Nankai Shin-Namba Station (tentative name)
Total project cost	Approximately 330 billion yen (estimate) Of which, approximately 33 billion yen is funded by local municipalities (16.5 billion yen by Osaka Prefecture and 16.5 billion yen by Osaka City) Approximately 33 billion yen funded by private sectors (18.5 billion yen by Nankai Electric Railway and 14.5 billion yen by JR West)
Project organizer	Kansai Rapid Railway Co., Ltd.
Operator and operation segment	Operation segment of Nankai Electric Railway Co., Ltd.: Osaka Station (Ume Kita) – Nankai Shin-Imamiya Station Operation segment of West Japan Railway Company (JR West): Osaka Station (Ume Kita) – JR Namba Station
Timing of the opening	Spring 2031



Entire image

Creating new products and services with digital technology

Testing for autonomous operation

Innovative new technologies are being developed every day, and we believe it is necessary for our group to embrace these technologies, utilize them in our business, and provide better services. Aiming to solve social issues such as labor shortages due to the decrease in the working-age population, Nankai Electric Railway has been preparing for an automatic operation demonstration test since July 2022, and has newly installed an Automatic Train Stop System ("ATS-PN"). This is a high-function automatic train operating system ("high-function ATO") with a function to store ground

information (slope, stop position, etc.) and transmit data (signal present and travel route data, etc.) that is checked and judged by the driver to the high-function ATO in the train.

In August 2023, we are beginning automated driving tests on the Wakayama Port Line toward achieving "automated driving with attendants (GOA2.5)."

In this test, we will confirm the safety of the automatic operation system we use, which combines the ATS-PN and high-function ATO, as well as the accuracy of acceleration and deceleration to the target speed and stopping accuracy equivalent

to that of operation by a human driver.

Based on the test results, the GOA2.5 Automated Operation Study Committee, consisting of experts, will obtain a safety evaluation before considering the realization of automated operation on the Takashihama Line and Wakayama Port Line.

Further enhance convenience with digital services such as the "Nankai App"

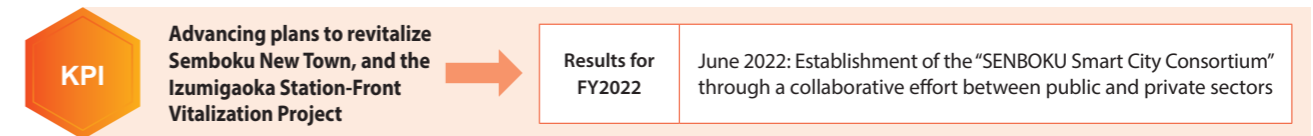
We started offering the Nankai App in December 2019, and in addition to basic information such as train operation status, real-time running position, station information, and delay information, we have been improving convenience by adding functions every year, such as the operating status of the Hankai Tramway, restroom

availability, seat-yielding assist function, coupon distribution function for use along Nankai lines, and starting linkage between official applications of railway companies connected with our railway lines.

In addition to the Nankai App, in FY2022 we conducted a demonstration experiment of "Pikureru," a service that enables users to place orders online and pick up their orders at stations or offices around stations, at the Namba SkyO Worker Lounge and at Izumi-chuo Station.

We will continue to expand our services with the aim of "solving customers' daily concerns" and "creating communities that people would want to live in," through collaborative creation with customers."

Building smart cities



Semboku New Town is one of the largest new towns in Kansai, which once boasted a population of 165,000 in 1992. More than 50 years after its establishment, the population has dropped to 116,000 in 2021. By 2030, it is expected to drop further to less than 100,000, so the declining and aging population is a serious social

issue. In response, we are working with stakeholders to promote activities that bring out the attractiveness and vitality of the area.

For details, please refer to "3. Sustainable development of Semboku New Town" on p. 40.

Offering products and services that will expand the number of people interacting (tourism to Japan, EXPO 2025, IR)

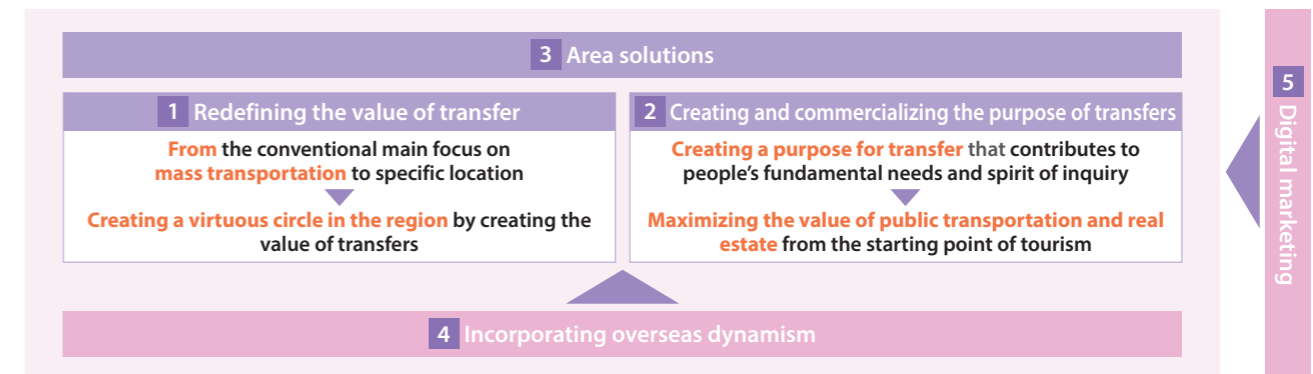
In the Tourism Strategy Department, newly established as part of the April 2023 organizational restructuring, we are focusing on the fundamental values and desires of mobile humans, accurately grasping changes in the business environment, such as changing lifestyles and values, after the COVID-19 pandemic. To create the third pillar of our business, we will work together with our stakeholders in the region to create an attractive town full of dreams, with a view to generating enjoyment and happiness beyond travel, creating a virtuous cycle in the region, and increasing the value of the railway lines.

exchange, and stay, and creating new industries.

In addition, the areas along our railway lines are home to Kansai International Airport and a wide variety of tourism resources that have tremendous potential even by national standards. In anticipation of EXPO 2025 and the subsequent integrated resort (IR), we will proactively create mechanisms to attract domestic and foreign tourists to the areas along our railway lines. At the same time, we will work to enhance the value and brand power of the areas along our railway lines, and in the medium to long term, we will also seek to capture the dynamism of overseas countries that attract people, goods, money, and services from overseas.

Specifically, we aim to create value along the railway line and increase corporate value by building an area strategy as an area solution, expanding consumption through new people flow,

New tourism strategy concepts



Materiality 4 Achieve an Enriched Life

We will provide services such as those for learning, working, playing, raising a family, and living a retired life, in every scene of daily life, to bring about enriched living that will give a sense of safety to all generations.

Providing lifestyles and services that address the changes to work styles and lifestyles

We operate the shared office "Lieffice By NANKAI" with the aim of providing office services tailored to the diversification of work styles. In addition to Sakai Station on the Nankai Line and Semboku Rapid Railway's Izumigaoka Station, which opened in 2021, a third branch opened in July 2023 at Sakai Higashi Station on the Nankai Koya Line. For the convenience of our members, we have partnered with a total of seven workspaces operated by other companies, mainly in the central area of Osaka City, to provide services for a variety of work scenes.

This fiscal year, the floor where employees belonging to the Community Development Group work was extensively renovated, and a free address system was introduced, transcending the boundaries between departments. With the keywords of "connection," "communication," and "diversification of work styles," we are building an organization and office that can flexibly respond to the VUCA era, and in particular, our employees are working on

their own to create a comfortable work environment and a culture that encourages taking on new challenges. By applying this approach—which is implemented by our employees themselves—to our own business, we will provide comfortable offices that better meet the needs of our customers.



Opened "Lieffice Sakai-Higashi"

Providing services for diverse generations

As an integrated lifestyle company, the Nankai Group will provide services tailored to diverse age groups in pursuit of its future vision of being "good for people of all generations."

Our "e-sports" business is expected to solve social issues such as increasing touch points with young people and preventing frailty, as a digital communication tool for enjoying competitive game titles that transcend differences in age, gender, nationality, and disabilities. We have also collaborated with Izumisano City on an e-sports camp for high school students called "e-sports Camp" and with the town of Omachi in Saga Prefecture on an e-sports

class for senior citizens. Through operating the facility, we are also bringing enrichment to the lives of everyone from the young to the elderly through hands-on workshops, seminars, and other promotional and educational activities, as well as through joint research with Kobe University on the prevention of game addiction.

In addition, the group company Semboku Rapid Railway has set the IC fare for children at a flat rate of 50 yen, the first such initiative among railroads in the Kansai region, from October 1, 2023, to provide an environment conducive to child rearing.

Enhancing the functions of distribution sites that underpin social infrastructure

See also "4. Functionality upgrades to logistics facilities" on p. 41.

Basic concepts

The logistics business is expected to play a role in supporting sustainable economic growth and safe, secure, and prosperous lifestyles even under the recent population decline. To meet the increasing demand for logistics services year after year, the Group is committed to supporting the logistics industry by providing trucking infrastructure services.

Truck terminal overview

Distribution centers are major distribution hubs that have been built in key transportation hubs on the periphery of cities to fundamentally resolve the decline in distribution and urban

functions caused by the dramatic increase in automobile traffic, and to relieve the excessive concentration of population and industry in urban centers during the period of rapid economic growth.

The Group's distribution centers include distribution warehouses, delivery centers, and other facilities located together on a vast site centered on truck terminals in Higashi Osaka (approximately 175,000 m², in eastern Osaka) and Kita Osaka (195,000 m², in northern Osaka).

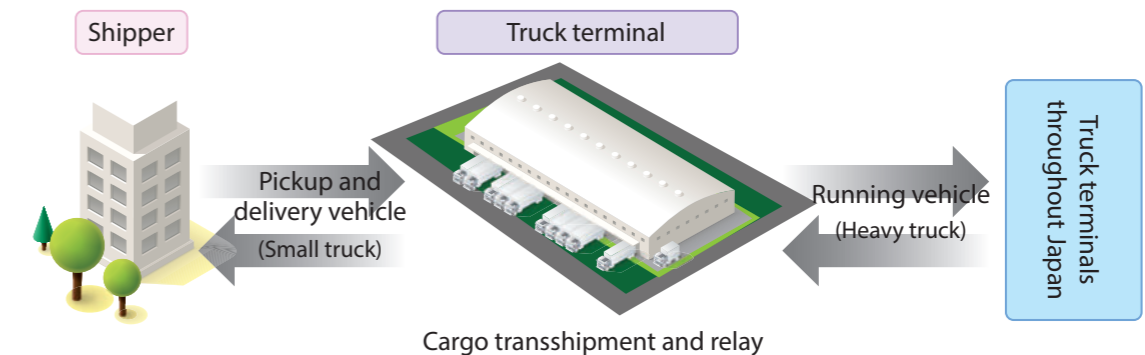
The distribution centers are located near the center of Osaka City and expressway interchanges, enabling efficient transportation, and their inland locations eliminate the risk of tsunami. Furthermore, the sites are located within distribution

business districts and can be operated 24 hours a day, 365 days a year, which is a great advantage for logistics business sites.

The truck terminals are facilities where goods brought in by large trucks from all over Japan are reloaded onto smaller trucks by destination and transported to surrounding cities, while goods collected from surrounding cities are reloaded onto large trucks and transported nationwide. As the public truck terminals are used

by many freight forwarders, they play an important role in supporting people's daily lives and industrial activities.

In response to the recent large-scale natural disasters, both terminals have been designated by the Ministry of Land, Infrastructure, Transport and Tourism as civilian supply centers in times of disaster due to their prime locations, and their roles are increasing.



Truck terminal strengths

Utilizing the functions of the public truck terminal it has operated for some time, the Group is constructing a logistics complex that will combine the functions of a truck terminal and a delivery center. By having a truck terminal take over the transportation of cargo at the delivery center, pickup and waiting times can be greatly reduced.

After upgrading, the large logistics facility will enable efficient business operations through the consolidation of scattered locations and the ability to install large-scale conveying equipment. In addition, the facility will provide logistics operators with a variety of benefits to address the 2024 logistics problem, including reduced labor hours through reduced time spent picking up and waiting for cargo. This will be achieved through ample truck parking provided adjacent to the facility, and a comfortable working environment through the provision of amenity halls, shower rooms, and sleeping rooms in the facility.

Also, each facility completed in recent years has acquired the DBJ Green Building certification, which has environmental and social considerations, and we aim to acquire this certification for the Kita Osaka Truck Terminal Phase II Building, which is currently under planning.

Future prospects for the truck terminals

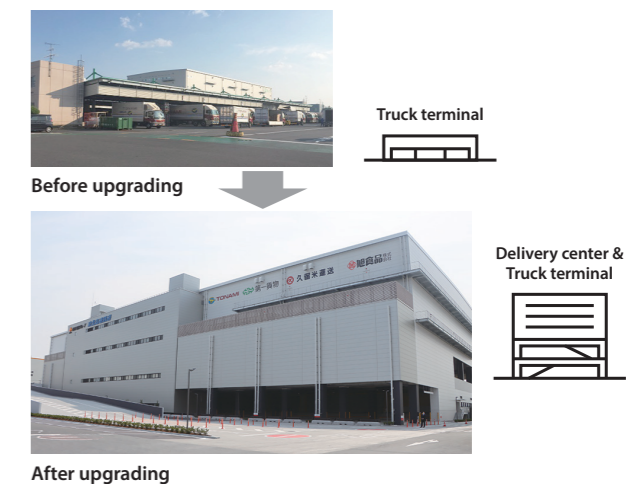
The Kita-Osaka Logistics Center is promoting the Phase II building project for the Kita Osaka Truck Terminal, one of the largest in the Kansai region, which is scheduled for completion in the spring of 2026. Two more advanced facilities have also been planned and are being rebuilt into more up-to-date facilities.

Meanwhile, the Higashi-Osaka Logistics Center is also in the planning stages to replace the old facility with a new, more sophisticated one.

In preparation for natural disasters, which have become more frequent in recent years, we are actively working to adopt seismically isolated structures, install emergency power generation equipment, and install solar power generation on the rooftop.

In the future, we will continue to create facilities that meet the needs of the logistics industry and society as a whole, including the installation of charging space for EV trucks, which are becoming increasingly popular, and support for semi-trailer trucks.

Image of truck terminal development



Materiality 5 Develop a Workplace and Staff in a Way That Enables Each Person to Put Their Abilities to Use

We will promote the career advancement of diverse human resources and increase employee engagement by creating an environment that is not restricted by working place or time. We will also develop a culture where employees take on challenges in unknown areas and nurture human resources who can respond to rapid changes in the environment.

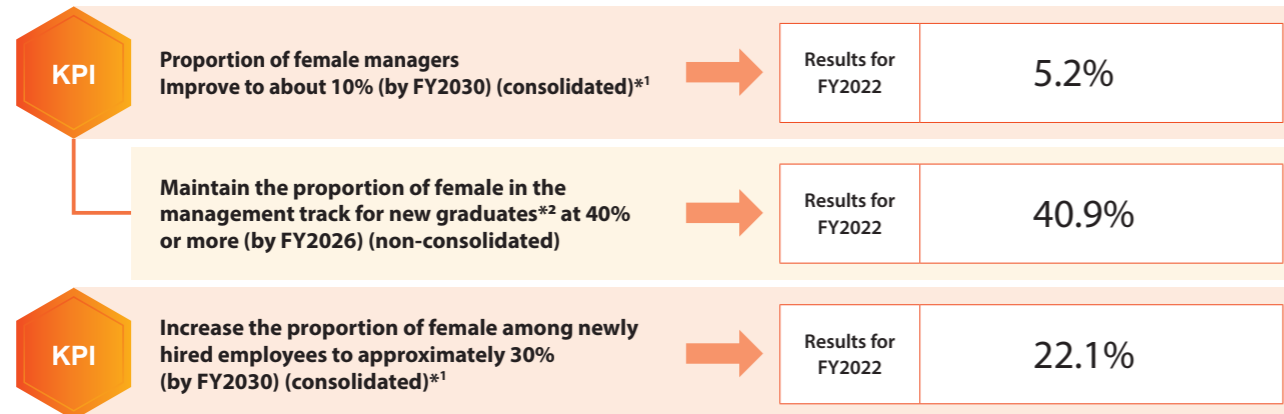
Diversity and inclusion (promoting women's career advancement, etc.)

Basic concepts

The Group is continuously working to promote diversity and inclusion (D&I) by setting "develop workplaces and staff in a way that enables each person to put their abilities to use" as a materiality item.

To realize our Corporate Image in 2050, we will create an

environment where employees with diverse values, regardless of gender, age, nationality, and the like can work with enthusiasm and make the most of their individuality while balancing work with childcare, nursing care, medical treatment, and more.



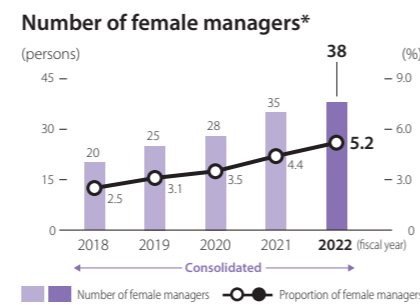
*1 The Nankai Electric Railway and 54 consolidated subsidiaries *2 Career track to become a manager and managerial human resources

Promoting initiatives to increase opportunities for women to play active roles in the business

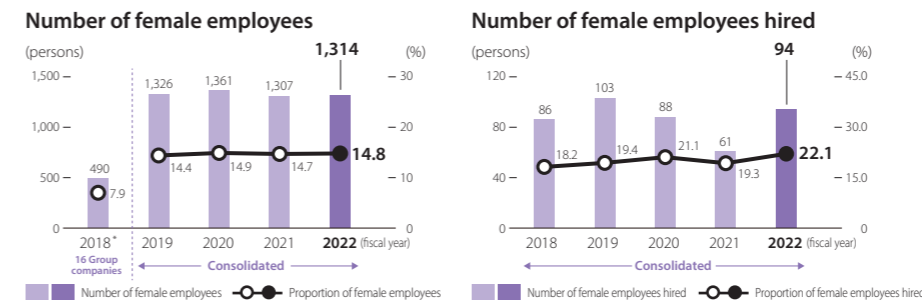
In the "Action Plan for Promotion of Women's Activities" formulated in April 2021, we have set a goal of maintaining the percentage of women hired as new graduates on the management track (career track for managers and management personnel) at 40% or more. In addition, our organizations engaged in railway operations are promoting the assignment of women to various positions, such as conductors, drivers, and assistant station masters, as well as the development of accommodation facilities for women.

We will continue to strengthen our efforts to further increase and systematically develop opportunities for female employees to play active roles throughout the company. Specifically, we will actively implement PR activities for women during the hiring process to

promote expansion of the population, increase the number of work options by diversifying career tracks, and encourage placement and promotion in all areas and roles.



* Defined through FY2021: Management positions refer to supervisory and managerial positions that are not subject to working-hour restrictions, etc. Definitions after FY2022: Total of workers in "manager level" and "positions higher than manager level (excluding executives)."



* 16 group companies in FY2018
Nankai Electric Railway Co., Ltd., Semboku Rapid Railway Co., Ltd., Nankai Bus Co., Ltd., Kansai Airport Transportation Enterprise Co., Ltd., Tokushima Bus Co., Ltd., Nankai Ferry Co., Ltd., Nankai Vehicles Service Engineering Co., Ltd., Nankai Fudosan Co., Ltd., Nankai Shoji Co., Ltd., Nankai FD Service Co., Ltd., Nankai Food System Co., Ltd., Nankai Travel International Co., Inc., Suminoe Enterprise Co., Ltd., Nankai Building Service Co., Ltd., Nankai Tatsumura Construction Co., Ltd., and Nankai Management Service Co., Ltd.

Promoting initiatives to increase opportunities for non-Japanese people to play an active role

The Group has taken the position of "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating DiverCity in Kansai" to be its Corporate Image in 2050, and aims to create a city that is comfortable for non-Japanese people to live in and to realize "coexistence with non-Japanese people" over the medium to long term, such as by promoting the IT human resource introduction business "Japal" in Nepal.

In FY2022, Nankai System Solutions Co., Ltd. hired overseas IT personnel, and we are actively accepting non-Japanese people, with 40 working in our group as of March 31, 2023. We will continue to link the individuality and strengths of our diverse workforce to our sustainable growth as a company.

accounted for 13.1% of management positions as of March 31, 2023.

Creating an environment where senior citizens can thrive

Since FY2021, we have been gradually raising the retirement age to 65, and have been working to create an environment where employees over the age of 60 can play an active role in the Group.

We continue to implement our reemployment program for retired employees, and as of March 31, 2023, 12 re-hired employees are working actively in a variety of fields. In addition to complying with laws and regulations, we are also working to help enhance the life of seniors by increasing the wage level for the "period when they are not receiving a pension" and by holding workshops to help maintain and improve motivation.

Sourcing and empowering resources with diverse values

Our Group believes it is essential to respect and take advantage of the diversity in the organization to respond flexibly to changes in the business environment and achieve sustainable growth. In addition to establishing a personnel system that enables each employee to take advantage of their unique traits and strengths, including not only attributes such as age and gender, but also work history, career aspirations, and life stages, we will also develop an environment that accommodates flexible work styles. Our mid-career hiring proportion of full-time workers in FY2022 was 63% (mid-career hiring includes those who converted to full-time employment), and experienced hires

Promoting the employment of people with disabilities as a social responsibility

In FY2022, the employment proportion of people with disabilities, including employees of our company and seven group companies certified as special subsidiary companies, was 2.68%.

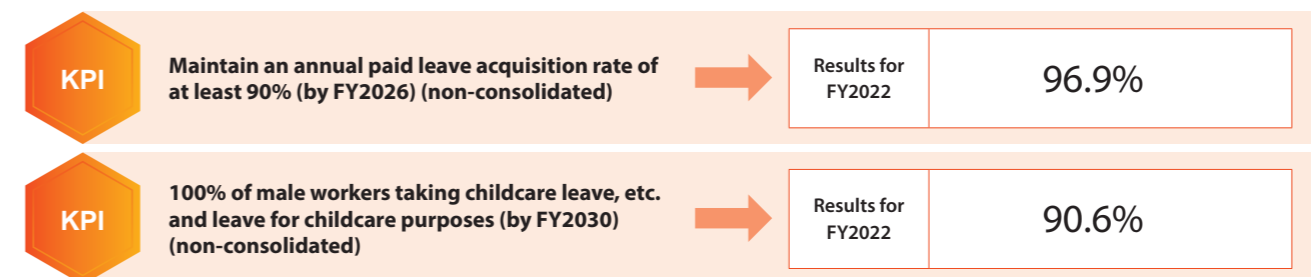
As of the end of March 2023, Nankai Heartful Service Co., Ltd., a special subsidiary, had 49 employees with disabilities who are engaged in cleaning our company's facilities and those of other companies, sorting mail, and performing other tasks. We strive to achieve and maintain a comfortable work environment through communication by exchanging information on a daily basis and holding recreational events.

Promotion of health management and creation of a comfortable work environment

Basic concepts

We have implemented various measures based on the idea that employees must be healthy both physically and mentally to deliver "safety and security" to customers and to continue driving prosperity along our railway lines. We will strive to maintain and improve the

health of our employees, aiming to create vibrant workplaces where each and every employee can feel "Bound for good times" while making more customers feel "something good." We will also endeavor to maintain and improve the health of our employees.



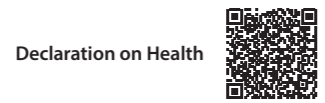
Community Development Group
Community Development
and Creation Division
Co-Creation Business
Department
Iyo Demuratani

Voices of female employees //

After taking maternity and childcare leave twice, I am currently involved in the "Smile for Families +1 Project," a measure to increase in value along railway lines for people raising children. I have been developing a plan to make the areas along our railway lines "towns where raising children is enjoyable" by using my own child-rearing experience and collaborating with local governments along the railway line. Although balancing work and childcare can be difficult when unexpected situations arise, I feel that introducing the telecommuting system and expanding the system of shorter working hours for childcare and the period during which employees can take shorter hours, have made my job easier.

Declaration on Health and systematic promotion of health management

The Nankai Group has been implementing various business activities around public transportation under the corporate philosophy of “contributing to society.” In June 2022, we issued the Declaration on Health based on our belief that it is one of our top management priorities to keep our employees healthy and create an environment where each of our diverse employees can maximize their abilities. At the same time, we launched the Health Management Promotion Committee, which promotes company-wide and cross-sectional collaboration for health management initiatives. Going forward, we will set specific goals based on current issues, and track the progress to ensure their promotion.



Health Management Promotion Committee

The Health Management Promotion Committee, which is chaired by the officer in charge of human resources and consists of representatives from each division, industrial physicians, the Nankai Railway Health Insurance Association, and the Human Resources Department, determines specific goals and policies for initiatives. Based on this promotion system, we are working to continuously improve health management by implementing the PDCA cycle, including verifying the effectiveness of measures and updating them as necessary.

Since FY2022, we have set a policy of “preventing disease outbreaks and preventing serious illness for those at high risk of disease,” and are working to improve the rate of hospital visits by distributing a letter in the name of an industrial physician to employees whose health checkups reveal positive findings, along with a notice of the results, urging them to receive medical examinations.

Promoting health management

We are putting measures in place to maintain and promote both physical and mental health in accordance with the Ministry of Health, Labor and Welfare’s “Guidelines for the Maintenance and Promotion of Workers’ Health in the Workplace.”

In our efforts to identify the health conditions of our employees, we work for the early detection and prevention of diseases through

Indicators related to health management (non-consolidated)

		FY2020	FY2021	FY2022
Periodic health examination visit rate	%	100.0	100.0	100.0
Control rates for high-risk individuals*1	%	—	—	74.3
Stress check inspection rate	%	99.0	98.0	94.0
Average overtime per month	hours	25.0	23.7	24.3
Smoking rate	%	26.9	26.9	27.3
Percentage of people who are regular exercisers*2	%	41.3	41.6	42.9

*1 Percentage of those who received a medical examination at a hospital among those recommended to receive a medical examination

*2 Percentage of those who walk or engage in equivalent physical activity for at least one hour a day in their daily lives

health management, health guidance, health education, and health counseling based on our internal health management standards, led by our on-site occupational health team. Our mental health measures include practicing self-care (stress checks) and line care (training sessions for managers and supervisors), and providing an external hotline and counseling by designated psychiatrists. In addition, we introduced the “Rework Trial Program” to systematically facilitate the return of employees who were on leave due to mental health problems, and helped two employees return to work in FY2022.

Our public health nurse provides internal trainings for our employees about the negative health effects of smoking as needed. The Nankai Railway Health Insurance Association also partially subsidizes treatment expenses for smoking cessation clinics for outpatients.

We will also make the physical checkups available at no out-of-pocket expense when the optional benefit program is combined with subsidies from the Nankai Railway Health Insurance Association, thereby leading to the early detection of illnesses.

In addition, our Group companies Nankai Grief Support Co., Ltd., Nankai Fudosan Co., Ltd. and Nankai Vehicles Service Engineering Co., Ltd., Nankai Express Co., Ltd., Nankai System Solutions Co., Ltd. and Nankai Management Service Co., Ltd. have been certified as one of the “2023 Certified Health & Productivity Management Outstanding Organizations (SME category),” which were selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Ensuring occupational health and safety

The majority of work-related accidents are caused by unsafe behaviors. To prevent this, we conduct safety activities such as senior-proofing the workplace, building a system to predict hazards and prevent near miss accidents, and conducting risk assessments; identify where and what kind of risk factors exist in the workplace; formulate countermeasures; and raise awareness of hazards throughout the workplace. For work-related accidents that are caused by the actions of third parties, we take countermeasures by exchanging information with other companies in the same industry and utilizing the “Manual to Prevent Incidents Caused by Third Parties.” In FY2022, there were 14 work-related accidents.*1

We introduced a risk assessment program to reduce the number of occupational accidents by identifying and quantifying a variety of hazards (risks) in the workplaces, evaluating the magnitude of the risk, and putting countermeasures in place (eliminate and reduce risks) before accidents occur. In FY2022, we carried out 82 risk assessments. Although we cannot implement countermeasures for all risks immediately, we recognize the risks and continue to address them until they are at risk level A (acceptable level).

In addition, our company and labor union officers conduct workplace safety patrols during the National Safety Week. We inspect the workplaces and report and discuss measures to prevent occupational accidents.

*1 Includes five cases of violent behavior by a third party

Lost-time incident rate (non-consolidated)*2

FY2018	FY2019	FY2020	FY2021	FY2022
0.35	0.18	0.73	0.93	0.00

*2 Lost-time incident rate = Number of casualties due to occupational accidents (more than one day lost from work) ÷ Total number of working hours × 1,000,000

Creating pleasant workplaces

Proactively providing support for balancing work with childcare and nursing care

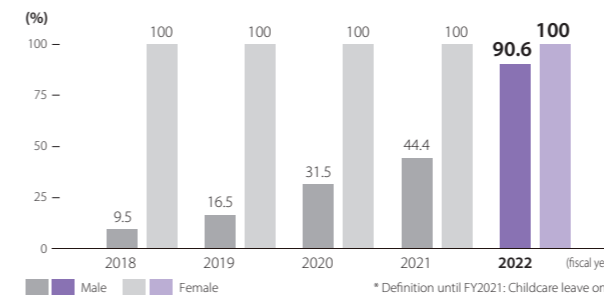
The Group has set “providing the industry’s best working environment for human resources engaged in childcare, nursing care, etc., and senior human resources” as a medium-term goal.

As examples of our initiatives, in addition to our childcare leave system and nursing care leave/vacation system, since FY2021 we have been expanding support for balancing work and home life by extending the period of shorter working hours for childcare until the child reaches the beginning of the fifth grade of elementary school. Since FY2023 we have been introducing baby support leave (up to 10 days of paid leave that can be taken during the postpartum period regardless of gender). In addition, we make sure that employees on childcare leave will have a smooth return to work by sending them periodic internal newsletters (digital version launched in June 2021) and having them hold meetings with their supervisors.

As a result of these initiatives, the proportion of female employees who have taken childcare leave after giving birth and the rate of returning to work after taking leave has been 100% for ten consecutive years. In recent years, the number of male employees taking childcare leave has been on the rise, and the percentage of male employees taking childcare leave and other leave for childcare purposes in FY2022 was an extremely high 90.6%.

These initiatives were implemented after formulating a general business-owner action plan in accordance with the Law for Measures to Support the Development of the Next Generation, and in March 2015, we obtained the “Kurumin Mark” after meeting the criteria as a “company that supports child-rearing” as defined by the Ministry of Health, Labor and Welfare.

Acquisition rate of childcare leave, etc. and leave for childcare purposes (non-consolidated)



Promoting the acquisition of annual paid leave

We are working to improve the annual paid leave acquisition rate by introducing a planned annual leave program, encouraging employees to take annual leave in half-day increments, etc. In FY2022, our employees’ annual paid leave acquisition rate was 96.9% of the granted days, which is higher than the general acquisition rate (58.3%)

according to the “General Survey on Working Conditions” published by the Ministry of Health, Labour and Welfare.

Annual paid leave acquisition rate (non-consolidated)

FY2018	FY2019	FY2020	FY2021	FY2022
90.7%	92.6%	90.9%	90.1%	96.9%

Promoting work-style reforms to improve work-life balance

To create a pleasant working environment for employees and promote productivity improvement through work-style reforms, we are gradually expanding the introduction of common collaboration tools for the Group. As of the end of FY2022, a total of 43 companies had introduced the system, and 10 new companies are scheduled to do so in FY2023. In addition, cloud storage enables us to share data securely and efficiently with internal and external parties, while promoting flexibility in where we work. As of the end of FY2022, a total of 13 companies had introduced the system, and 6 new companies are scheduled to do so in FY2023.

Furthermore, to make an environment in which employees can work flexibly according to their own work schedules and personal circumstances, a flextime system (a system in which employees can choose their starting time) has been introduced at our head office since FY2019, and a telecommuting system has been in place since FY2022.

While providing safe transportation as Essential Operators, the organizations engaged in railway operations are continuously working to improve work-life balance by reducing working hours and other measures.

Increasing “employee engagement”

In recent years, employee engagement, which indicates how much employees trust and are willing to contribute to the company, has been attracting attention in Japan. We have been implementing the “Initiative to Promote Relaxation and Excitement” as an internal activity aimed at creating a workplace full of “Bound for good times.”

As part of this initiative, we have launched the Nankai Card to increase employee motivation and promote communication among employees. The card has fostered a culture where employees praise one another, which has in turn improved their quality of work. In FY2022, our employees used approximately 9,600 copies of this card.

We have also launched a photo-sharing website for employees under the “Railway Ambassador Program,” with the aim of educating employees about areas along our railway lines and fostering their pride in these areas. As of the end of FY2022, more than 400 employees have participated in the program, with approximately 400 photos posted in FY2022. This page is serving as a useful tool to learn about areas along our railway lines in an enjoyable way.

In FY2022, in light of the diversification of employee benefit needs, we introduced a selective benefit program (NICE plan program) that allows employees to use services, mainly our group services, within the range of points granted. We will continue to improve employee engagement and review our systems on an ongoing basis to ensure that employees are highly motivated to do their jobs.

Developing personnel who can respond to rapid changes in the environment

Basic concepts

To grow as a company in this era of rapid change, it is essential to have the competitive ability to execute management and business strategies; in other words, we need human resources and organizations. We will carry out human resource development training without being bound by any precedent, in conjunction with a variety of human resource policies such as for recruitment, assignment, and evaluation, with the aim of creating a "human resources portfolio" that corresponds to each strategy.

Human resource system that encourages employee growth

Our personnel system is based on our goal management system and the evaluation system that is linked to it, and is aimed at achieving management targets by encouraging employees to voluntarily set high targets and successfully running a PDCA cycle. We also emphasize building trust through two-way communication between supervisors and their team members.

Through these mechanisms, we encourage the growth of each individual employee and produce results for the company as a whole.

Promoting human resource development and organizational development

We have set "creating organizations and people that create the future" as a key objective of our "human resource and organizational culture development plan." We are currently implementing various training and self-development support programs under the themes of "creating an organizational culture that can adapt to change," "expanding the base of innovation and supporting its implementation," "supporting the onboarding (retention) of newly hired human resources," and supporting career autonomy.

We are working to train our employees through two measures, i.e., by ensuring that they acquire the knowledge and skills required for their roles and positions through trainings for each employment level to raise the overall level of employee competencies, and by enhancing the competencies of employees who wish or are selected to acquire certifications or who participate in external business school dispatch programs.

Total training hours in FY2022 were 19,164, or 6.5 training hours per person (only for OFF-JT training sponsored and co-sponsored by the Human Resources Department).

Self-development support system

- Qualification support system • Incentive programs
- Recommended commuter schools • Recommending books
- E-Learning support program
- External seminar support program

Education system chart <Only shows data on OFF-JT training sponsored and co-sponsored by the Human Resources Department>

Position and grade		Chief manager	Manager	Leader grade	Staff grade	
Compulsory training	Training by employment level	Training for newly promoted employees			Training for new employees	
		E-learning for newly promoted employees			E-learning for new employees	
					Follow-up training for new employees	
Purpose-specific training	Theme-specific training				Meeting to talk with board members	
		Management vision achievement program*1			Training to create a workplace that nurtures people	
		CS and branding seminar*2				
		Innovation seminar				
		Onboarding program for career hires				
					Career design program	
					Mentor training	
					Group young people's exchange meeting*2	
		Selective training	E-learning*2	E-learning*2		
				External business schools		
CSR-related training	Compliance training by employment level	Training on human rights and harassment prevention training*2				
		Seminars for in-house promotion of sustainability, and environmental law and regulation training				
		Compliance training by employment level				

*1 This program is designed to reform the workplace culture so managers can play a central role in responding flexibly to changes and produce results to achieve the management vision.
 *2 Training including for proprietary employees of the Nankai Group Companies

Respect for human rights and prevention of harassment

Basic concepts

As a public transportation business operator, we believe that respecting human rights is fundamental to our business activities.

We will respect the human rights of our customers and various other stakeholders, and strive to deepen our understanding of human rights issues related to our business activities and take appropriate actions. In addition, we are further promoting business activities that respect human rights.

Human rights policy

In August 2022, we established the Nankai Group Human Rights Policy to further promote business activities that respect the human rights of our customers, employees, and a variety of other stakeholders based on our basic concepts.

Nankai Group Human Rights Policy



Awareness of human rights and harassment

Since 1971, we have been engaged in initiatives to raise awareness on human rights while upgrading their contents. Since harassment unreasonably harms the dignity of individuals, thereby leading to the deterioration of the working environment, we provide a hotline and conduct prevention training to inhibit different types of harassment, including power harassment and sexual harassment.

In addition, because of the increasing diversity in society as a whole, new topics such as maternity harassment, discrimination against non-Japanese people, and LGBTQ human rights are also addressed within the training to prevent prejudice and harassment due to differences in gender, nationality, sexual orientation, and other factors.

Conducting human rights due diligence

We are committed to identifying, preventing, and mitigating negative impacts on human rights in relation to our business activities.

Since harassment is an important human rights issue, we conduct training for employees on human rights and harassment to prevent it from occurring, as well as training for those in charge of internal harassment consultation services to ensure that it is handled appropriately.

Human rights due diligence process

- (1) Identify and assess negative impacts through stakeholder dialogue, etc.
- (2) Introduce prevention and mitigation initiatives through education and awareness
- (3) Conduct investigation and corrective actions in case negative impacts, etc. occur
- (4) Disclose information on how it was handled

Number of employees who utilized the harassment hotline

FY2019	FY2020	FY2021	FY2022
2 persons	1 person	1 person	0 person

Training on human rights (mainly for employees in management and supervisory positions)*

	FY2019	FY2020	FY2021	FY2022
Number of participants	135 employees	83 employees	71 employees	173 employees
Training hours	120 minutes	40 minutes	90 minutes	90 minutes

Harassment prevention training (mainly for employees in management and supervisory positions)*

	FY2019	FY2020	FY2021	FY2022
Number of participants	142 employees	83 employees	129 employees	202 employees
Training hours	120 minutes	40 minutes	90 minutes	90 minutes

* In-person training for FY2019, online training for FY2020 and beyond

Outstanding human rights issues and stakeholder relevance

Outstanding human rights issues	Examples of possible negative impacts	Negatively affected stakeholders
Discrimination and harassment	Unjustified violation of personal dignity, deterioration of working environment (Power harassment, sexual harassment, maternity harassment, discrimination against non-Japanese people, etc.)	All business partners, including officers, employees, and suppliers
Occupational health and safety	Adverse physical and mental health effects, including work-related injuries, due to the work environment and unsafe behavior	
Human rights issues in the supply chain	Risk of human rights violations at the Nankai Group companies, suppliers, etc. (Human rights violations that have actually occurred and that could occur)	

Materiality 6 Contribute to Preserving the Global Environment

Recognizing the risk of climate change as our Group's greatest risk, we will encourage the adoption of energy-saving vehicles (trains and buses) and the use of renewable energy to promote a modal shift, and expand the certificate acquisition and development of green buildings. We will also strive to maintain biodiversity by developing the forests that we own in areas along our railway lines and our business areas.

Nankai Electric Railway Group Environmental Philosophy (full text)

The Nankai Electric Railway Group views the "preservation of the global environment" as one of its corporate missions, and always considers the impact of its business activities on the environment and will act to create an environmentally friendly society.

Our "Environmental Policy (full text)" features policies related to the environment and is published on the Nankai Electric Railway official website. <https://www.nankai.co.jp/en/sustainability/materiality/06environment/philosophy>

Nankai Environmental Vision 2030 [Basic Policies]

- The main objective is to help sustain the growth of the Nankai Electric Railway Group by raising awareness of the issues related to the global environment and fulfilling our social responsibility to a wide range of stakeholders.
- Therefore, the environmental vision shall be linked to the Medium-term Management Plan, with the recognition that helping to solve environmental problems through all of our business activities will lead to enhanced corporate value.
- There are three environmental challenges that have a significant impact on our Group's business activities: climate

change, circular society, and biodiversity. These challenges and an "environmental management system," which serves as the foundation for these elements, shall be considered as environmental issues. Measures for each fiscal year are to be formulated through backcasting based on the goals set for 2030.

- We will contribute to enhancing the environmental value of areas along our railway lines along with building business value by expanding sources of revenue with environmental businesses and collaborating with local governments.

Environmental issues	Direction for FY2030 (target images)
(1) Suppression of climate change	Reduction of Nankai Electric Railway Group CO₂ emissions by 46% or more Based on the government's greenhouse gas reduction target for FY2030, the Nankai Electric Railway Group will reduce CO ₂ emissions by 46% or more compared to FY2013.
	Creation of corporate value with environmental businesses By expanding energy manufacturing and sales businesses in areas along our railway lines, we will create new sources of revenue and contribute municipalities implement environmental measures in these areas, with the aim of raising the social value of the Nankai Electric Railway Group and the areas along our railway lines.
(2) Bringing about a circular society	Creation of smart cities in areas along our railway lines As one of the region's key infrastructure companies, we aim to establish smart cities and environmental model areas that contribute to growing the value of areas along our railway lines and also help to bring about a circular society while collaborating with business plans and experimental projects led by municipalities.
(3) Preserving biodiversity	Realization of a society that co-exists with nature We will be mindfully avoiding or minimizing our impact on biodiversity within all of our business activities, and practice ecosystem maintenance and the sustainable use of natural resources in areas along our railway lines.
(4) Deepening our environmental management	Reinforcement of environmental promotion systems and environmental information disclosure We are operating environmental management systems at the level required by ISO14001 voluntarily.

Nankai Electric Railway Group Medium-term Environmental Goals (FY2021 to FY2024)

We carried out various initiatives to achieve our medium-term environment goals and were able to generally achieve the targets in FY2022.

Environmental issues	Medium-term environmental goals and major policies (Targets to be achieved by FY2024)	Results for FY2022 (Achievement targets for FY2022)	Evaluation	Achievement targets for FY2023
1. Suppression of climate change	Reduction of Nankai Electric Railway Group CO₂ emissions 32% reduction of CO₂ emissions (compared to FY2013) ● Energy-saving and upgrading of vehicles (trains and buses) ● Promote energy conservation measures within Nankai-owned real estate and distribution facilities (shift to green buildings, upgrading of air-conditioning facilities, etc.) ● Effective use of energy in newly acquired properties	● Results of CO ₂ emissions for FY2022 38% reduction [28% lower than FY2013] * Emission coefficient 0.299 t-CO ₂ /thousand kWh	◎	● 30% reduction of CO ₂ emissions (compared to FY2013)
	Utilizing renewable energy ● Introducing and utilizing renewable energy in railroads, real estate, and distribution facilities	● Considering the introduction of renewable energy to real estate and distribution facilities	○	● Introducing renewable energy to real estate and distribution facilities
2. Bringing about a circular society	Preparation for the development of smart cities in areas along our railway lines ● Detailing business models for the development of smart cities in areas along our railway lines	● Joined the "SENBOKU Smart City Consortium" established through public-private partnership (June 2022) and started demonstration experiments as a member of the steering committee ● Conducting the NANKAI On-demand bus demonstration project	○	● Planning and coordination of demonstration experiments, etc. as a member of the SENBOKU Smart City Consortium Steering Committee
	Promoting the effective use of resources and 3R for waste ● 5% reduction of water intake (when compared to FY2019) ● 3% increase of waste recycling rates (when compared to FY2021) ● 70% reduction of paper used at the head office (when compared to FY2019)	● 3.2% reduction of water intake [3% lower than FY2019] ● 2.7% increase of waste recycling rates [1% higher than FY2021] ● 59% reduction of paper used at the head office [60% lower than FY2019]	○	● 4% reduction of water intake (when compared to FY2019) ● 2% increase of waste recycling rates (when compared to FY2021) ● 70% reduction of paper used at the head office (when compared to FY2019)
3. Preserving biodiversity	Preservation of biodiversity in areas along our railway lines ● Creation of the "Tanagawa Biotope" biological habitat ● Fully informing all suppliers of our Green Procurement Guidelines and requesting that they raise the levels of their initiatives ● Organization of public events (four times a year)	● Conducting maintenance and management of the "Tanagawa Biotope" (eleven times a year) [ten times a year] ● Establishment of the Nankai Group Material Procurement Policy (August 2022), notification distributed via e-mail to approximately 440 suppliers, and questionnaire survey of the top 100 suppliers in terms of transaction volume in the previous fiscal year ● Organization of public events (Done four times a year)	○	● Conducting maintenance and management of the "Tanagawa Biotope" (ten times a year) ● Issuing requests for cooperation from suppliers that have not yet established environmental policies, etc. Discussions with five business partners ● Organization of public events (four times a year)
4. Deepening our environmental management	Climate change risk analysis and disclosure ● Information disclosure in line with TCFD recommendations ● CDP rating of A- (climate change)	● Conducting scenario analysis and disclosing information, expanding to group companies in the railroad, real estate, and distribution businesses ● Actual CO ₂ emissions in FY2021 (Scope 1 and 2) Obtain third-party assurance ● CDP rating of B (climate change)	○	● Expansion of the scope of TCFD scenario analysis implementation and disclosure ● CDP rating of B (climate change)
	Environment rated equivalent to ISO 14001 certification Started voluntary operation of a management system ● Environmental management at the same level as ISO certification System voluntary management	● Transitioned to voluntary operation from April 2022 and implemented legal compliance plan management ● Conducted external audits at two head office divisions (Facilities Department and Real Estate Department, Railway Business Division) and Chiyoda Factory	○	● Enhanced voluntary operation of the environmental management system ● Conducted external audits at two head office divisions and the Chiyoda Factory
	Reinforcing employee awareness of environmental conservation and ensuring compliance with environmental laws and regulations ● 100 ECONist certifications, 35 ECONist advanced certifications, 30 passing the Eco Test, and one consideration for the development and improvement of programs to promote participation in activities ● Establishing management systems to comply with environmental laws and regulations	● 264 ECONists certified [100 people], 57 ECONists advanced certified [35 people], 29 people passed the eco certification test in FY2022 [30 people], Nankai Railway Ambassadors x Environmental PR collaboration (cooperation with Osaka Prefecture's "Osaka Biodiversity Awareness Campaign") continued ● Implemented environmental law and regulation training, providing timely guidance on compliance with laws and regulations	○	● 100 ECONist certifications, 35 ECONist advanced certifications, 30 passing the Eco Test in FY2023, and one consideration for the development and improvement of programs to promote participation in activities ● Conducting environmental surveys of Group companies
5. Expansion of green buildings	Expanding environmental buildings (green buildings) ● Obtaining environmental certifications for newly developed properties	● Obtaining three stars of DBJ Green Building certification for Kita Osaka Truck Terminal Building No. 2.	○	● Obtaining green building certifications for newly developed properties or existing facilities
6. Appropriate information communication	Issuing the Integrated Report ● Creation of an Integrated Report that is regarded highly by external sources ● Enhancement of "KPI progress" and "ESG disclosure"	● Issuing the Integrated Report 2022 Nikkei integrated report award for excellence, selected as GPIF's integrated report with high level of improvement	◎	● Issuing the Integrated Report 2023 Further enhancement of both quality and quantity
Other	Conducting various environmental activities ● Acquisition and utilization of offset credits using the Nankai Forest (acquire 2,500 t of credits)	● Revised and approved project plan to expand acquisition of J-credits ● Conducted a carbon offset tour organized by Nankai Travel International	○	● Planning to conduct verification and obtain credits by the end of FY2023

◎: Achieved and exceeded targets ○: Achieved targets △: Did not achieve targets

Reducing CO₂ emissions to respond to climate change, promoting use of renewable energy, and so forth

KPI Reducing our Group's CO₂ emissions by over 46% compared to FY2013 (FY2030)

Results for FY2022: 192,162 t (38% lower than FY2013)

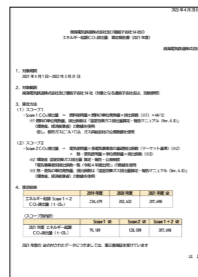
Achieving "Carbon Neutrality by 2050"

The Group has set a goal of reducing CO₂ emissions by 46% or more compared to FY2013. Emissions for FY2022 were 192,162 t, which is a 38% reduction when compared to 309,902 t in the base year of FY2013. In particular, our energy intensity (denominator: distance traveled), which measures the efficiency of our railways, has been reduced by 5.5% over the past five years, while our energy intensity (denominator: total floor space) that measures the efficiency of our real estate has been reduced by only 1.0%.

We will continue to introduce energy-efficient vehicles as well as energy-efficient equipment in our real estate and distribution facilities to achieve the goals of the "Nankai Environmental Vision 2030." The Group has set a target of practically zero CO₂ emissions by 2050, and will consider and enact all possible measures, including not only ways to conserve energy, but also the introduction and utilization of renewable energy, energy creation, and alternative energy, and the use of carbon offsets.

Obtained third-party assurance for environmental impact data

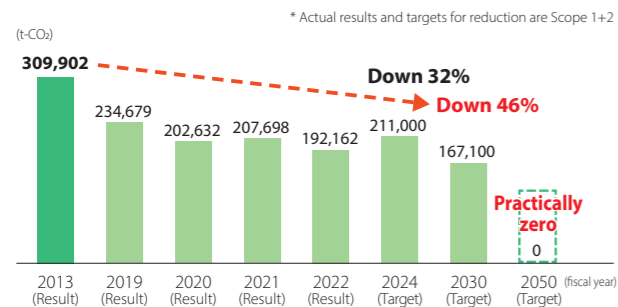
To enhance the reliability of its environmental impact data, the Group has obtained third-party assurance from Deloitte Tohmatsu Sustainability Co., Ltd. regarding the "Calculation Report on CO₂ Emissions from Energy Consumption by Nankai Electric Railway Company and its 54 Consolidated Subsidiaries (FY2021)" for the FY2021 actual CO₂ emissions from energy use (Scopes 1 and 2).



April 28, 2023 third-party assurance report



CO₂ emission reduction results and targets (consolidated)



Understanding CO₂ emissions through the supply chain (Scope 3)

In addition to CO₂ emissions from the Group's business activities (Scopes 1 and 2), we have calculated FY2021 results for indirect emissions generated in the supply chain (Scope 3). The results showed that purchased products and services accounted for approximately 60% of the total.

Scope 3 CO₂ emission data by category (FY2021 results) (Unit: t-CO₂)

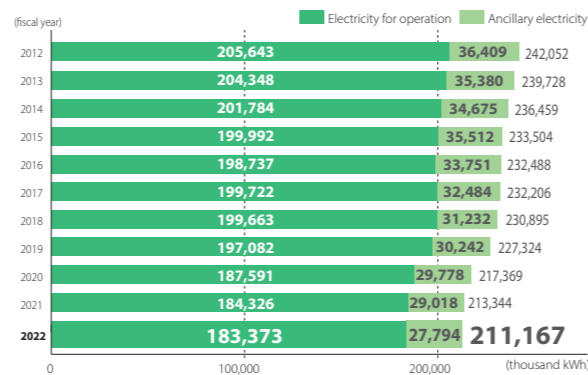
Category	Value (t-CO ₂)	Category	Value (t-CO ₂)
1. Products and services purchased	439,118	9. Transportation, shipping (downstream)	—
2. Capital goods	82,124	10. Processing of products sold	—
3. Fuel and energy related activities not included in Scopes 1 and 2	37,161	11. Use of products sold	16,282
4. Transportation, shipping (upstream)	—	12. Disposal of products sold	—
5. Waste from business	8,129	13. Leased assets (downstream)	139,502
6. Business trips	1,155	14. Franchises	—
7. Employee commuting	2,110	15. Investment	19,470
8. Leased assets (upstream)	—	Total	745,051

* Supply chain: A series of processes involved in the procurement, manufacture, logistics, sale, and disposal of products and other goods in business activities.
 * Categories 4, 8, 9, 10, 12, and 14 are excluded from importance.
 * Not guaranteed by any third party.

Energy conservation measures taken in railway facilities and train cars

The electricity consumption of our railways in FY2022 was 211,167,000 kWh (a decrease of 1.0% compared to FY2021). Of this, the amount used for operations was 183,373,000 kWh, accounting for 86.8% of the total amount, and the remaining ancillary electricity consumption was 27,794,000 kWh. Overall, the electricity consumption for railways decreased by 12.8% in FY2022 when compared to FY2012. Ancillary electricity is energy used for signal equipment, railroad crossings, and station facilities (lighting, air conditioning, elevators, etc.). We have been making efforts to conserve energy, such as saving energy during summer and winter months (strict adherence to room temperatures, etc.) and changing station light fixtures to LEDs.

Changes in electricity used by railways



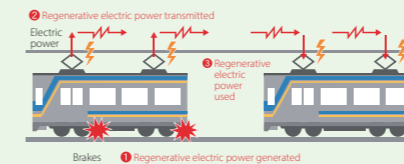
Regenerative braking and VVVF control

"VVVF control" is the control of AC motors through voltage and frequency variation to determine train acceleration and speed. It does not use electrical resistance like conventional trains, which allows for control that is very energy efficient.

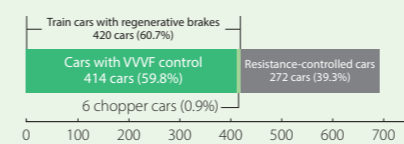
Furthermore, "regenerative braking" is a mechanism that makes the motors act as power generators when a train brakes. This generated energy is returned to overhead wires to be supplied to other trains running in the vicinity. This conserves the amount of consumed energy because it reuses the electricity that has been generated.

These systems reduce the use of electricity compared to conventional trains, so we are promoting the use of trains equipped with this system.

How regenerative braking works



Ratio of cars with regenerative brakes installed (as of March 31, 2023)



Energy conservation measures in real estate and distribution facilities

From FY2022 to FY2024, we plan to replace existing facilities with energy-saving equipment. Specifically, we are considering replacing heat source equipment that services the entire Nankai Terminal Building with equipment that is more efficient, and are also deliberating on the reduction of life-cycle costs by changing our equipment to the appropriate capacity and number of units according to the current load capacity. We are also considering cutting down on the electricity consumed by suppressing transporting power. This will be done by installing inverters that enable operation control according to the workload of pumps supplying cold water to all areas of large-scale facilities. Along with the renewal of these facilities, we also plan to automate equipment control, optimize operations, enable the visualization of these systems, and further cut down on energy consumption by installing heat source controllers and the Building Energy Management System (BEMS).

Operating environmentally friendly buses

In the bus business, three fuel-cell buses powered by hydrogen as an alternative energy source to light oil were introduced in FY2021 (two Tokushima buses and one Nankai bus), and two electric buses (Nankai bus) were introduced in FY2022 and are in operation.



Going forward, we will "contribute to preserving the global environment," reducing environmental stress, and aiming for the realization of a sustainable society.

Utilizing renewable energy

As part of our efforts to promote CO₂ emission reduction of the Cable Line (Koyasan cable cars), we have been operating the line on 100% renewable energy by applying the "Renewable Energy ECO Plan" by Kansai Electric Power from June 2021. This initiative reduces CO₂ emissions by approximately 50 t per year.



Tannowa Solar Power Plant

Regarding the use of solar energy, solar power generation systems have been installed in areas such as platform awnings at Haboromo Station, Izumiotsu Station and Izumisano Station on the Nankai Line. Approximately 30% of the electricity consumed daily at the Izumiotsu Station is covered by the solar power generated there. Other examples include the annual power generation of 568,000 kWh from the solar power plant installed at our Group's Suminoe Enterprise's Boat Race Suminoe (Suminoe Ward, Osaka City), and the power generated annually by the Tannowa Solar Power Plant (Misaki Town, Sennan District, Osaka) is 623,000 kWh.

Contribution to modal shift

The amount of CO₂ emissions per unit transported by the railways and ships (ferries) operated by our Group is about 1/5* of that of private passenger cars for railways and about 1/5* of that of commercial freight cars for ships, making them an effective way to cut CO₂ emissions in passenger and freight transport.

The Group comprises a public transportation network centered on railways, and contributes to regional development and the creation of a carbon-neutral society by promoting urban development based on stations.

* Source: Ministry of Land, Infrastructure, Transport and Tourism website (carbon dioxide emissions within the transportation division: FY2021)

Use of offset credits to reduce CO₂ emissions

Since 2013, the 1,928 t of CO₂ absorbed by the Nankai Forest has been created as tradable "credits" with the Ministry of the Environment's "Offset Credit (J-VER) Scheme," and we have used the offset of emissions at various events.

In FY2019, we registered with a new credit acquisition plan (approximately 4,000 t) under the "J-Credit Scheme," and 509 t of credits were certified in January 2021 as part of this plan.

We will continue to expand our plan to acquire credits through FY2027, and to acquire the remaining certifications, and will consider effective use of the acquired credits to realize a low-carbon society.

Information Disclosure Based on TCFD Recommendations

The Nankai Group recognizes that measures for climate change are important management issues for business continuity, and makes efforts to monitor the various risks and opportunities that arise from climate change based on the Recommendations of the "Task Force on Climate-related Financial Disclosures (TCFD)*," and to integrate them into our business strategies.

*The "Task Force on Climate-related Financial Disclosures (TCFD)" was established in 2015 by the Financial Stability Board (FSB) at the request of G20, to consider how information disclosure and response by financial institutions should be conducted for climate-related issues.

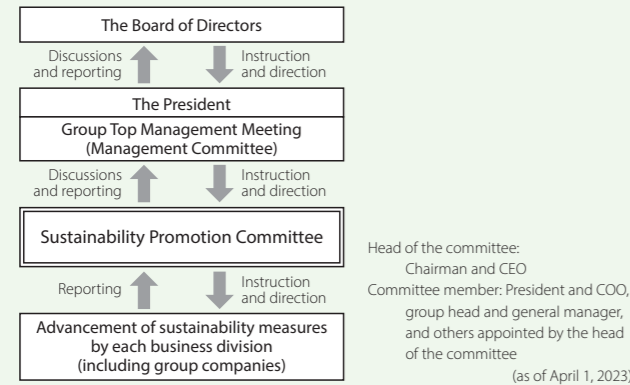


Governance

We have established the "Sustainability Promotion Committee" as an organization to drive sustainability measures across the Group, including response to climate change based on TCFD recommendations (meetings held approximately four times a year). The Committee has been playing a central role in holding discussions about setting CO₂ emission targets, monitoring results, promoting the evaluation of the level of achievement (PDCA cycle), identifying climate change risks and how to respond, while cooperating with business divisions.

From the matters among those discussed by this Committee, important ones are reported to the Board of Directors twice a year.

Nankai Group to promote the Sustainability Policy



Strategy

In terms of strategy, we have assumed a variety of possibilities for future climate change and economic and social changes. In FY2022, we expanded the scope of our identification and analysis of risks and opportunities related to climate change to include not only our railway business and real estate and distribution business, but also the railway business and real estate and distribution business of Semboku Rapid Railway Co., Ltd., Nankai Fudosan Co., Ltd. and Nankai Shoji Co., Ltd. Furthermore, we identified risks and opportunities that climate change may pose to these businesses and assessed their materiality.

In view of the level of impact on business, we have evaluated "carbon pricing, carbon emission targets and policies in each country" and "change in power/fuel prices and energy mix" as significant risks and opportunities to consider as we shift toward a decarbonized society, and "intensification of abnormal weather" as significant physical risks and opportunities from climate change. (The analysis was performed for the 1.5–2°C and the 4°C scenarios.)

We have been working on these risks and opportunities within the risk management system of each core business.

Going forward, we will aim to increase value as a sustainable company and help to realize a sustainable society by taking appropriate action on the identified risks and opportunities.

Details of risks and opportunities arising from climate change and the direction of measures taken

Businesses subject to the evaluation of risk and opportunity priority: Semboku Rapid Railway Co., Ltd., Nankai Fudosan Co., Ltd. and Nankai Shoji Co., Ltd.

* Those marked (Shared) for risks and opportunities arise in both our railway business and real estate/distribution business
 * Period when items will happen - Short term: 1 year; medium term: 2–4 years; long term: 5–15 years
 * The directions for the response measures include those whose feasibility is currently being evaluated

Risks associated with the shift

Risks	Risks for our company		Occurrence	Evaluation	Direction for response measures
	Government policies/regulations	Industry/markets			
Carbon pricing, carbon emission targets and policies in each country	(Shared) More taxes through the introduction of carbon taxes (Shared) Increase in electricity bills from changing to renewable energy to achieve CO ₂ emission targets (Real estate and distribution) Increasing cost of purchasing carbon emission rights for aged properties		Long term	Medium to Significant	- Promotion of saving energy by investing in vehicle and facility updates - Introduction of renewable energy - Utilizing carbon offsetting
Regulatory compliance for ZEB/ZEH and other product services	(Real estate and distribution) Increasing construction costs and renovation costs to comply with regulations		Medium term	Medium	- Savings in construction and renovation costs by reviewing facility specifications and procurement methods, through utilizing grant systems
Changes in power/fuel prices and energy mix	(Shared) Increasing cost of running operations due to higher use of renewable energy as a fraction of total power use		Short to medium term	Significant	- Promotion of saving energy by investing in vehicle and facility updates - Promoting use of internally generated power within the Company
Spread of low-carbon technology	(Railway) Decrease in customer numbers and drop in revenue due to the spread of eco cars (Real estate and distribution) Increase in costs to respond to technological innovations, and possible reduction in rents received from tenants in the event of delays in responding to technological innovations		Long term	Medium	- Evolving as a total mobility business, capitalizing on our strength as a railway company capable of mass transport and punctuality
Spread of renewable energy and energy-saving technologies	(Shared) Increase of construction costs due to the introduction of energy-saving and renewable energy technologies		Medium term	Medium	- Saving in construction costs through reviewing facility specifications and procurement methods, utilizing public support such as grant systems
Changes in reputation among customers	(Shared) Decrease in customers due to our environmental measures being viewed as passive (Real estate and distribution) Possibility of a decrease in our rental income due to a decrease in the number of occupying tenants		Medium term	Medium	- Active promotion of environmental measures, including energy-saving measures, and dissemination of information
Changes in reputation among investors	(Shared) Passive environmental measures increase capital procurement costs and result in divestment		Medium term	Medium	- Actively promoting environmental measures, and disclosing information about climate-change measures through integrated reports and our website, based on TCFD recommendations

Physical risks

Risks	Risks for our company	Occurrence	Evaluation	Direction for response measures
Intensification of abnormal weather	(Shared) Increase of damage due to factors such as flooding, erosion and bridge scour, increase of non-life insurance payments, decrease of asset values (Shared) Decrease due to suspension of operations of shopping centers and suspension of railroad services, etc., caused by larger typhoons, etc., and increase in hotel and travel cancellations (Shared) Disruption in sales due to supply chain disruption	Short to medium term	Significant	- Enhancement in construction, measures against flooding, measures to prevent landslides on slopes, and cutting down hazardous trees, at railway facilities and real estate/distribution facilities - Taking measures to prevent bridge scouring - Alleviating regulation levels by enhancing hardware measures at railway facilities - Enhancing BCP response capability at railway facilities and real estate/distribution facilities, through measures such as securing inventory - Implementation of evacuation from vehicles during severe weather - Organizing disaster response manuals, including diversification of supply chains
Change of rainfall and climate patterns	(Railway) Rise in transportation costs due to an increase in rain and gales (Real estate and distribution) Decrease of asset values due to deterioration of construction materials from UV rays and storms	Medium term	Medium	- Scheduled implementation of hardware measures for railway facilities - Preventive maintenance through use of digital technologies
Increase in average temperature	(Shared) Decrease in passenger and visitor numbers due to intense heat, increase of costs due to the need to take measures against heat stroke and declining productivity (Railway) Increase of costs due to the need for air conditioning (Real estate and distribution) Increase of construction costs because of the need to enhance air conditioning capacity and so forth	Medium term	Medium	- Designing and constructing facilities with consideration to intense heat
Sea level rise	(Railway) Damage to facilities and vehicles due to flooding along our coastal lines	Long term	Less significant	- Railway facility reinforcement through measures against flooding - Organizing evacuation plans from railway vehicles

Opportunities

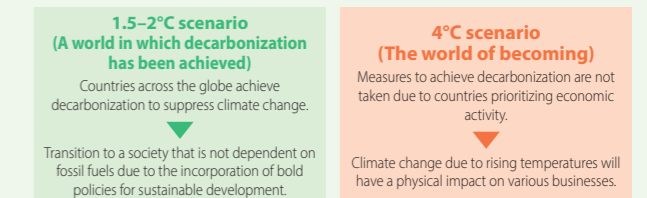
Opportunities	Opportunities for our Group	Occurrence	Evaluation	Direction for response measures
Resource efficiency	(Shared) Decrease of operational costs, increase of public grants, and possibility of lower taxes due to energy-saving investments	Medium to long term	Significant	- Promotion of energy saving by investing in vehicle and facility updates - Promoting use of internally generated power within the Company
	(Railway) Decrease of environmentally friendly vehicle prices, durability achieved for long-distance travel	Long term	Medium	- Promoting the introduction of high-performance vehicles and facilities through the spread of new technologies and use of new grant systems
	(Shared) Decrease of power costs and operational costs due to energy-saving technologies	Medium term	Medium	
	(Shared) Lower winter heating costs due to higher average temperatures	Medium term	Medium	- Saving facility investments into heating features by simplifying specifications
Energy sources	(Shared) Decrease of renewable energy prices and costs	Long term	Medium	- Introduction of renewable energy
Products and services	(Railway) Transportation shifting from delivery by road to railway, due to introduction of carbon taxes	Medium to long term	Significant	- Promotion of energy saving by investing in vehicle and facility updates
	(Real estate and distribution) Decrease of operational costs and increase of competitiveness due to enhanced environmental performance	Medium term	Medium	- Introduction of energy-saving facilities for ZEB/ZEH and active use of grant systems
	(Nankai Fudosan) If the standard for long-term quality housing (ZEH level) is met, the house will be eligible for subsidies and tax incentives, which will increase the reputation of the house among customers and affect profit/loss	Medium term	Medium	- Sales promotion of highly airtight and insulated detached houses, and sales promotion of insulation remodeling package products for use in housing renovations
	(Real estate and distribution) Increase of rent and asset values due to rising needs for new environmentally-friendly buildings	Short to medium term	Significant	- Increasing the portfolio of environmentally certified buildings, active facility updates for better environmental performance
	(Railway) Modal shift in customers switching from using private cars to using railways as they become more environmentally aware	Medium term	Medium	- Evolving as a total mobility business, encouraging people to switch from using private cars to public transport
	(Real estate and distribution) Increase of income by successful differentiation in response to rising customer needs for environmental performance	Medium term	Medium	- Developing environmental high-performance buildings, ZEB/ZEH and so forth
	(Semboku Rapid [logistics]) Decline in safety of competing logistics facilities in the bayside area due to severe abnormal weather and other factors, resulting in a relative increase in the value of the company's properties	Short to long term	Medium	- Promoted functionality enhancement in logistics facilities in inland areas
Market	(Shared) More active funding associated with increasing ESG investments	Medium term	Medium	- Enhancing disaster-response capabilities of real estate and distribution facilities in the Namba area - Organizing disaster-response manuals and disclosing information on BCP responses
Resilience	(Shared) Increased business resilience if able to respond to changes in the energy mix	Short to medium term	Significant	- Securing funding through green investments to actively promote environmental response - Promotion of energy saving by investing in vehicle and facility updates - Promoting use of internally generated power within the Company

Quantifying business impact projected through these risks and opportunities

For those items rated as "large" in the materiality assessment of the identified risks and opportunities for which objective future projection data are publicly available under the scenario of rising temperatures, we quantitatively estimated the business impact in 2030 for the railway and real estate and distribution businesses of the Nankai Electric Railway Co., Ltd., Semboku Rapid Railway Co., Ltd., Nankai Fudosan Co., Ltd., and Nankai Shoji Co., Ltd.

For the scenarios that serve as premises to these assumptions, we have used a 1.5–2°C scenario for the risks and opportunities associated with the shift, for which active response will be taken in society for climate change, and a 1.5–2°C and 4°C scenario for physical risks, for the calculations.

Scenario configuration: The range of temperature increase by the end of this century



Calculation of business impact (five risks and opportunities)

- (1) Fall in operating profit due to imposition of carbon taxes
- (2) Decrease in operating profit due to surging power bills
- (3) Decline in operating profit due to physical damage from torrential rain
- (4) Drop in operating profit due to suspension of operation of railways and temporary closure of facilities due to torrential rain
- (5) Rise in rent for existing buildings through obtaining environmental certification

Two scenarios × Five important risks and opportunities × Businesses of our Group

Prerequisite for calculating business impact estimations

Items	Risks and opportunities	Forecast data used for the calculations	Assumption of the impact in 2030	
			1.5–2°C scenario	4°C scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	IEA "World Energy Outlook 2021"	\$130/t-CO ₂ (2030, developed countries) Calculated using a currency rate of \$1 = 114 yen	–
	Decrease of operating profit due to surging power bills	IEA "World Energy Outlook 2018"	An approximate 5% rise from the current level	–
Physical risks	Decrease of operating profit due to physical damage (floods*, landslides and bridge scours) from torrential rain	Meeting to evaluate technologies concerning water management in the era of climate change "Water management proposals in the era of climate change" A-PLAT "Climate Change Adaptation Information Platform"	The frequency of flooding is double the current level Frequency of landslides and bridge scouring increases by 2%	The frequency of flooding increases four-fold from the current level Frequency of landslides and bridge scouring increases by 2%
	Decrease of operating profit due to suspension of operation of railways and temporary closure of facilities*2 due to torrential rain	Japan Meteorological Agency "Climate Change in Japan 2020— Reports on Assessment of Observed/Projected Climate Change Relating to the Atmosphere, Land and Oceans (detailed edition)" Ministry of the Environment and Japan Meteorological Agency "Japan's Climate at the End of the 21st Century (2015)"	Days of torrential rain per year increases by 0.6 days from the current level	Days of torrential rain per year increases by 1.2 days from the current level
Opportunities	Increase of rent for existing buildings through obtaining environmental certification	Japan Real Estate Institute "The 46th Real Estate Investor Survey: Special Questionnaire II"	An approximate 4% rise from the current level	–

*1: Yamato River and Kinokawa River areas as assumed areas *2: Namba City, Namba Parks, and Namba Station Nankai Shoji stores are assumed to be in operation

Presumed business impact (financial impact)

Items	Risks and opportunities	Assumption of the impact in 2030	
		1.5–2°C scenario	4°C scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	-1.3 billion yen/year	–
	Decrease of operating profit due to surging power bills	-0.3 billion yen/year	–
Physical risks	Decrease in operating profit due to physical damage (floods, landslides and bridge scours) from torrential rain	-0.1 billion yen/year	-0.2 billion yen/year
	Decrease of operating profit due to suspension of operation of railways and temporary closure of facilities arising from torrential rain	-0.1 billion yen/year	-0.2 billion yen/year
Opportunities	Increase of rent for existing buildings through obtaining environmental certification	0.3 billion yen/year	–

The calculations showed, for the projected impact from climate change, business impact associated with the risks and opportunities from the shift to a decarbonized society. They also indicated that the business impact from physical risks under the 4°C scenario was double that of the 1.5–2°C scenario.

Either scenario brings limited business impact. However, to minimize the risks and maximize opportunities from climate change in the future, we would like to remain an organization that is resilient against climate change through initiatives for a decarbonized society, such as by advancing CO₂ reduction measures, including updates of our railway vehicles.

Risk management

For risks concerning the Nankai Group's business and so forth, we are ensuring comprehensive, central risk management for the entire group by measures such as establishing a Risk Management Committee to avoid and minimize risks that could significantly impact the management of our Group.

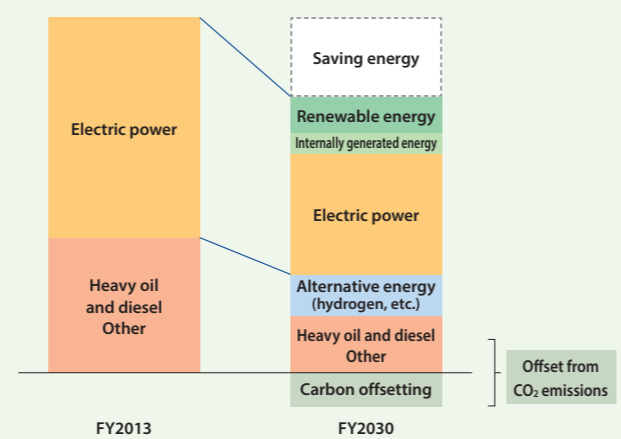
As for climate change risks, with our Sustainability Promotion Committee playing the central role, we have a system to devise policies and strategies to minimize risks and gain opportunities, and oversee monitoring of initiatives. Together with the Risk Management Committee, we will periodically review climate-change risks and opportunities.

Metrics and targets

Our Group has implemented initiatives to decarbonize our business activities to alleviate climate change and be ready for the risks associated with the shift, so we have set as targets for Scopes 1 and 2 to "reduce CO₂ emissions by 46% or more compared to FY2013 (FY2030)" and "achieve practically zero CO₂ emissions in 2050." In addition, we are aiming to increase the ratio of energy-efficient railcars to 85.0% by FY2030 in our Railway Business Division (we and Semboku Rapid Railway Co., Ltd.).

Our Group will help to realize a sustainable society through carbon-reduction initiatives such as updating our railway vehicles and using of renewable energy.

An image of the Nankai Group's energy use portfolio toward the goal of saving CO₂ emissions by over 46% by FY2030, from FY2013



Measures already implemented to adapt to climate change (hard measures)

KPI Ratio of energy-saving vehicles adoption (Nankai Electric Railway and Semboku Rapid Railway) to 85% (FY2030)

Results for FY2022: Ratio of energy-saving vehicles adoption: 63.2% (508 energy-efficient cars out of a total of 804 cars)

Measures against flooding at railway facilities

In the railway business, various measures to counter the flood damage caused by torrential rainfall and other factors are being strategically promoted. Watertight doors and tide embankments are being installed for all equipment rooms at railway facilities as measures against flooding damage. For soft measures, disaster response manuals are being developed along with evacuation plans for rolling stock held in the depot, in the event of stormy weather.



Tide embankment (left) and a watertight door (right) (Tamade General Office)

Landslide prevention measures for slopes

In the railway business, various measures are being strategically promoted to prevent slopes within railway properties from collapsing due to torrential rainfall and disrupting train operation.

Reinforcements such as slope frame construction and anchor construction are being promoted within railway properties as measures against landslide. Furthermore, for areas along our railway lines that carry the risk of falling trees, an arborist will conduct tree health assessments for the strategic removal of trees identified as dangerous, especially in the area between Hashimoto Station and Gokurakubashi Station.



Slope collapse countermeasures (between Chiyoda Station and Kawachinagano Station)

Safety measures for bridges

Scouring prevention measures (see p. 53 for details)

In the railway business, we will identify bridges affected by scouring from results of regular inspections, etc., and proceed with scouring prevention measures for river bridges based on those results. In FY2023, work on one bridge pier will be completed and work on one new pier is scheduled to begin.



Scouring prevention measures (Kinokawa River Bridge, Koya Line)

Installation of the Bridge Abnormality Detection System

In the railway business, a system that has measuring instruments to detect anomalies on bridges and automatically activate special signals that are immediately sent to notify train crews of anomalies has been installed on the Koya Line Yamato River bridge, Onosato River bridge and Kinokawa River bridge (on the Nankai Line and Koya Line).



Bridge Abnormality Detection System (Yamato River bridge on the Koya Line)

Bringing about a circular society

Promoting the effective use of resources and 3R for waste

In addition to complying with environmental laws and regulations, we promote recycling by identifying the environmental impact of our business activities in terms of pollution and waste generation, and we are also working to reduce water withdrawals to address growing water risks.

One example of waste reduction is the installation of trash cans for resource papers, bottles, cans, PET bottles, and plastics at the head office building. General trash is separated into 12 categories that are accurately measured with scales installed at the trash disposal area for management. Since FY2018, we have managed general and industrial waste on a non-consolidated basis, and in FY2021 we expanded the management of waste emissions to a consolidated basis. As a result of our efforts to understand the recycling rate, the combined ratio of general and industrial waste was 91.0% in FY2022, an improvement of 2.7% from the previous fiscal year.

Efforts to reduce water intake include the use of rainwater at Izumiotsu Station and Platplat, the effective use of spring water as miscellaneous water, and the use of industrial water and reprocessed water (gray water). At Namba Parks, we have installed a water purification system in the basement. It uses microorganisms and activated carbon to treat and sterilize wastewater, which is then reused for flushing toilets and sprinkling water on plantings. Since FY2018, we have been managing the water withdrawals of our Group (consolidated), and since FY2021, have been tracking the breakdown of water withdrawals. Since FY2022, we have also been managing wastewater withdrawals.

The water withdrawal by our Group (consolidated) in FY2022 was 1,384 thousand m³, an increase compared to the previous fiscal year, due to the conclusion of the effects of the COVID-19 pandemic and a slight recovery trend in the economy, while the water withdrawal intensity was reduced by 3.2% compared to FY2019.

Preserving biodiversity

Our approach to biodiversity

We revised our environmental policy in 2017, adding items for biodiversity and establishing our "Biodiversity Action Guidelines." We will be mindfully avoiding or minimizing our impact on biodiversity within all of our business activities, and aim to maintain the ecosystem and achieve the sustainable use of natural resources in areas along our railway lines.

In 2023, we also endorsed the "Osaka Declaration of Support for Biodiversity" and the "Keidanren Declaration on Biodiversity."

In addition, to support biodiversity in areas along our rail lines, since 2008 we have been actively contributing to the creation of a society that fosters biodiversity by making donations to the Osaka Biodiversity Conservation Fund.



The contribution of "Parks Garden" to urban biodiversity

The "Parks Garden" situated on the rooftop of "Namba Parks" (11,500 m²) offers approximately 500 species and 100,000 medium to tall trees, which are home to a variety of bird and insect life. It is a unique place within the city of Osaka that contributes to biodiversity. The "Parks Garden" has been featured as an example of



Parks Garden

"creating new liveliness through greenery" in the Ministry of the Environment's "Case studies of collaboration between developers and local communities: Realizing SDGs through development projects." Furthermore, "Parks Garden" was ranked No. 1 in the "Otherworldly Green Rooftop Gardens," a feature in the NIKKEI Plus 1 article published on June 4, 2022 in the Nikkei Keizai Shimbun.

"Nankai Forest"

Our company started planting cedar and cypress trees in 1977 at our approximately 520 hectares of forest (approximately 300 ha of man-made forest and approximately 220 ha of natural forest, etc.) in the Totsukawa Village in Yoshino, Nara Prefecture. Since then, we have been systematically planting trees and doing pruning and thinning work to help control erosion and preserve water sources, as well as to preserve biodiversity. Meanwhile, from a CSR perspective, since 2008 we have also been conducting tree-thinning activities with executives and employees. Additionally, forests absorb CO₂ and contribute to future carbon neutrality, so the J-credit system has started to attract attention. Our company is also considering ways to use these forests for the three initiatives of global warming prevention, realization of a circular society, and preservation of biodiversity, through activities such as increasing the number of J-credits issued.



Nankai Forest promotion activity

"Tanagawa Biotope"

After signing a "Green Partner Agreement" with Osaka Prefecture, Misaki Town, and the Osaka Prefectural Institute of Environment, Agriculture, Forestry and Fisheries in 2009, we have been working together to restore natural space at the biotope in the Tanagawa area (Sennan-gun, Misaki Town), the former site of Kansai International Airport Phase II soil and sand extraction, through ongoing environmental conservation activities including pond management and observation of living organisms.



Biotope (overhead view)

Deepening our environmental management

Reinforcing employee awareness towards environmental conservation and ensuring compliance with environmental laws and regulations

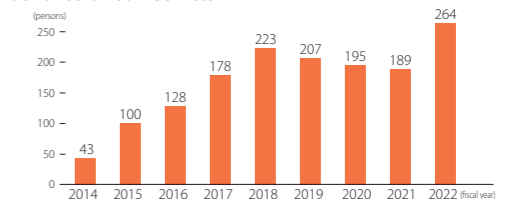
Our company has introduced the ECONist program (a system to promote participation in environmental volunteer activities) since 2014. An ECONist is an employee with high environmental awareness who takes the initiative to actively participate in environmental activities. Employees receive ECONist points when they participate in environmental volunteer activities, etc. within and outside of the company, and are certified as ECONists if they earn two or more points per year.

We also encourage our employees to take the "Environmental Society Certification Examination (eco certification)" (sponsored by the Tokyo Chamber of Commerce and Industry) to raise their awareness of environmental activities and environmental impact reduction, and the number of executives and employees holding the eco certification test in FY2022 was 413.

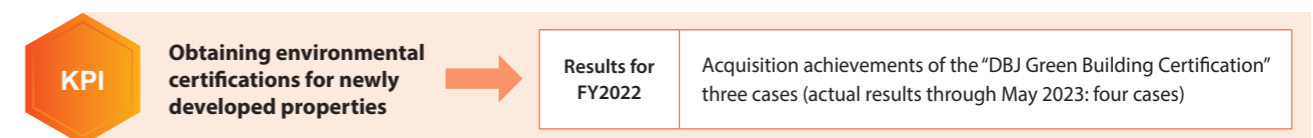
In addition to this, the Nankai Group aims to comply thoroughly with environmental laws and regulations by providing SDG training for managers and general employees, along with environmental law and regulation training sessions that focus on revisions.

Furthermore, we have established an environmental management system in 2010 at the Chiyoda Factory, which conducts train car maintenance, and have been carrying out external audits since then.

Number of certified ECONists



Expanding environmental buildings (green buildings)



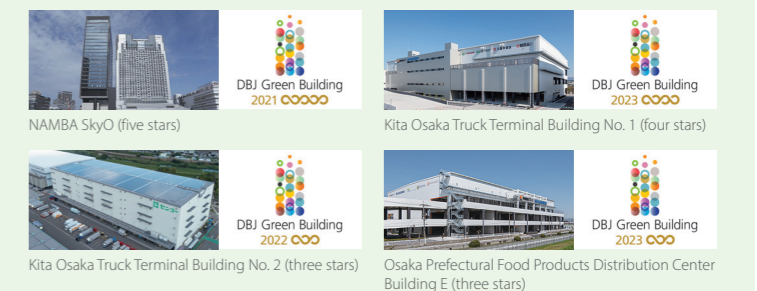
We assume the need for environmental buildings (green buildings) will increase even more with the transition to a decarbonized society. In November 2022, Kita Osaka Truck Terminal Building No. 2 received a three-star rating, and in May 2023, Osaka Prefectural Food Products Distribution Center, Building E received a three-star

rating. In May 2023, Namba SkyO and Namba Parks received S-rank CASBEE real estate evaluation certification.

We will continue to meet the needs of our customers by acquiring certification for existing properties as well as for newly developed ones.

Acquisition of the "DBJ Green Building Certification"

The DBJ Green Building certification program was established by the Development Bank of Japan, Inc. to support real estate (green buildings) that take the environment and society into account, and makes assessments and certifications required by society and the economy.



7 Bolster a Corporate Foundation That Is Sincere and Fair

To dynamically respond to a rapidly changing society, we will aim for speedy decision making, appropriate financial management, and a stronger supervisory function. We will also strive for two-way communication with our stakeholders, including shareholders and investors, to ensure timely, appropriate, and fair disclosure of information and to enhance management transparency.

Corporate governance

Basic concepts

Recognizing that strengthening corporate governance functions is an important management issue, we strive to ensure we not only comply with the law but also have transparent management, make fair and rational decisions, and strengthen the Group's supervisory functions.

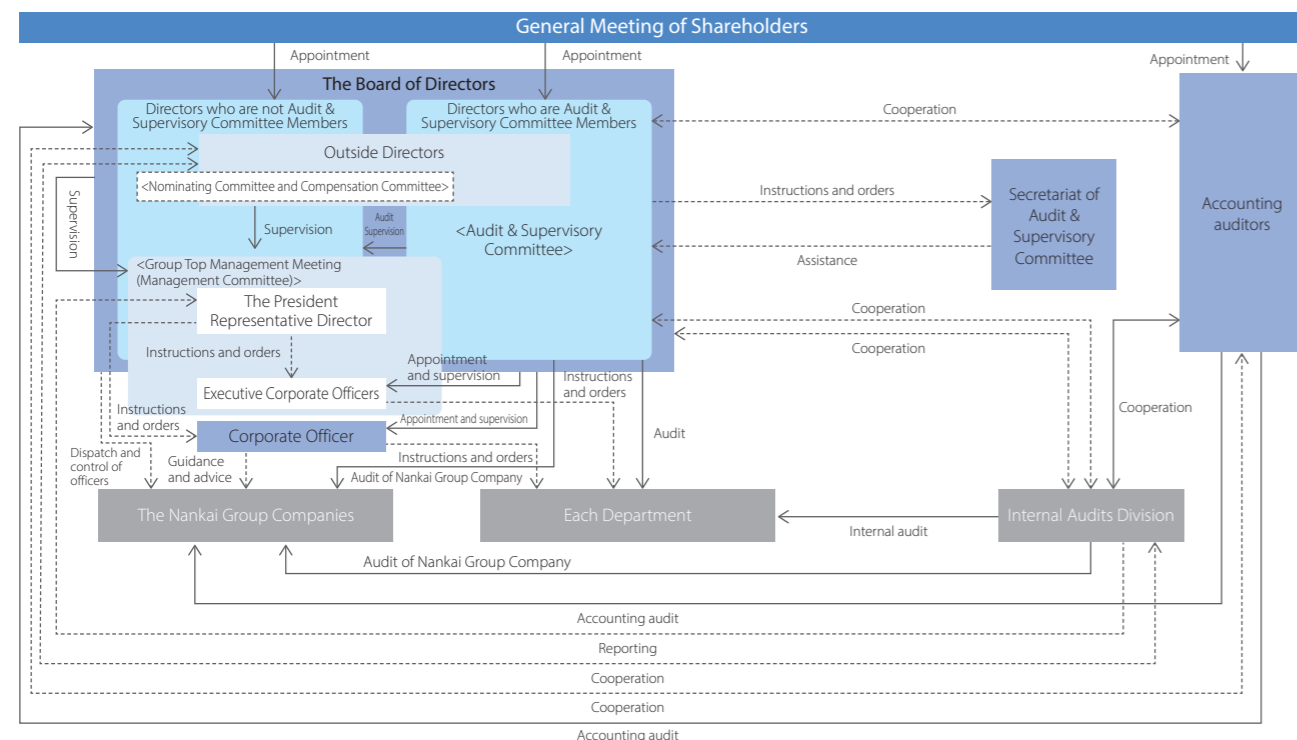
We respect the principles of the Corporate Governance Code set forth by the Tokyo Stock Exchange, and aim to achieve sustainable growth and increase corporate value over the medium to long term while constantly strengthening and reviewing our corporate governance functions.

Quick reference table for the corporate governance system (as of June 20, 2023)

Organizational design	Company with an Audit & Supervisory Committee
Chair of the Board of Directors	Representative Director and Chairman
Number of Directors	15
Number of which are Outside Directors	8 (53%)
Number of which are female Directors	3 (20%)
Number of which are Directors/Audit & Supervisory Committee Members	6
Number of which are Outside Directors and Audit & Supervisory Committee Members	4
Term of office for Directors	1 year (2 years for Directors who are Audit & Supervisory Committee Members)
Corporate Officer system adopted	Yes
Board of Directors' discretionary advisory committees	Nominating Committee and Compensation Committee
Director compensation system	Compensation for Directors (excluding Directors who are Audit & Supervisory Committee members) and Executive Corporate Officers* shall be classified into supervisory and executive compensation.
Introduction of a performance-based compensation system	Yes
Accounting auditors	KPMG AZSA LLC
Corporate Governance Report	https://www.nankai.co.jp/en/ir/governance/governance_report

* Ranks of Senior Corporate Officer and higher among our Corporate Officers

Outline of corporate governance and internal control systems (as of June 20, 2023)



Transition to a stronger governance system

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Organizational design	Company with a Board of Company Auditors								Company with an Audit & Supervisory Committee	
Officer composition	Number of directors		13		9		8		15*1	
	Outside directors		3		8*2					
	Number of auditors		5							
	Outside auditors		3							
	Independent officers		5		4		5		6	
	Female officers						1		3	
Term of office for officers	Directors		2 years		1 year					
	Auditors		4 years							
	Directors/Audit & Supervisory Committee Members						2 years			
Establishment of voluntary committees	Nominating and Compensation Meetings									
	Nominating Committee									
	Compensation Committee									
Evaluation of the effectiveness of the Board of Directors					Started evaluating the effectiveness of the Board of Directors					
Officer compensation							Introduction of a stock compensation system		Update	
Other							Abolition of takeover defense measures			

*1 Six are Directors who are Audit & Supervisory Committee Members *2 Four are Directors who are Audit & Supervisory Committee Members

Outline of the corporate governance system and reasons for adopting this system

Being a company with an Audit & Supervisory Committee, we have increased both the number and proportion of Outside Directors with voting rights on the Board of Directors to strengthen the Board's supervisory function and improve management transparency. Furthermore, we delegate part of the Board's decision-making authority over business execution to the Directors to improve the flexibility of the execution, thereby continuing with our aim to shift the Board's function more toward a monitoring one. In addition, by positioning Corporate Officers as people who are responsible for business execution, the company makes a clear distinction between the business execution function and the supervisory function.

Given the nature of the company's business and its social mission to ensure safe transportation, the Board of Directors appoints a reasonable number of Directors from within the company who are well versed in the railway business and transportation safety management, while ensuring that the majority of them are Outside Directors. At the same time, by setting the Nominating Committee and Compensation Committee to have a majority of their members be Outside Directors and Audit & Supervisory Committee Members, the management ensures fairness, objectivity, and transparency in the

decision-making process on important management matters, including nomination and compensation.

In addition, the company strives to strengthen the supervision of the management by the Board of Directors and the Audit & Supervisory Committee by regularly reporting to the Board of Directors and the Audit & Supervisory Committee on the status of internal control system operations, including internal audit plans and results.

Sustainability promotion and risk management

The Nankai Group considers the promotion of sustainability and risk management as important management issues and has established the Sustainability Promotion Committee, chaired by the Chairman and CEO of Nankai Electric Railway, and the Risk Management Committee, chaired by the President and COO.

The Sustainability Promotion Committee and the Risk Management Committee report to the Board of Directors on important matters from their deliberations.

(FY2022 results: Sustainability Promotion Committee: two reports; Risk Management Committee: three reports)

Business execution

The Board of Directors

The Board of Directors (chaired by the Representative Director and Chairman, with the General Affairs and Public Relations Department as the Secretariat) consists of 15 Directors including eight Outside Directors (six of whom are Directors who are Audit & Supervisory Committee Members) and meets once a month, in principle, to make decisions on basic management policies and the execution of the company's business, and to supervise the Directors' performance of their duties. In accordance with the provisions of the Articles of Incorporation and resolutions of the Board of Directors, the company delegates important business execution decisions to the Directors, thereby enhancing the agility of business execution.

Group Top Management Meeting (Management Committee)

The Group Top Management Meeting (Management Committee) (presided over by the President, with the General Affairs and Public Relations Department as the Secretariat) consists of the Chairman, President, and Head of each Group, and meets once a week as a deliberative body for the President to make decisions on important business execution based on the basic management policies set by the Board of Directors.

Nominating Committee

The Nominating Committee (Head of the committee: Kiyoshi Sono, Outside Director; Committee members: Teruhiko Achikita, Representative Director and Chairman; Hitoshi Tsunekage, Outside Director; Miharu Koezuka, Outside Director; and Takeshi Kunibe, Outside Director/Audit & Supervisory Committee Member) has been established to fairness, objectivity, and transparency in the nomination process.

The following matters shall be discussed and approved by the Committee in an advisory capacity to the Board of Directors.

- Nomination of candidates for Directors to be proposed at the General Meeting of Shareholders
- Proposals for selection of Representative Directors and appointment of Executive Corporate Officers to be submitted to the Board of Directors
- Dismissal of Directors and Executive Corporate Officers, and the propriety of dismissal or non-reappointment of Representative Directors
- Matters related to succession planning and nomination of the President
- Other matters deemed necessary by the Board of Directors in connection with the above matters

Compensation Committee

The Compensation Committee (Head of the committee: Hitoshi Tsunekage, Outside Director; Committee members: Teruhiko Achikita, Representative Director and Chairman; Nobuyuki Okajima, Representative Director and President; Kiyoshi Sono, Outside Director; Aiko Mochizuki, Outside Director; and Shohei Miki, Outside Director and Audit & Supervisory Committee Member) has been established to ensure fairness, objectivity, and transparency in the compensation decision-making process.

Regarding the determination of compensation for individual

Directors (excluding Directors who are Audit & Supervisory Committee Members) and compensation for Executive Corporate Officers, the Representative Director and Chairman, CEO is entrusted with the responsibility of making the decisions through resolutions of the Board of Directors; however, the following matters shall be discussed and approved by the Committee in an advisory capacity to the Board of Directors.

- Details of the proposal on compensation, etc. for Directors to be proposed to the General Meeting of Shareholders
- Proposed policy regarding the determination of the content of individual compensation for Directors (excluding Directors who are members of the Audit & Supervisory Committee; hereinafter the same shall apply) and Executive Corporate Officers with management responsibilities to be submitted to the Board of Directors
- Details of compensation, etc. for individual Directors and Executive Corporate Officers as determined by the President
- Other matters deemed necessary by the Board of Directors in connection with the above matters

Status of audits by the Audit & Supervisory Committee

The Audit & Supervisory Committee (Head of the committee: Outside Audit & Supervisory Committee Member, Secretariat: Secretariat of Audit & Supervisory Committee) consists of six Audit Committee Members, including four Outside Directors, who have considerable knowledge of finance and accounting. The committee meets once a month, in principle, and selects members to investigate the status of operations and assets of the Company and its subsidiaries, and deliberates and makes resolutions at Audit & Supervisory Committee meetings to audit the execution of duties by Directors. In addition, full-time staff are assigned to assist the duties of the committee, and in order to ensure the independence of such full-time staff, their transfer, evaluation, and other relevant matters are discussed in advance with full-time Audit & Supervisory Committee Members.

In FY2022, the Audit & Supervisory Committee held 15 meetings (see pp. 95-96 for attendance by individual Audit & Supervisory Committee Members).

Specific matters discussed by the Audit & Supervisory Committee include audit reports, basic matters related to audits, progress of management planning, agenda items and matters to be reported at the Group's top management meeting, the status of audits by the accounting auditors, evaluation of the accounting auditors, the status of internal audits, etc., and plans for the next fiscal year.

Outside Directors

The company's approach to independence criteria or policies and the status of appointments

Outside Directors are encouraged to use their insight, experience, and expertise as corporate executives, certified public accountants, consultants, and legal experts and lawyers for the management of the company. They are expected to provide precise advice on the Group's overall management and refine the effectiveness of auditing and supervision from an independent standpoint without any relationship with the Company's management in which one could exert significant control over the other.

When appointing Outside Directors, we assume that they have

no material interests in the Company and that they meet the criteria for independence set forth by the Tokyo Stock Exchange when they are registered as independent officers. Based on these assumptions, the requirements for Outside Directors include having the insight and experience necessary to supervise or audit the execution of the diverse range of duties in our Group business, including our railway business (in which the assurance of safe transportation is our social mission), and possessing the willingness and ability to work proactively to fulfill the roles expected of them from an independent position in order to meet the mandate entrusted in them by the shareholders.

Based on this, the company has appointed Outside Directors who are independent, and we believe that the appointments are sufficiently functional to maintain and improve our corporate governance system.

Support system

To ensure effective supervision or auditing by Outside Directors or Audit & Supervisory Committee Members, the General Affairs and Public Relations Department Chief Manager, who serves as the secretariat of the Board of Directors, distributes materials of the Board of Directors meetings to Outside Directors in advance to the extent possible, and, if necessary, provides opportunities for officers in charge, etc., to explain the proposals and their contents in advance. Through these efforts, we strive to ensure the appropriateness of decision-making procedures at the Board of Directors. In addition, materials on the deliberations and matters to be reported, as well as a notice of deliberations, are sent to the Outside Directors who are absent from the Board of Directors meetings.

The Secretary of Audit & Supervisory Committee is in charge of the secretariat of Audit & Supervisory Committee, which communicates the date and time of the Audit & Supervisory Committee meetings, provides advance notice of the agenda, and assists with on-site audits at each business location as necessary. Additionally, full-time Audit & Supervisory Board members provide explanations and reports to Outside Directors/Audit & Supervisory Committee Members from time to time on useful information for conducting audits, such as information discussed at the Group Top Management Meeting (Management Committee) and information obtained from other documents approved by the Management Committee.

Officer training

The training necessary for Directors to fulfill their roles and responsibilities is provided as shown in the table below.

All officers	We encourage executives to attend external training programs as appropriate, for which the company will pay the necessary expenses.
Internal	—
Newly appointed	We provide training by experts in law, corporate governance, and other areas.
Outside	We offer tours of our Group's facilities and other events.
Newly appointed	We will explain our business, financial condition, and management strategies.

Officer compensation system

Details of the policy and method of determining the amount of compensation, etc. of officers or the method of calculating the amount of compensation, etc.

The compensation of Directors (excluding Directors who are Audit & Supervisory Committee members; the same shall apply hereinafter) and Executive Corporate Officers (Senior Corporate Officer level and above) shall be divided into supervisory and executive compensation. Supervisory pay is paid monthly to Directors in cash in a fixed amount commensurate with the responsibilities of the position. Executive compensation consists of a base salary, bonuses, and stock-based compensation, and is paid to the Chairman (limited to those who are business execution Directors; the same shall apply hereinafter) and Executive Corporate Officers (the Chairman and the Executive Corporate Officers are hereinafter collectively referred to as the "Executive Business Corporate Officers"). The ratio of compensation shall be 60% basic compensation, 25% bonus, and 15% stock-based compensation, taking into consideration the need to increase incentives to improve business performance and to promote management with an awareness of shareholder value and stock price. Details are shown in the table on p. 81.

The determination of remuneration for individual Directors and Executive Corporate Officers is left entirely up to Teruhiko Achikita, Representative Director and Chairman, CEO, by resolution of the Board of Directors. He has the authority to determine the amount of compensation for each position and to evaluate and determine the individual performance of Executive Corporate Officers, but such decisions must be approved by the Compensation Committee. In the event of any revision to the policy regarding the determination of the amount of compensation, etc., of officers or the method of calculation thereof, the details of such revisions shall be deliberated by the Committee prior to the Board of Directors' meeting.

Remuneration for Directors who are Audit & Supervisory Committee Members is determined through consultation among the Directors who are Audit & Supervisory Committee Members.

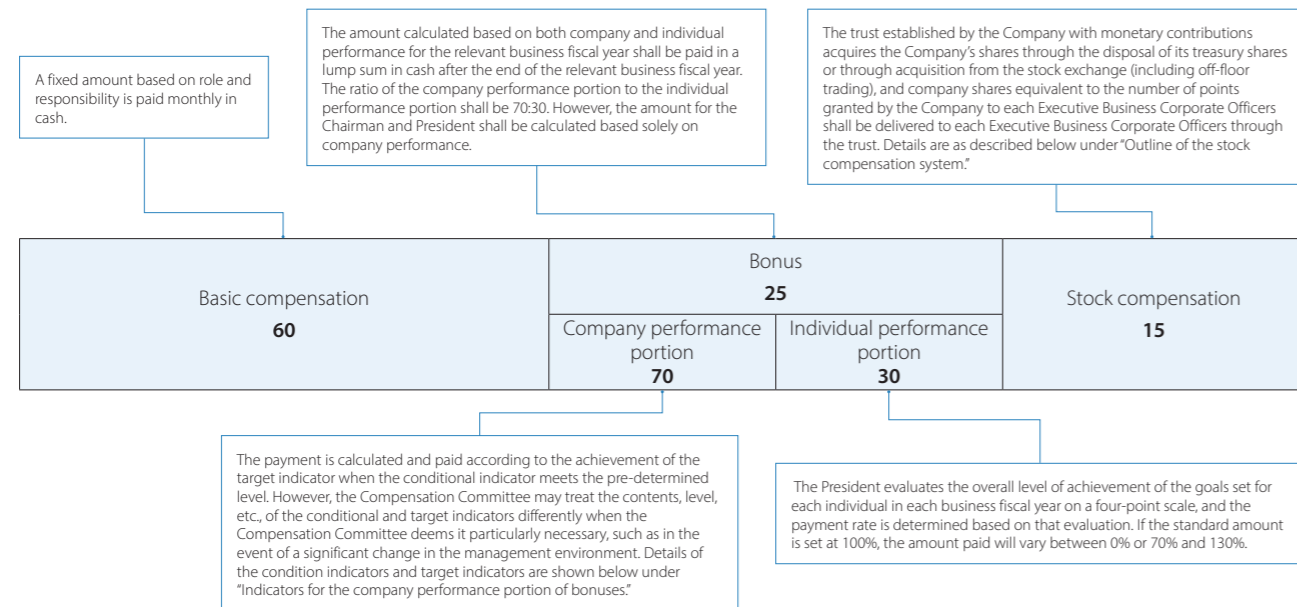
Date of resolution of the general meeting of shareholders concerning remuneration, etc. of officers and corporate auditors and details of such resolution

At the 104th Regular General Meeting of Shareholders held on June 25, 2021, the maximum amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), was set at 514 million yen per year (including 50 million yen for Outside Directors; and not including employee salaries). (The number of eligible Directors at that time was nine, including four Outside Directors.)

At the same General Meeting of Shareholders, a resolution was also passed to introduce a stock compensation system using a trust, separate from the above. At the Board of Directors meeting held on May 12, 2022, a resolution was passed to extend the subject period to March 31, 2025.

The maximum amount of compensation for Directors who are Audit & Supervisory Committee Members was set at 90 million yen per year (the number of eligible Directors at that time was six) at the 104th Regular General Meeting of Shareholders held on June 25, 2021.

Compensation composition of Executive Business Corporate Officers



Indicators for the company performance portion of bonuses

■ Conditional indicators

We regard the attainment of a certain level of profit and the payment of consistent dividends for each business fiscal year as the condition for the payment of bonuses, and set profit or loss attributable to owners of the parent as a conditional indicator. If the profit or loss attributable to owners of the parent for the business fiscal year in question falls below 70% of the average of the net income attributable to shareholders of the parent company over the previous five years, excluding the highest and lowest amounts, bonuses pertinent to company performance will not be paid.

■ Target indicators

In order to increase incentives to achieve the "Nankai Group Management Vision 2027," we have set consolidated operating income, the numerical target of the Vision, as our target indicator. The

percentage of achievement against the budget established at the beginning of the fiscal year will be reflected linearly (proportionally) in the payment rate between 80% and 120%. If the standard amount is 100%, the payment amount will vary between 50% and 150%. If the achievement rate falls below 80%, bonuses pertinent to company performance will not be paid.

Outline of the stock compensation system

We have introduced a stock compensation system to clarify the linkage between the compensation of Executive Business Corporate Officers and the Company's business performance and stock value, and to share the benefits and risks associated with stock price fluctuations with our shareholders. This raises awareness of the need for Executive Business Corporate Officers to contribute to improving business performance and increasing corporate value over the medium to long term. Details are shown in the table below.

Stock compensation system

Target group	Directors (excluding members of the Audit & Supervisory Committee and Outside Directors) and Executive Corporate Officers (excluding individuals concurrently serving as Directors and those residing outside Japan)
Applicable term	Through March 31, 2025
Maximum amount to be contributed by the Nankai Electric Railway to fund the acquisition of the Company's shares necessary for delivery	Total amount 180 million yen (equivalent to 60 million yen per year)
Method of share acquisition	By way of disposal of treasury shares or acquisition from the stock exchange market (including off-floor trading)
Maximum total number of points to be awarded to eligible persons	Equivalent to 24,000 points per year
Criteria for granting points	Points awarded according to position, etc. (1 point is 1 share of our company's stock)
Timing of delivery of our shares	In principle, when the eligible person resigns from any of the positions of Director or Executive Corporate Officer of the Company

Total amount of compensation, etc., by officer category; total amount of compensation, etc., by type of compensation, etc.; and number of officers subject to compensation

Classification of officers	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Bonus	Stock compensation	
Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	256	149	76	30	5
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors and Audit & Supervisory Committee Members)	47	47	—	—	2
Outside officers	69	69	—	—	8

1. Bonus is the amount of provision for officers' bonuses (including the difference in provision) for FY2022.
2. Stock-based compensation is the amount recorded as the expense for points granted during FY2022.
3. In addition to the above, the amounts of compensation, etc., paid to the five Executive Corporate Officers who do not concurrently serve as Directors are shown in the table below.

Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)			Number of eligible officers (persons)
	Fixed compensation	Bonus	Stock compensation	
148	81	46	20	5

Message from newly appointed Outside Director

We will contribute to ensuring the transparency and fairness of the Nankai Group's decision-making, thereby enhancing corporate value.



Outside Director and Audit & Supervisory Committee Member

Takahiro Tanaka

I am Takahiro Tanaka, elected as an Outside Director and member of the Audit & Supervisory Committee at the General Meeting of Shareholders in June 2023.

Just by listening to the many affectionate questions from shareholders at the General Meeting of Shareholders, I feel that our Group is a company that has grown together with and supported the communities along our railway lines. I hope that our Group and the communities along our railway lines will continue to support each other in developing the communities and solving social issues. This will raise the value of the communities along Nankai lines, which in turn will lead to the sustainable growth of our Group and increase our corporate value.

FY2023 will be the second year of the "Kyoso 140 Plan" currently underway. As a member of the Board of Directors and the Audit & Supervisory Committee, I would like to supervise and audit the status of our business execution to ensure that the "Kyoso 140 Plan" is properly carried out, while also helping to formulate the next Medium-term Management Plan during my two-year term.

To fulfill the responsibilities of an Outside Director, I would like to help ensure the transparency and fairness of the Company's decision-making by providing advice and recommendations from the perspective of compliance and risk management, drawing on my experience and knowledge as an attorney who has been involved in dealing with legal issues and crises at numerous companies over many years. This will include asking questions and raising issues without hesitation through the lens of healthy skepticism, not forgetting the perspective of protecting the interests ordinary shareholders as an independent Director.

Moreover, I would like to utilize my experience and knowledge as an outside officer at other companies to make the Company's Board of Directors and Audit & Supervisory Committee even more effective.

Evaluation of the effectiveness of the Board of Directors

Based on the self-evaluation of all Directors through questionnaires and other means, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole once a year.



*Analysis by the Board of Directors Secretariat

Purpose of conducting the FY2022 survey

In FY2022, the first year of the "Kyoso 140 Plan," the Board of Directors reviewed the plan's progress quarterly and focused on analyzing the causes of problems and deliberating on countermeasures to enable the Board of Directors to fulfill its supervisory function more effectively. When reporting on important business, the Board of Directors endeavored to expand on the information provided in order to share the content of discussions on the executive side, such as explaining the points that were discussed during the decision-making process.

Lunch meetings and facility tours were also held to foster an atmosphere conducive to discussion.

To self-evaluate these efforts and further improve its effectiveness, issues and response policies for operating the Board of Directors for the next fiscal year are set based on the opinions of Board members.

Evaluation items (Questionnaire items)

- Operation of the Board of Directors for FY2022 (Time required, materials, and extent of explanation)
- For the following issues addressed based on last fiscal year's evaluation
 - (A) Thorough implementation of the "Kyoso 140 Plan's" PDCA cycle (Timeframe for progress review and content of report)
 - (B) Deepening and expanding items to be reported and deliberated on (reporting on risk management, sustainability, and human capital)
 - (C) Lively discussions and deliberations (Lunch meetings and facility tours)

Evaluation results for FY2022

■ Operation of the Board of Directors for FY2022

While the evaluation was generally positive regarding the time taken for full Board of Directors' meetings, the explanatory materials, and the degree of explanation, there were suggestions for improvement regarding clarification of the time required and the nature of the explanatory materials.

■ Regarding the following issues addressed based on last fiscal year's evaluation

(1) Thorough implementation of the "Kyoso 140 Plan's" PDCA cycle (Timeframe for progress review and content of report)

Many respondents indicated that the time per meeting should be shortened, and that improvements are needed in terms of management, such as narrowing down the issues to be discussed in the report.

(2) Deepening and expanding items to be reported and discussed (risk management, reports on sustainability and human capital)

There is a need to further enhance the content of reports on risk management and human resource development, as well as new themes for the Board of Directors to supervise, and other issues to strengthen oversight of business execution.

<Topics to be addressed at the Board of Directors (main opinions)>

- Business portfolio strategy
- Third-pillar business strategy, DX strategy
- Human resource recruitment and training plans
- Approach and response to ROE (return on equity), cost of capital, and PBR (price book value ratio)
- Initiatives for EXPO 2025 and other major events in the Kansai region

(3) Lively discussion and deliberation (Lunch meetings and facility tours)

Lunch meetings and facility tours were generally evaluated positively, confirming the importance of continued efforts.

Initiatives for FY2023

Based on the FY2022 evaluation, the following three issues shall be addressed this fiscal year.

■ Improving the effectiveness of progress reviews of the "Kyoso 140 Plan" to ensure its completion

To effectively supervise the progress of the "Kyoso 140 Plan," more suitable management methods will be considered, such as devising clearer explanation and better time allocation from the perspective of those who receive explanations.

■ Deepening and expanding items to be reported and deliberated on (Continued from last fiscal year)

<Deepening>

The following themes, which were covered in the last fiscal year, will be reported on and discussed in more depth from the perspective of analysis from a group-wide viewpoint, from the perspective of trends such as public and market attention, and from the aspect of return on investment.

- Risk management (strengthen review of group-wide risk action plans)
- Sustainability initiatives (expansion of reporting and deliberations based on enhanced disclosure)
- Progress of human capital planning in the "Kyoso 140 Plan" (sublimated into deliberations on human capital management)
- Progress of business strategies related to e-sports business and other future exploration (thorough review)

<Expansion>

Each of the following topics and issues that are newly identified for examination will first be discussed further on the executive side so that they can be moved to discussion by the Board of Directors.

- Business portfolio strategy
- Human capital management
- Approach and response to PBR (Price Book Value Ratio)
- Initiatives for EXPO 2025 and other major events in the Kansai region

■ Lively discussions and deliberations (Continued from last fiscal year)

While keeping a close eye on the re-emergence situation of COVID-19, continue to hold lunch meetings and facility tours to create an atmosphere conducive to discussion.

Group governance

Businesses that have a close business, personnel, or financial relationship with the Company are designated as Group companies that are mainly under the jurisdiction of each segment group. In principle, the companies in the Group whose shares are held by the Company are positioned as directly managed companies, while companies whose shares are held by directly managed companies are positioned as indirectly managed companies, with the Company having jurisdiction over directly managed companies. Indirectly managed companies are under the jurisdiction of the directly managed companies that own their shares, thereby ensuring group-wide management. In addition, the Company has established the "Group Company Guidance Policy" and "Group Company Management Regulations," and prior approval is required from the Company for certain important management matters, including important capital investment projects. This is to ensure appropriate operations across the entire group.

Major initiatives

● Group management meetings (budget hearings, etc.)

The meetings are held for the purpose of understanding the Group companies' plan implementation status and providing guidance. Adjustments are then made and management guidance and other measures are taken as necessary.

● Group Top Management Meeting (Management Committee)

The committee deliberates on certain important management matters, including major capital investment projects by Group companies. In addition, the Company reports quarterly on the sales and other performance of Group companies.

● Monthly reports

Monthly reports on sales and other performance are received from the directly managed companies and reported to all Corporate Officers.

Publicly listed parent/subsidiary pairs

The Company has a listed subsidiary, Nankai Tatsumura Construction Co., Ltd.

The subsidiary is engaged in general construction work, design, real estate ownership and sales, etc., and serves as a shared-services company that performs civil engineering and construction work for the Group. We also believe that listing on the market is one of the most effective ways to improve management autonomy and transparency at the subsidiary, as well as to secure social credibility, name recognition, and human resources, and that it will lead to the sustainable growth of our Group and increase our corporate value over the medium to long term.

To ensure appropriate control of this Group member, we dispatch Directors from our Company, but in principle respect the judgment of the management to ensure the company's independence and self-reliance as a listed company. In addition, the Company strives to ensure that the interests of the subsidiary and other shareholders and stakeholders of the subsidiary are not unfairly impaired. This is done by prudently exercising its authority to select and dismiss independent Outside Directors so that an effective governance system is established at the subsidiary that makes good use of independent Outside Directors.

Cross-shareholdings

Cross-shareholdings are made when doing so is deemed conducive to improving the Group's corporate value over the medium to long term from the perspective of maintaining and strengthening business relationships.

Each year, the Board of Directors reduces the number of stocks currently held by the Company as quickly as possible, considering a quantitative review based on the Company's capital cost, if it is deemed that there is little rationale for holding such stocks.

For example, in the following cases where the exercise of voting rights could significantly affect the corporate value of the issuing company or its business relationship with the Company, the Company will determine whether to approve disposal of the stocks in question through dialogue with the issuing companies, etc., as necessary.

- When a significant deterioration in business performance continues for a certain period of time
- In the event of serious misconduct
- When there is a proposal on the agenda regarding capital policy that would result in a change in control or a major dilution
- When a proposal that significantly affects the business relationship with the Company is put on the agenda

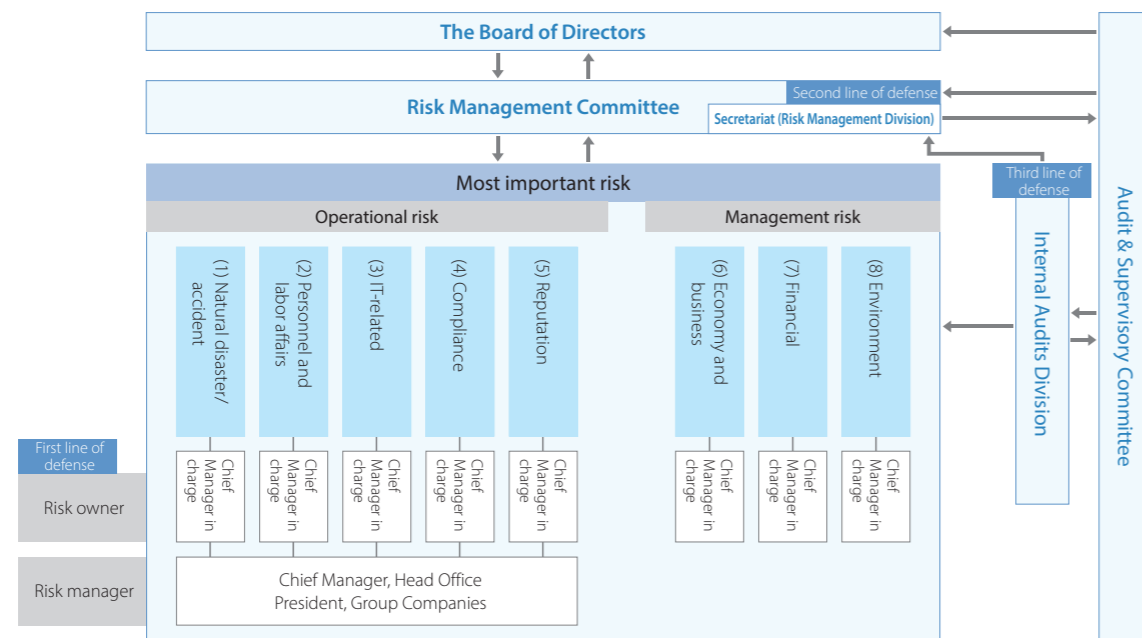
Risk management

Basic concepts

To fulfill our social responsibility through sustainable growth, we consider risk management to be a matter of utmost importance. As such, we have established the "Risk Management Division" as a department dedicated to risk countermeasures, and have established the "Risk Management Regulations," which serve as our basic policy for risk countermeasures.

Establishment of the Risk Management Committee

The Nankai Electric Railway has established a Risk Management Committee chaired by the President. The Risk Management Committee strives to avoid or reduce risks that could significantly impact the Group's management through comprehensive and integrated risk management for the entire Group, and also deliberates on various measures to promote compliance management.



Risk management system

Addressing the most important risks

Based on the "Risk Management Regulations," the Risk Management Committee determines the most important risks to prioritize. For the most important risks, we classify (1) through (8) in the above diagram into "operational risks" and "management risks," and then select a risk owner who is responsible for promoting risk countermeasures. The risk manager who is responsible for executing operational risks takes the lead in planning those countermeasures, thereby improving effectiveness.

Three lines of defense

The Risk Management Committee regularly checks the execution status of risk countermeasure initiatives, coordinates with the Audit & Supervisory Committee, and reports to the Board of Directors. The Internal Audits Division audits these risk countermeasure efforts and has established a so-called "three-lines-of-defense" system.

In FY2023, based on the details of the FY2022 efforts, the Risk

Management Committee Secretariat (second line) is working to grasp the current situation and strengthen checks and balances on risk owners and risk managers (first line). In addition, the Internal Audits Division (third line) will check the implementation status of the risk countermeasure plan as an audit theme.

Compliance

Advocacy for and structure of compliance management

The Group has established a "Code of Business Ethics" to ensure sound development and corporate ethics, and to maintain and promote compliance management.

In the unlikely event of a serious compliance violation, the Risk Management Committee will make recommendations on how to correct the situation and prevent its recurrence.

In principle, the Risk Management Committee meets once a month, subject to confidentiality obligations. In FY2022, the meeting was held 13 times in total to report on the operation of the Business Ethics Hotline System and compliance/risk-related

news reports, and the President and other members of the management team shared the contents of these reports.

Code of Business Ethics

1. Comply with laws, regulations, and other social norms, and engage in fair and sound corporate activities.
2. Strive to maintain sound and good relationships with a broad range of actors in society, including customers, business partners, shareholders, and others.
3. Aim to be a good "corporate citizen" that contributes to the local community.
4. Firmly confront antisocial forces and groups that pose a threat to the order of business and civil society.

Established in September 2001

Assignment of compliance officers

"Compliance officers," who play a central role in raising awareness of compliance, are assigned to each department within the company and to each Group company. The person in charge receives information on compliance from the Risk Management Division and conducts educational activities at each workplace/company. A plenary meeting is held to exchange opinions on the progress of projects.

Implementation of compliance training

Various training programs are conducted on an ongoing basis to instill compliance awareness among all officers and employees of the Group. For FY2022, a compliance training program was held with content appropriate to the position of officers and below.

Furthermore, every October is designated as "Compliance Enhancement Month" to strengthen compliance efforts by displaying educational posters and carrying out other measures.

In addition, to firmly entrench the spirit of the Code of Business Ethics, we have created a Compliance Handbook that provides practical guidelines for each and every officer and employee of the Group on how to act, and a Compliance Card for employees to ask themselves about their own decisions and actions from the perspective of compliance. The Compliance Card is distributed to all employees of the Group.

Through these efforts, we are working hard to strengthen education to promote compliance management.

Whistleblower system

As a system for the early detection and correction of legal and ethical problems at the Company and Group companies, we have established a "Business Ethics Hotline System" to receive internal reports and consultations from officers and employees.

This system is designed to accept whistleblower reports and questions and consultations regarding legal and ethical issues in business activities, with 26 cases reported in FY2022 (27 cases in FY2021).

The system is valued as a self-cleansing mechanism that prevents "individual employees from dealing with their problems

alone" and allows "the Company to detect and correct problems at an early stage," as well as functioning as a "deterrent to illegal activities."

Furthermore, in light of the revised Whistleblower Protection Act to be enforced from June 2022, the "Business Ethics Hotline System Regulations" stipulate that all officers and employees shall neither treat informants in a disadvantageous or unfair manner nor engage in retaliatory or discriminatory actions against informants. In addition, the system's operating status is regularly reported on at the Risk Management Committee and Board of Directors meetings. Anonymous consultation and reporting are also possible, and a consultation desk has been set up at an external law firm in addition to the Company's own consultation desk. In addition, to spread awareness of the Business Ethics Hotline System and contact point, posters are displayed in workplaces, and Compliance Cards with contact information for the hotline are distributed to all Nankai Group employees.

Establishment of a basic policy on anti-corruption

The Group has declared its commitment to preventing corrupt practices, and established the basic policy in April 2022 to realize this commitment. In addition to applying this policy, which prohibits corrupt practices such as the use of force, to all officers and employees, we also require our business partners and others to take anti-corruption measures such as those against bribery of domestic or foreign public officials; bribery, embezzlement, breach of trust, or other unfair business practices in private transactions; laundering or concealment of criminal proceeds; obstruction of justice; other acts in violation of civil, administrative, or criminal laws and regulations concerning the prevention of corrupt practices; and receipt or offering of entertainment or gifts that exceed the scope of socially accepted norms or common sense.

In accordance with the provisions of this policy, we are working to disseminate and train employees on this policy through the Compliance Handbook and other means, formulate and disseminate an implementation program, establish a consultation service, and ensure that information is managed and stored properly.

Basic policy on anti-corruption



Introduction of clauses to exclude organized crime groups

The Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces established by the government require companies to further promote efforts to sever ties with anti-social forces, including organized crime groups.

In response to this, in FY2008 we started introducing clauses in contracts and other documents concluded by each department to exclude organized crime groups.

Fulfilling communication with stakeholders

Basic concepts

Based on a clear corporate philosophy that moves with the times, and as a company that is widely trusted by society, we have established a Disclosure Policy that covers not only compliance with laws and regulations, but also the improvement of management transparency as one of our key responsibilities. In line with this policy, we constantly strive to disclose information to our shareholders, investors, and other stakeholders in a fair, timely, and appropriate manner.

Promoting dialogue with shareholders and investors

As part of our efforts to invigorate the Regular General Meeting of Shareholders, we make it a rule to set the date and time of the meeting so that it avoids the day predicted to be the middle day of the first meeting, and endeavor to provide useful information and a polite question-and-answer session for shareholders. As an effort to facilitate the exercise of voting rights, we also strive to send out the convocation notice early and, in principle, announce it electronically via TDnet before sending it out. In addition, we send the "Shareholder Newsletter (Nankai Report)" to shareholders twice a year to help them grasp our management situation.

For institutional investors and analysts, we explain our management strategies, business operations, and business performance at financial results briefings and other events. Furthermore, we combine both face-to-face and web-based activities, such as tours of our facilities, including the Namba area, small meetings, conferences, and individual interviews, to enrich dialogue and promote understanding.

Dialogues have been held mainly with domestic institutional investors and analysts on the main themes of business strategies and numerical plans of the "Kyoso 140 Plan" (Medium-term Management Plan) and business environment, especially in the transportation and real estate businesses. Opinions and other information obtained from the dialogue are fed back to the Corporate Officers once a month and to the Board of Directors once a year, and are utilized when formulating strategies and implementing actions to achieve sustainable growth and boost corporate value.



Facility tours for investors

Top management participation in IR activities

In light of the current situation, the challenges facing society as well as people's values and lifestyles are changing dramatically, so our management must be highly adaptive to changes based on the assumption that the future is uncertain. Because in this management environment we believe it is ever more important for top management to discuss strategies and tactics, we actively engage in dialogue with analysts and institutional investors and disseminate information. In addition to the progress of our business performance and the Medium-term Management Plan, we are also working hard to raise engagement by strengthening information dissemination from the perspective of sustainability, such as by carefully explaining in the words of top management the concept of sustainable management that the Group should pursue in light of the surrounding business environment, specific initiatives based on this concept, the background and aims of the transition to a new management structure, and future policies.

In the future, we intend to provide many opportunities for management to directly communicate and dialogue about the various businesses we are developing as well as our ESG-related initiatives, since not only business activities that have a direct impact on finances, but also initiatives in non-financial areas, are important factors that can significantly change corporate value.

Expanding information disclosure by utilizing our website

In August 2022, we completed a full overhaul of our official website in order to proactively disclose information. In addition to financial information such as quarterly management indices and segment information, we promote integrated financial and non-financial disclosure by disclosing non-financial information like ESG data. We are also working to upgrade the communication of our corporate stance by posting messages from top management, CFO messages, and other messages from management. At the same time, we are working to expand useful information for more stakeholders by posting archived videos of Financial Results Briefings for Institutional Investors and content for individual investors.

One outcome from this overhaul was that the site received an "Overall Commendation as an Excellent Site" in Nikko Investor Relations Co., Ltd.'s "2022 Corporate Website Quality Ranking Survey of All Listed Companies."

We will continue our efforts to refine the content of our website and improve the level of disclosed content, both in terms of quality and quantity, for better communication with our stakeholders.



Responsible procurement policies that respect society and the environment

Basic concepts

Through the entire supply chain, the Group hopes to contribute to realizing a sustainable society by fulfilling its social responsibilities, such as "consideration for safety and security," "global environmental conservation," "prevention of corrupt practices," and "respect for human rights." We aim for mutual growth with our suppliers by deepening our relationship of trust with them through better communication based on the Nankai Group Material Procurement Policy and the Green Procurement Guidelines, and by working together to build a strong and sustainable supply chain system.

Nankai Group Materials Procurement Policy, Green Procurement Guidelines

Our sustainable procurement efforts began with green purchasing, which prioritizes purchasing items with the lowest possible environmental impact when buying equipment and other familiar items. Since FY2009, we have been working to set annual targets. In FY2019, we formulated the Green Procurement Guidelines, which define mandatory items and those to endeavor to reach, for green procurement to our suppliers. Following that in FY2022, we formulated the Nankai Group Material Procurement Policy, which that expands beyond the environmental field, and we are concentrating our efforts on these policies.

Nankai Group
Material
Procurement PolicyGreen
Procurement
Guidelines

Risk assessment and addressing issues in the supply chain

In FY2022, we published the Japanese and English versions of the newly established Nankai Group Material Procurement Policy on our website. We also distributed it via e-mail to approximately 440 of our suppliers with whom we have regular business transactions to inform them of the policy and request their cooperation in implementing it. At the same time, surveyed 100 suppliers to find out what their initiatives and key issues were. (The top 100 companies in terms of transaction volume in the previous fiscal year. This corresponds to approximately 80% of the transaction volume in the previous fiscal year. Survey collection rate: 100%.)

Main questionnaire items

- Status of environment-related promotion (existence of environmental policies and regulations)
- Compliance with environmental laws and regulations
- Pursuit of safety and security, stable supply of materials, and on-time delivery
- Human rights and health & safety policies and regulations
- Respect for workers' human rights, including prohibition of child labor and forced labor, and assurance of a safe and healthy environment
- Policies and regulations on the prevention of bribery and other corrupt practices and the blocking of relationships with antisocial forces
- Information security policies and regulations

If the results of the survey indicate that some items are not being addressed adequately, we conduct awareness-raising activities as appropriate. Among other things, if it is confirmed that prospective suppliers are not complying with laws and regulations, we will not initiate transactions with them, and for existing suppliers, we will terminate or temporarily suspend the business relationship in accordance with our policy.

FY2022 survey results and response to issues

The results of the FY2022 survey did not indicate any of the aforementioned problems. However, about 25% of the companies did not have policies on the environment, human rights, anti-corruption, and information security, and the departments in charge had not yet been determined. As we believe it is important to first request the development of these policies, we provide support by encouraging improvement and providing examples of our initiatives that can be used for reference.

We also recognized that "items on environmental considerations" were still being addressed by small- and medium-sized suppliers, and that this was an important issue. To improve this situation, we would like to interview our suppliers to find out the reasons why they are not making headway in their efforts, and provide information and encourage them to work toward a solution.

Internal training, external partnerships

In principle, training for purchasing staff takes place once a year to provide education on basic knowledge, including important items of the Nankai Group Material Procurement Policy. In addition, as part of our participation in sustainability initiatives, we endorsed the "Partnership Building Declaration" promoted by the government and economic organizations, and announced it in April 2022. We are promoting cooperation and coexistence with suppliers in the supply chain with the aim of building new partnerships.

Ensuring sound and transparent finance

Given that the Group's operations are centered on the railway business, which is highly public in nature and requires significant capital investment, we place particular emphasis on ensuring financial soundness and transparency. We have positioned the ratio of net interest-bearing debt to EBITDA* as a key indicator of our financial soundness, and continue to improve this ratio to

achieve both business growth and financial security. With regard to transparency, we take initiatives to establish and implement mechanisms to ensure fair and equitable business activities, and to disclose corporate information to stakeholders in a fair, timely, and appropriate manner.

* Operating income + Dividend income + Depreciation and amortization

Outside Director Roundtable

Our advanced governance structure will drive us to increase our corporate value.

Three Outside Directors spoke about the Nankai Group's advanced governance system, the Board of Directors' effectiveness, and the Nankai Group's future. (Roundtable held on August 1, 2023)



Aiko Mochizuki

Outside Director

Takeshi Kunibe

Outside Director and Audit & Supervisory Committee Member

Shohei Miki

Outside Director and Audit & Supervisory Committee Member

Governance of the Nankai Group

Nankai Group's governance is an advanced one in terms of both formal requirements and substantive operations

Kunibe: I was appointed as an outside auditor of the Company in June 2020 and have been an Outside Director and member of the Audit & Supervisory Committee since June 2021. Our governance has been strengthened by our transition in June 2021 to being a company with an Audit & Supervisory Committee. The Directors of Audit & Supervisory Committee who carry out audits are also granted voting rights on the Board of Directors, while a portion of the Board's authority to execute business is delegated to the executive side. This is intended to increase the agility of business execution and make the Board of Directors a monitoring board with a focus on management oversight. This change has allowed our Board of Directors to add more risk and sustainability management initiatives to the agenda, and has provided more

opportunities to discuss major management issues in depth. I think this is a great thing for our group. At the same time, the importance of various committees is increasing. I am also a member of the Nominating Committee, and that committee spent a considerable amount of time discussing April 2023's changes in the top management team. We have assessed that our governance system is functioning well at each of our institutions.

Miki: The Company's Board of Directors is composed of 15 Directors, eight of whom are Outside Directors. Only about 15% of companies listed on the TSE prime market have boards of directors with a majority of outside directors. Given this situation, I personally feel strongly about the management team's determination to improve the governance structure. Three of the eight Outside Directors are female, and this Company is particularly conscious of gender diversity. In addition, the fact that the Nominating and Compensation Committees are chaired by Outside Directors, and that Outside Directors make up the majority of the members of

both committees, is especially progressive.

I was appointed head of the Audit & Supervisory Committee in June 2023. Four of the six Audit & Supervisory Committee members are Outside Directors, two of whom are legal experts who have spent their careers in the legal profession. In terms of audit operations, I feel that the Internal Audits Division and the Risk Management Division work very well together, making issues within our group visible and creating a system that is easy to audit. As Chairperson of the Audit & Supervisory Committee, I will continue to focus on the proper operation of the Audit & Supervisory Committee by joining forces with the members of the committee, the secretariat, the Internal Audits Division and related departments.

Mochizuki: In addition to external aspects such as the proportion of Outside Directors, I feel that the Board of Directors itself is managed very well. As Mr. Kunibe mentioned, an atmosphere has been fostered in which Outside Directors can honestly express their thoughts and opinions in the often in-depth discussions on major management issues. In addition, it is highly commendable that all of the Internal Directors have experience in managing the Group, and that the weight of the decisions the Board of Directors makes is shared by the entire Board. It seems as if each Director, internal and external alike, takes responsibility and pride in their statements and engages in discussions from the bottom of their hearts.

Effectiveness of the Board of Directors

The Board of Directors is becoming more "interactive" in its discussions. More time should be spent on substantive discussions that lead to increased corporate value.

Mochizuki: It has been two years since I became an Outside Director of the Company, and just in those two years that I have been observing, I have seen a great deal of change in the way discussions take place at Board meetings, and I feel it is evolving each and every day. In short, the "interactive nature of our discussions" has grown. Specifically, discussions between Internal and Outside Directors, as well as between Directors and those on the executive side who explain how execution is progressing, have become more interactive on every occasion, which I feel has added depth to them. What's more, since the majority Outside Directors have diverse experience and knowledge, they are often able to provide a variety of supplementary information in response to a single question, such as, "Isn't this also possible?" I think that contributes to the increased interactive nature of the meetings, too. When I speak at Board meetings, I of course offer insights based on my own area of expertise, but also do not hesitate to ask



questions from an objective point of view if I think something is not right. That is because I am always aware that the Company is committed to moving in the right direction.

Kunibe: Especially in recent years, there has been strong pressure for governance to become more sophisticated than ever before, and naturally those on the executive side, as well as Outside Directors such as ourselves, must keep striving for ever more robust governance in response. As Ms. Mochizuki mentioned, the atmosphere is a conducive one for interactive discussions, where we Outside Directors are encouraged to speak frankly and freely about our own thoughts and opinions. I feel that our Board is very good in terms of changing the substance of our discussions.

Miki: I agree. I believe that the eight Outside Directors on the current Board provide free and vigorous input that deepens the quality of the discussions. Of course, what is important is the substance of the discussions, but I am certain that having a majority of Outside Directors has created a good sense of tension in the discussions at Board meetings. Although such a situation is unlikely to occur in our group, I believe it is vital in terms of governance that even should we encounter a situation where internal logic leads us in the wrong direction, we can use the power of Outside Directors to keep it in check.

Mochizuki: While the quality of discussions is certainly improving, such as the increased "interactivity" I mentioned earlier, I think there is room for devising ways to use the Board's valuable time on more substantive discussions. Apart from legally required agenda items such as approval of financial statements, it is also important to change the reporting agenda, which tends to be exhaustive, to one that focuses more on the main points. Perhaps it is part of the corporate culture, but I think there is an element of excessive politeness involved. This point has already been made in the evaluation of the Board's effectiveness and is being improved. If the way we report at Board meetings changes, perhaps the way we discuss issues at other meetings will change as well.

Miki: As Mr. Kunibe and Ms. Mochizuki have already pointed out, the agenda at our Board meetings has become more complex and the quality of discussions has increased. In this context, from now on it is important to hold more vigorous discussions on the development and utilization of Group human resources. In April 2023, the Group underwent a major reorganization, which resulted in changes to the management structure of the Nankai Group companies. The previous centralized management system has been changed to one in which each group manages its own operations individually. Of course, this in itself is a reasonable delegation of authority and desirable. However, the Board of Directors it will need to discuss how to develop and make the most of the Group's limited human resources and how to implement personnel policies that will hold the Group together horizontally.

Kunibe: It is important to be aware of the need to upgrade the Board of Directors in order to lift corporate value. To boost corporate value in times of rapid change, having the ability to respond to environmental changes, and for corporate management itself to be resilient, is essential. The Board of Directors, and Outside Directors like ourselves, should be keenly aware of this. Our Board of Directors includes Outside Directors with extremely diverse backgrounds. I believe that one of my key roles as an Outside Director is to help the Company respond to environmental changes and ensure management resilience by freely and openly expressing my opinions based on the experience and insight I have cultivated over the years.

Two elements are necessary for a well-functioning Board of Directors. The first is, as I mentioned, to have a well-functioning team of Outside Directors. The second is to ensure that meaningful discussions at Board meetings are respected and put into action by the executive departments. In this respect, we have both, and the Company is running very well because the executive departments actively incorporate the opinions of the Outside Directors put forward at Board meetings.



About the "Kyoso 140 Plan" – the Medium-term Management Plan

The measures in the Medium-term Management Plan are being implemented with a strong sense of urgency and determination to achieve the goals set forth in it.

Miki: The Board of Directors spends a great deal of time discussing the promotion of the Medium-term Management Plan. For instance, a total of 15 hours were spent on the planning process, six times in six months since October 2021. After the plan has been developed, we also conduct quarterly reviews, which have been done five times for a total of 12 hours. The reviews are comprehensive and are based on reports from each department. They are discussed in great detail. This is a good initiative that we can be proud of both inside and outside the Company. In general, we appreciate the speed with which the Medium-term Management Plan is being implemented. The Board of Directors will also discuss the current situation, revise the plan as necessary, and change specific actions to be taken. I think it is wonderful that there is a strong emphasis on not just leaving the plan as it was created, but putting it into action to achieve the goals.

Mochizuki: As you say, under the strong leadership of former President Achikita (current Chairman) and the Internal Directors, a strong desire to see the plan through to completion has led to substantial discussions and careful quarterly reviews at Board meetings. What impresses me is that the people on the executive side are very much aware of the need to "take action" first and foremost. Without taking action, it is impossible to determine whether a management strategy is truly suitable or whether it needs a course correction. During the planning process, and even now, former President Achikita always talks about how he does not want to end up saying good things in the plan, but to actually do what the plan sets out. These words are very impressive.

Kunibe: I agree with all of you, and we had quite a lively discussion in FY2021 about developing a Medium-term Management Plan. Outside of Board meetings, we also hold discussions internally with younger members of the Company. We believe that these meaningful efforts have resulted in a plan of very high quality. What I strongly feel in promoting the Medium-term Management Plan is that the so-called PDCA cycle has been put together with great skill. In addition, as you all pointed out, I can sense the firm will and sense of responsibility on the part of everyone on the executive side to see the plan through to completion.

Adding to measures related to public transportation and real estate projects, this plan also includes future exploration. The culture of the public transportation business, which is based on

safety and security, the culture of the real estate business, and the culture of taking on new business as an exploration of the future differ from each other. It goes back to the phrase "ambidextrous management." First of all, the Board of Directors has advised that it is extremely important for the Group to foster a corporate culture that embraces two different approaches, whereby the Company takes on new challenges while advancing existing businesses that are already on their own two feet.

About the Nankai Group in the Future
Need to develop and utilize group human resources to increase corporate value. Transforming corporate culture while leveraging the growing awareness of the younger generation

Miki: As I pointed out earlier, the key phrase for our Group in the future will be the development and utilization of Group human resources. This requires a cross-departmental approach. As stated in the ITO Report for Human Capital Management 2.0, the key to achieving human capital management is nothing less than the management team's commitment to take the lead and link management strategy with human capital strategy. Developing a workplace and staff in a way that enables each person to put their abilities to use is one of the Group's key sustainability themes, and is also an important management issue. The Board of Directors would like to closely monitor the status of these human capital management initiatives and link them to raising corporate value.

On the other hand, we recognize there is still some way to go in terms of thorough compliance and risk management, due in part to the occurrence of scandals resulting from inadequate labor management. As chairperson of the Audit & Supervisory Committee, I have given instructions on this point to the committee to act with resolve and ensure strict control.

Mochizuki: One of the business strategies set forth in the Medium-term Management Plan is to "develop the most popular areas along our railway lines." I feel "the most popular areas" is a very good term. In the future, I would not only like to see "the most popular areas along our railway lines," be those along Nankai lines, but also witness the Nankai Group broaden its vision even further to become a corporate group of choice for employees, investors, and stakeholders. The same goes for the Directors, including myself. My goal is not to be a Board member, but to be in a position to support the efforts of our employees, who will continue to advocate for things that will support change within the Company.

In addition, I believe that reform of the corporate culture is necessary for future exploration to make progress, and reform is gradually underway. To move new businesses forward, we need to involve others as well as ourselves, but the important thing is to



have a strong mindset that we will be the leader of the project and move it forward. This point seems to be beginning to sprout, especially among the younger generation.





Kunibe: As I mentioned at the beginning, there was a deep discussion in the Nominating Committee about the Succession Plan. We concluded that the preferred management structure after the enormous impact from the COVID-19 pandemic would be to have a CEO and COO, each with their own role to play, work together hand-in-hand.

A key issue for the Board of Directors to discuss going forward is the transformation of the business portfolio. We need to have a thorough discussion on how to strengthen group management and how to deal with DX strategies to boost corporate value.

As for the corporate culture, which I briefly touched on earlier, we must continue to uphold a culture that values safety and security, while at the same time spurring awareness of the need to take on new challenges in the future. We are in an era of diversity, and I would like you to create a good corporate culture full of 'Bound for good times,' which is typical of our Group, while considering the diversity of age groups in it.

List of Officers

(As of June 20, 2023)

Directors				
Title	Teruhiko Achikita Representative Director and Chairman, CEO	Nobuyuki Okajima Representative Director President, COO	Naoto Ashibe Representative Director Senior Managing Corporate Officer	Satoshi Kajitani Director Managing Corporate Officer
Reason for appointment	As President and CEO of the Company until the end of March of this year, he has been instrumental in the growth and improvement of the Group's financial situation, and has the ability to conceptualize management strategies, and the leadership and execution skills to make them a reality. In addition, he has been Chairman and CEO since April of this year, and we believe that he is capable of appropriately fulfilling his responsibilities as a Director.	In addition to his extensive knowledge of the railway business, he has a proven track record as a manager and leader with the power to bring people and resources together—qualities he has cultivated through experience as president of Group companies and the like. He was appointed President and COO in April this year, and we believe he can appropriately fulfill his responsibilities as a Director.	He has extensive knowledge of the Group's businesses and a sufficient track record as a manager, and we believe he can appropriately fulfill his responsibilities as a Director from the perspective of the Group's overall management.	He has long been involved in the construction and maintenance of railway track facilities, and has extensive knowledge of how to ensure safety and security in the railroad business, including serving as Comprehensive Safety Administration Manager. Therefore, we believe he can appropriately fulfill his responsibilities as a Director.
Biography	1978.4 Joined the Company 2013.6 Director, the Company 2015.6 Representative Director and CEO, the Company (current) 2015.6 Director and President, the Company 2019.6 President, the Company 2023.4 Chairman, the Company (current)	1989.4 Joined the Company 2014.6 Kumano Transportation Co., Ltd. Director and President 2017.6 Transportation Department Chief Manager, the Company 2020.6 Corporate Officer, the Company 2020.6 Railway Business Division, the Company Deputy General Manager 2021.6 Senior Corporate Officer, the Company 2021.6 Railway Business & Train Stock Department Chief Manager, the Company 2023.4 President and COO, the Company (current) 2023.4 Head of the Internal Audits Division, the Company (current) 2023.6 Representative Director, the Company (current)	1984.4 Joined the Company 2015.6 Director, the Company 2017.6 Managing Director, the Company 2019.6 Director, the Company 2019.6 Managing Corporate Officer, the Company 2021.6 Representative Director, the Company (current) 2021.6 Senior Managing Corporate Officer, the Company (current) 2023.4 Head of Public Transportation Group, the Company (current)	1987.4 Joined the Company 2016.6 Chief Manager, Administrative Planning Division, the Company 2017.6 Director, the Company (current) 2019.6 Senior Corporate Officer, the Company 2019.6 Railway Business Division General Manager, the Company 2020.6 Managing Corporate Officer, the Company (current) 2023.4 Railway Business Division General Manager, the Company (current)

					
Title	Takahiro Otsuka Director Managing Corporate Officer	Kiyoshi Sono Outside Director	Hitoshi Tsunekage Outside Director	Miharu Koezuka Outside Director	Aiko Mochizuki Outside Director
Reason for appointment	He has long been involved in the Administrative Planning Division and has extensive knowledge of the Group's finances, and we believe he is capable of appropriately fulfilling his responsibilities as a Director.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe he will be able to provide accurate advice and supervision of the overall management of our group from an independent standpoint, without any relationship with our management that could exert significant control over each other. We can also expect involvement and advice from his broad insight in considering the nomination and compensation of our management team as the chairperson of the Nominating Committee and as a member of the Compensation Committee.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe he will be able to provide accurate advice and supervision of the overall management of our group from an independent standpoint, without any relationship with our management that could result in either party exerting significant control over the other. We can also expect his involvement and advice as a member of the Nominating Committee and Chairman of the Compensation Committee, based on his broad insight, in considering nominations and compensation of the Company's management team.	Based on the broad insight she has gained as a C-suite executive of a department store, we believe that she will be able to provide accurate advice and supervision of the overall management of our Group from an independent standpoint without any relationship with our management that could result in either party exerting significant control over the other. We can also expect her involvement and advice as a member of the Nominating Committee, based on her wide range of insight, in considering nominations for the Company's management team.	Based on her expertise as a certified public accountant and the broad insight she has gained as a consultant, we believe she will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could result in either party exerting significant control over the other. We can also expect her to engage and provide advice based on her broad insight as a member of the Compensation Committee when considering compensation for the Company's management.
Biography	1992.4 Joined the Company 2018.6 Chief Manager, Accounting & Finance Department, the Company 2019.6 Corporate Officer, the Company 2020.6 Senior Corporate Officer, the Company 2021.6 Director, the Company (current) 2023.4 Managing Corporate Officer, the Company (current) 2023.4 Head of Financial Strategy Group, CFO (current)	1976.4 Joined Sanwa Bank, Ltd. 2015.6 Director, Representative Corporate Executive Officer and Chairman, Mitsubishi UFJ Financial Group, Inc. 2017.6 Director, the Company (current) 2019.4 Member of the Board of Directors and Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. 2019.4 Chairman of the Board of Directors, MUFG Bank, Ltd. (resigned in April 2021) 2019.6 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (resigned in April 2021) 2021.4 Special Adviser, MUFG Bank, Ltd. (current)	1977.4 Joined Sumitomo Trust and Banking Co., Ltd. 2008.1 President, Sumitomo Mitsui Trust Bank, Limited 2011.4 Representative Director and Chairman, Sumitomo Mitsui Trust Holdings, Inc. 2012.4 President, Sumitomo Mitsui Trust Bank, Limited 2017.4 Director, Sumitomo Mitsui Trust Bank, Limited 2017.6 Chairman, Sumitomo Mitsui Trust Bank, Limited (resigned in March 2021) 2017.6 Director, Sumitomo Mitsui Trust Holdings, Inc. (resigned in June 2021) 2019.6 Director, the Company (current) 2021.4 Special Adviser, Sumitomo Mitsui Trust Bank, Limited (current)	1979.4 Joined Takashimaya Co., Limited 2013.9 Senior Managing Corporate Officer, the Company (Representative Director) 2016.3 Director, Sumitomo Mitsui Trust Bank, Limited (resigned in May 2016) 2019.6 Director, the Company (current)	2002.4 Joined ChuoAoyama Audit Corporation 2005.4 Registered as a certified public accountant 2007.8 Joined Industrial Growth Platform, Inc. 2016.10 Partner and Managing Director, Industrial Growth Platform, Inc. (current) 2021.6 Director, the Company (current)



Years of service	10	—	8	6
Number of shares held (100 shares)	255 (144)	57 (26)	120 (69)	117 (62)
Attendance at Meetings of the Board of Directors	12/12	—	12/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee				
Committees				
Nominating Committee	○			
Compensation Committee	○	○		
Audit & Supervisory Committee				
Expertise and experience				
Corporate management and management strategies	○	○	○	○
Sustainability management	○			
Legal, compliance, and risk management	○			
Finance and accounting				
HR strategies and management		○	○	
IT and digital				
Railways and mobility services		○	○	○
Real estate and community development				
Marketing	○	○		

Years of service	2	6	4	4	2
Number of shares held (100 shares)	63 (41)	—	—	14	—
Attendance at Meetings of the Board of Directors	12/12	12/12	12/12	12/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee					
Committees					
Nominating Committee		○ (head of the committee)	○	○	○
Compensation Committee		○	○ (head of the committee)		○
Audit & Supervisory Committee					
Expertise and experience					
Corporate management and management strategies	○	○	○	○	○
Sustainability management	○	○	○	○	
Legal, compliance, and risk management		○			
Finance and accounting	○	○	○		○
HR strategies and management			○	○	
IT and digital					○
Railways and mobility services					
Real estate and community development					
Marketing				○	○

* The above years of service include the years of service as Directors and Auditors prior to transitioning to a company with Audit & Supervisory Committee.
 * The above number of shares held includes the number of shares to be delivered at the time of retirement under the stock compensation system as shown in parentheses.
 * The above records of attendance at Meetings of the Boards of Directors and Audit & Supervisory Committee represent the records of FY2022 (April 1, 2022 to March 31, 2023).
 * The expertise and experience above includes the areas of expertise and experience the Company expects the Directors to have. This item does not represent all of the expertise and experience of each Director.

Directors who are Audit & Supervisory Committee Members				
	Keiji Urai Directors/Audit & Supervisory Committee Member (full-time)	Takayoshi Yasuda Directors/Audit & Supervisory Committee Member (full-time)	Takeshi Kunibe Outside Director Audit & Supervisory Committee Member	Shohei Miki Outside Director Audit & Supervisory Committee Member
Title				
Reason for appointment	Since he has extensive knowledge of the Group's business and internal auditing, and has appropriately fulfilled his responsibilities as a Senior Corporate Auditor (full-time) and a member of the Director/Audit & Supervisory Committee (full-time), we believe he can continue to appropriately fulfill his responsibilities as a Director (full-time) who is also a member of the Audit & Supervisory Committee.	Since he has extensive knowledge of finance and internal audit through his business experience at a bank, as well as his experience as the head of the Internal Audits Division after joining the Company, we believe he can appropriately fulfill his responsibilities as a Director (full-time) who is a member of the Audit & Supervisory Committee.	Based on the broad insight he has gained as a bank manager, we believe that he will enhance the effectiveness of auditing and supervision of the Company from an independent standpoint, without any relationship with our management that could result in either party exerting significant control over the other. We can also expect her involvement and advice as a member of the Nominating Committee, based on her wide range of insight, in considering nominations for the Company's management team.	Based on the broad insight he has gained as an executive Director of a life insurance company, we believe he will enhance the effectiveness of auditing and supervision of the Company from an independent standpoint, without any relationship with our management that could result in either party exerting significant control over the other. We can also expect that, as the chairperson of the Audit & Supervisory Committee, he will ensure the fairness and objectivity of the Committee and contribute to improving its effectiveness, and that, as a member of the Compensation Committee, he will provide involvement and advice from his broad insight when considering the compensation of the Company's management team.
Biography	1986.4 2018.6 2019.6 2019.6 2020.6 2021.6 Joined the Company Chief Manager, Plan Management Department and Chief Manager, IT Planning & Management Department, the Company Corporate Officer, the Company Risk Management Division General Manager, the Company Senior Corporate Auditor, the Company (full-time) Director/Audit & Supervisory Committee Member, the Company (full-time) (current)	1988.4 2013.6 2015.6 2020.7 2020.7 2022.4 2022.4 2023.4 2023.6 Joined Japan Development Bank Management Chief Manager, Development Bank of Japan Inc. Chief Manager, Administrative Planning Division, the Company (Transferred out and accepted) Joined the Company Development Business Department Chief Manager, the Company Corporate Officer, the Company Internal Audits Division General Manager, the Company With Audit & Supervisory Committee, the Company Director/Audit & Supervisory Committee Member, the Company (full-time) (current)	1976.4 2003.6 2006.10 2007.4 2007.6 2009.4 2011.4 2017.4 2017.6 2019.4 2020.6 2021.6 2021.10 Joined Sumitomo Bank, Ltd. Corporate Officer, Sumitomo Mitsui Banking Corporation Managing Corporate Officer, Sumitomo Mitsui Banking Corporation Managing Corporate Officer, Sumitomo Mitsui Financial Group, Inc. Director, Sumitomo Mitsui Trust Bank, Limited Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation President and Chief Executive Officer, Sumitomo Mitsui Banking Corporation (resigned in April 2017) President, Sumitomo Mitsui Financial Group, Inc. Director President, Sumitomo Mitsui Financial Group, Inc. Chairman of the Board, Sumitomo Mitsui Financial Group, Inc. (current) Auditor, the Company Director/Audit & Supervisory Committee Member, the Company (current) Chairman of the Board, Sumitomo Mitsui Banking Corporation (resigned in April 2023)	1982.4 2015.3 2016.3 2016.4 2018.6 2021.6 2023.6 Joined Nippon Life Insurance Company Director and Senior Managing Executive Officer, Nippon Life Insurance Company Director, Sumitomo Mitsui Trust Bank, Limited (resigned in July 2016) Representative Director, Vice President and Executive Officer, Mitsui Life Insurance Co., Ltd. (currently Taiju Life Insurance Co., Ltd.) (resigned in March 2018) Chairman of the Board, Public Interest Incorporated Foundation Nippon Life Saiseikai (current) Director/Audit & Supervisory Committee Member, the Company (current) Audit & Supervisory Committee Chairperson, the Company (current)

Years of service	3	—	3	2
Number of shares held (100 shares)	41	—	—	—
Attendance at Meetings of the Board of Directors	12/12	—	11/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee	15/15	—	15/15	15/15
Committees				
Nominating Committee			○	
Compensation Committee				○
Audit & Supervisory Committee	○	○	○	○ (head of the committee)
Expertise and experience				
Corporate management and management strategies		○	○	○
Sustainability management			○	
Legal, compliance, and risk management	○	○	○	○
Finance and accounting		○	○	○
HR strategies and management	○			
IT and digital				
Railways and mobility services				
Real estate and community development		○		
Marketing				

		
Tomoko Igoshi Outside Director Audit & Supervisory Committee Member	Takahiro Tanaka Outside Director Audit & Supervisory Committee Member	
Title		
Reason for appointment	Based on her extensive experience and expertise in the legal profession, we believe she will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could result in either party exerting significant control over the other. We can also expect her to provide advice and recommendations primarily from a compliance perspective.	Based on his professional knowledge as an attorney and his extensive experience in corporate legal affairs over many years, we believe he will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could result in either party exerting significant control over the other. We can also expect her to provide advice and recommendations primarily from a compliance perspective.
Biography	1980.4 2009.1 2011.4 2011.11 2013.2 2021.6 Appointed as a Public Prosecutor Chief Public Prosecutor, Matsue District Public Prosecutors Office Public Prosecutor, Supreme Public Prosecutors Office Chief Public Prosecutor, Tsu District Public Prosecutors Office (resigned as Prosecutor in November 2012) Admitted to the bar (registration as attorney-at-law cancelled in March 2020) Director/Audit & Supervisory Committee Member, the Company (current)	2000.4 2023.6 Admitted to the bar Director/Audit & Supervisory Committee Member, the Company (current)


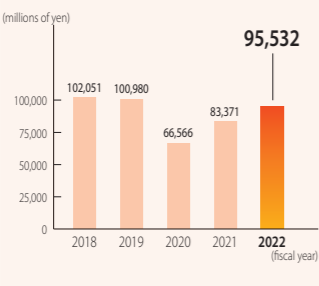
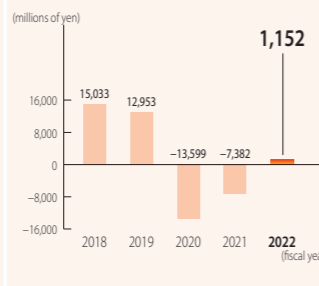

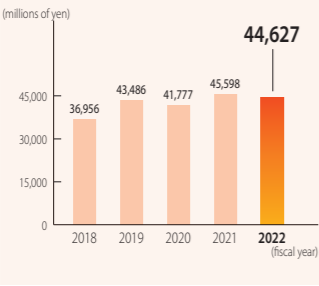
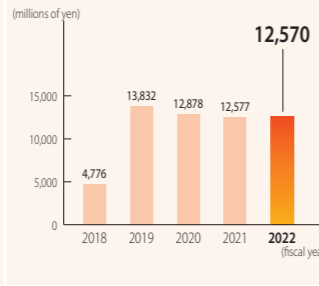

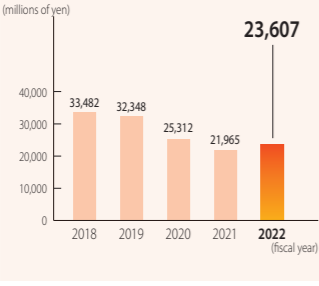
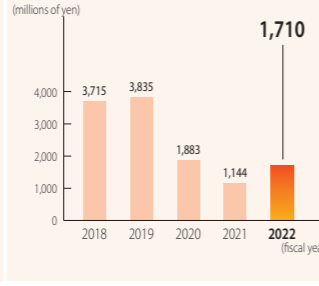

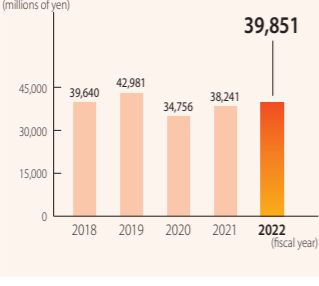
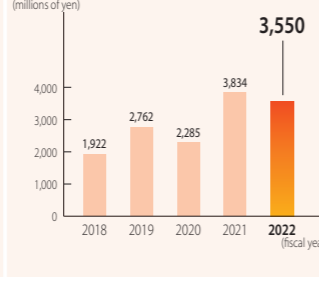

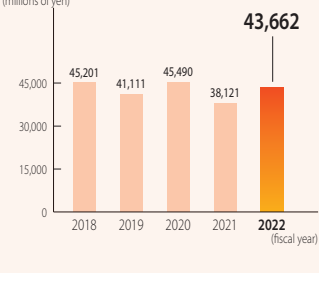
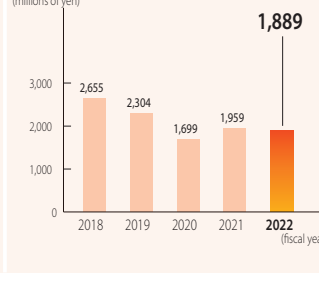
Years of service	2	—
Number of shares held (100 shares)	—	—
Attendance at Meetings of the Board of Directors	12/12	—
Attendance at Meetings of the Audit & Supervisory Committee	15/15	—
Committees		
Nominating Committee		
Compensation Committee		
Audit & Supervisory Committee	○	○
Expertise and experience		
Corporate management and management strategies		
Sustainability management		
Legal, compliance, and risk management	○	○
Finance and accounting	○	○
HR strategies and management		
IT and digital		
Railways and mobility services		
Real estate and community development		
Marketing		

Corporate Officers (excludes those also serving as Directors)

As of June 20, 2023

Managing Corporate Officers	Corporate Officers
Yoshinori Nikaya Head of Community Development Group, Community Development and Creation Division General Manager	Keisuke Okamoto Risk Management Division General Manager
Takahiko Nishikawa Head of General Administration & Human Resources Group and CAO	Shinji Wada e-Sports Business Department Chief Manager
Yasuyuki Matsumoto Head of Corporate Strategy Group and CSO	Hironori Saito Assistant to the CEO and Head of the Secretarial Department/General Affairs and Public Relations Department
Senior Corporate Officers	Atsushi Kobayashi Management & Planning Department Chief Manager, Public Transportation Group
Kazuaki Suzuki Public Transportation Business Division General Manager	Takamasa Kadokura Management & Planning Department Chief Manager, Community Development Group
Itaru Kaga Railway Business Division Deputy General Manager	Satoko Sakamoto Human Resources Department Chief Manager and Head of the Human Resources Strategy Department
	Keisuke Nishihara Real Estate Business Division General Manager
	Masanori Shiotani Internal Audits Division General Manager

Current State of Segments

Segment	Operating revenue	Operating income	FY2022 results
Transportation Business 35 companies 			Operating revenue: 95.532 billion yen (+14.6% YoY) Operating income: 1.152 billion yen (operating loss of 7,382 billion yen in the previous fiscal year) Positive factor: In the railway and bus businesses, the number of passengers carried increased compared to the previous fiscal year due to the return of demand for travel in Japan and overseas. The cargo transportation business enjoyed the effect of substantial increases in transport fares in the first half of the year.
Real Estate Business 6 companies 			Operating revenue: 44.627 billion yen (-2.1% YoY) Operating income: 12.570 billion yen (-0.1% YoY) Positive factor: In the real estate leasing business, hotel rental income increased due to the relaxation of restrictions on entry from overseas. Negative factor: In the real estate sales business, condominium sales decreased.
Distribution Business 9 companies 			Operating revenue: 23.67 billion yen (+7.5% YoY) Operating income: 1.710 billion yen (+49.4% YoY) Positive factor: In the management of shopping centers, reaction to the temporary closure of commercial facilities due to the declaration of a state of emergency (such as Namba Parks and Namba City) in the previous fiscal year and utility fee income increased.
Leisure and Services Business 20 companies 			Operating revenue: 39.851 billion yen (+4.2% YoY) Operating income: 3.550 billion yen (-7.4% YoY) Positive factor: In the travel agency business and boat racing facility leasing business, the effects of COVID-19 declined compared to the previous fiscal year. Negative factor: In the building management and maintenance business, building maintenance income fell.
Construction Business 4 companies 			Operating revenue: 43.662 billion yen (+14.5% YoY) Operating income: 1.889 billion yen (-3.6% YoY) Positive factor: Amount of completed construction contracts rose as a result of an increase in construction projects carried over from the previous fiscal year. Negative factor: The profit rate declined due to rises in construction material prices.

* The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.
 * Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Distribution, and Leisure and Services segments. Semboku Rapid Railway Co., Ltd. is included in duplicate in the Transportation and Real Estate segments.
 * Our Group's segments consist of six segments, including the above five, and Other Business (eight companies).

Transportation Business

Business	Characteristics																		
In the railway business, which forms the core of our Group, we offer safe and comfortable transportation services with two major lines, the Nankai Line and the Koya Line, and other lines including the Airport Line and Semboku Rapid Railway Line. We also develop highly convenient public transportation services, such as tramways, buses, and ocean freight services, as popular transportation for customers in the community.	<ul style="list-style-type: none"> Transportation between the cities and New Town Transportation to airports Transportation for tourism Initiatives for pioneering cashless payments in the industry (such as cashless payment) 																		
Related data																			
Number of airline passengers at the Kansai International Airport and passengers carried by our Airport Line (5-year changes)  <p>(left axis) Our Airport Line commuter passes (thousands) (right axis) Kansai International Airport Passengers (thousands) * Source: Kansai Airports (Number of air passengers at Kansai International Airport)</p>	<table border="1"> <thead> <tr> <th>Category</th> <th>Sector</th> <th>Point</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Railway business</td> <td>Existing lines</td> <td>Although we can expect improvement in the revenue environment due to the return of demand for travel, income from both commuters and non-commuters will be structurally affected due to the falling population along our railway lines, changing lifestyles, popularity of teleworking, etc.</td> </tr> <tr> <td>Airport Line</td> <td>The Airport Line serves passengers departing and arriving at Kansai Airport Station and Rinku Town Station. Owing to the return of inbound and outbound tourists, recovery of the employed population, etc., the income level is expected to return to that before the COVID-19 pandemic.</td> </tr> <tr> <td rowspan="3">Bus business</td> <td>Route buses</td> <td>Route buses are used as a daily means of transport in the southern Osaka and Wakayama areas. As with the railway business (existing lines), this business is affected by the decreasing population along our railway lines, etc.</td> </tr> <tr> <td>Express buses</td> <td>Express buses are used as a means of medium- to long-distance transport connecting to the Kanto and Shikoku regions with Namba as the base. While the revenue environment for tourism, homecoming, etc. will recover due to the return of demand for travel in Japan, the demand for business travel will be affected by growth in web meetings.</td> </tr> <tr> <td>Limousine buses</td> <td>Limousine buses are airport transportation buses that connect cities in Kansai with the Kansai International Airport and are mainly used by outbound tourists. The revenue environment in ways such as rises and falls in transport fares, stable and long-term growth is forecast for the industry.</td> </tr> <tr> <td>Cargo transportation business</td> <td>Air and sea cargo transportation</td> <td>Air and sea cargo transportation is a forwarder business for transporting freight by air or sea under a direct contract with the shipper. While it is easily affected by the external environment in ways such as rises and falls in transport fares, stable and long-term growth is forecast for the industry.</td> </tr> </tbody> </table>	Category	Sector	Point	Railway business	Existing lines	Although we can expect improvement in the revenue environment due to the return of demand for travel, income from both commuters and non-commuters will be structurally affected due to the falling population along our railway lines, changing lifestyles, popularity of teleworking, etc.	Airport Line	The Airport Line serves passengers departing and arriving at Kansai Airport Station and Rinku Town Station. Owing to the return of inbound and outbound tourists, recovery of the employed population, etc., the income level is expected to return to that before the COVID-19 pandemic.	Bus business	Route buses	Route buses are used as a daily means of transport in the southern Osaka and Wakayama areas. As with the railway business (existing lines), this business is affected by the decreasing population along our railway lines, etc.	Express buses	Express buses are used as a means of medium- to long-distance transport connecting to the Kanto and Shikoku regions with Namba as the base. While the revenue environment for tourism, homecoming, etc. will recover due to the return of demand for travel in Japan, the demand for business travel will be affected by growth in web meetings.	Limousine buses	Limousine buses are airport transportation buses that connect cities in Kansai with the Kansai International Airport and are mainly used by outbound tourists. The revenue environment in ways such as rises and falls in transport fares, stable and long-term growth is forecast for the industry.	Cargo transportation business	Air and sea cargo transportation	Air and sea cargo transportation is a forwarder business for transporting freight by air or sea under a direct contract with the shipper. While it is easily affected by the external environment in ways such as rises and falls in transport fares, stable and long-term growth is forecast for the industry.
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Opportunities	Threats																		
<ul style="list-style-type: none"> Development of digital technologies Future opening of the Naniwasuji Line (connecting the areas along our railway lines and the national core route) Rising demand for tourism Return of inbound tourists 	<ul style="list-style-type: none"> Acceleration of the declining population and aging society Changing lifestyles (decreasing demand for travel) Rising energy prices Natural disasters becoming more severe, and the risk of the Nankai Trough Earthquake 																		
Responses to opportunities and threats																			
<ul style="list-style-type: none"> Providing safety and security for transportation, passengers, disasters, and the community Strengthening automation, centralization, and maintenance by utilizing digital technologies Expanding transportation to airports; promoting cashless payment for increased market share Helping municipalities and communities solve transportation issues; providing diverse means of transportation as an entire group companies  <p>Promoting touch payment services</p>																			

Business development and forecasts for FY2023

Further revenue recovery is expected as a result of the normalization of social and economic activities owing to the reclassification of COVID-19 to class 5 infection and of an increase in airport line users due to return of demand from tourists from overseas. However, there is concern about the public transportation business being on the wane under the current business model partly, due to Japan's future decline in population. To address such issues, we have established the Public Transportation Group to run the railway, bus, tramway, and ocean freight businesses in an integrated manner. We have also established a system to transform the public transportation business into a comprehensive mobility business by adding a new mobility element, such as the Last-One-Mile Initiative, to stimulate further

demand. Under the new management system, we will accelerate development and promotion of the comprehensive mobility business and focus our efforts on providing seamless mobility services.

In terms of numerical figures, for FY2023 we expect an increase in revenue from the railway business as a result of revising fares on October 1, 2023, and a recovery in profit due to further return of demand for travel in and outside Japan, including for the bus business. However, with the increase of power costs, personnel expenses, and repair expenses, etc. compared to the expenses saved in the previous fiscal year due to the COVID-19 pandemic, we expect operating revenue from the transportation business of 108.4 billion yen, an increase of 12.8 billion yen, and operating income of 5.9 billion yen, an increase of 4.7 billion yen.

Real Estate Business

Business	Characteristics
We operate a real estate leasing for offices, department stores, hotels, logistics facilities, rental apartments, and parking lots. We are also engaged in wide-ranging real estate sales of residential land and built-for-sale condominiums, which contribute to enhancing the value of the areas along our railway lines and enriching customers' lifestyles.	<ul style="list-style-type: none"> ● Strong business base centered around Namba ● Semboku area, with a developing smart city project ● Logistics facilities in desirable locations ● Community-based real estate development

Related data

Breakdown of operating revenue from the real estate leasing business (by sector):

- Offices: 37%
- Leasing to department stores and hotels: 27%
- Logistics facilities: 21%
- Other: 15%
- Areas not along our railway lines: 23%

Category	Sector	Point
Real estate leasing business	Offices	Office leasing, represented by NAMBA SkyO and PARKS Tower. Properties in the Namba area account for 90% of revenue, and stable sources of income are secured with fixed rent. Both occupancy rates and average rent remain at a level above the average in the Namba area.
	Leasing to department stores and hotels	Rental to department store and hotel management companies. Fixed rent accounts for the majority, and this management type showed a relatively high resistance of not being significantly affected by the COVID-19 pandemic as they are not our own operations.
	Logistics facilities	Leasing to tenants at two logistics facilities, Kita-Osaka Logistics Center and Higashi-Osaka Logistics Center owned by Semboku Rapid Railway. They have the advantages of location and secure, stable sources of income at a high occupancy rate. A future increase in revenue is expected from enhancing facilities' functionalities.
Real estate sales business	Built-for-sale condominiums	With a focus on the Verite series, developed mainly by our Group, we sell built-for-sale condominiums not only in areas along our railway lines but also throughout the Kansai region. On average, we have a track record of selling around 150 properties per year.

Breakdown of operating revenue from the real estate leasing business (by area):

- Namba: 64%
- Areas along our railway lines (excluding Namba): 13%
- Other: 23%

* FY2022 results

Opportunities	Threats
<ul style="list-style-type: none"> ● Increased demand for new services in response to changing lifestyles ● Enhancing the value of the areas along our railway lines with the Naniwasuji Line project ● Development triggered by EXPO 2025 and the integrated resort (IR) ● Increased demand for high-performance and large-scale logistics facilities 	<ul style="list-style-type: none"> ● Changing lifestyles (popularity of teleworking) ● Population decreasing in the areas along our railway lines ● Oversupply of office buildings in the Osaka area ● Aging facilities

Responses to opportunities and threats

- Providing added value to users by combining multiple property portfolios
- Development of both social and physical infrastructure toward the realization of the Greater Namba vision
- Enhancing profit and stabilizing business portfolios through functionality enhancement of logistics facilities
- Securing development funds as a result of establishing a private REIT, accelerating community development, diversifying real estate income acquisition

Image of the completed Namba Station Front Plaza

Business development and forecasts for FY2023

In order to accelerate "developing the most popular areas along our railway lines and deepening and expanding the real estate business," our business strategy under the Medium-term Management Plan Kyoso 140 Plan, we combined the Real Estate Division, which serves the function of managing and operating existing income properties and the Community Development and Creation Division, which mainly serves the function of developing businesses to launch the Community Development Group to establish a system to promote both functions in an integrated manner. We will boost the value of the areas along our railway lines and maximize revenue and income from real estate by integrating the management of community development areas along our railway lines, including Namba, over the medium to long term and the real estate business in the short to medium term. As for the private

REIT, we will also accelerate the speed of deepening and expanding community development by promoting it with the aim of commencing management by the end of the fiscal year.

In terms of figures, for FY2023 we expect an increase in revenue and income from the real estate sales business due to property sales. In the real estate leasing business, however, we predict revenue to remain at the previous fiscal year's level, due partly to falling rent as a result of selling properties in the previous fiscal year despite an increase in revenue due to higher rent from hotel properties, and profit to fall owing to a rise in utility expenses and fixed property tax as well as to an increase in repair expenses, etc. with the expenses saved in the previous fiscal year going up. As such, we forecast operating revenue from the real estate business of 52.8 billion yen, an increase of 8.1 billion yen, and operating income of 11.8 billion yen, a decrease of 0.7 billion yen.

Distribution Business

Business	Characteristics
We run fashionable shopping centers, convenience stores, restaurants, shops, and other outlets mainly in the areas along our railway lines to vitalize the communities. Using our marketing expertise from stores in station concourses, we are also launching the station premises business to areas beyond zones along our railway lines.	<ul style="list-style-type: none"> ● Strong business base centered around Namba ● Namba Parks with its huge gardens ● Great convenience of Namba City due to direct access from the station ● The trust and brand of the areas along our railway lines

Related data

Breakdown of operating revenue from the management of shopping centers (by facility):

- Namba City: 33%
- Namba Parks: 31%
- Other: 4%
- Restaurants: 9%
- Panjo/Izumigaoka: 27%
- Other: 9%

Category	Sector	Point
Management of Shopping Centers	Rent income	Rent income from the tenants of shopping centers represented by Namba City and Namba Parks consists of a fixed rent based on the guaranteed minimum, accounting for approximately 70 to 80%, and a percentage rent linked to sales, accounting for approximately 20 to 30%. Income is derived by securing stable fixed rent revenue and acquiring a percentage-based rent corresponding to sales.
Station premises business	Convenience stores and shops	We operate Seven-Eleven stores at main stations along our railway lines through a business collaboration agreement with Seven-Eleven Japan regarding franchising, and revenue from the convenience stores and shops sector accounts for around half of the station premises business.
	Store leasing	Rent income is received from tenants through the management of Shop Nankai and N.KLASS, run mainly at main stations along our railway lines, as well as ekimo, in-station commercial facilities operating at Tennoji Station, Namba Station, and Umeda Station on the Osaka Metro Midosuji Line as a joint project with Tokyu Land Corporation.

Breakdown of operating revenue from the station premises business (by sector):

- Convenience stores and shops: 53%
- Store leasing: 34%
- Other: 9%

* FY2022 results

Opportunities	Threats
<ul style="list-style-type: none"> ● Increased demand for new services in response to changing lifestyles ● Increased drive to develop the Semboku area ● Development triggered by EXPO 2025 and the integrated resort (IR) ● Namba Station Area Redevelopment Project (Namba Station Front Plaza open-space development) 	<ul style="list-style-type: none"> ● Changing lifestyles (spread of e-commerce) ● Competition between districts (Umeda, Tennoji, etc.) ● Change in shopping centers' demand ● Namba losing value with the future opening of the Naniwasuji Line

Responses to opportunities and threats

- Providing added value to users by combining multiple property portfolios
- Deepening of existing shopping centers toward the realization of the Greater Namba vision
- Establishment of a new shopping center model centered around facilities for attracting customers of Namba Parks
- Exercising synergy between in-station commercial facilities and community development

Namba Parks where people, the city, and nature blend into one.

Business development and forecasts for FY2023

In the wake of the COVID-19 pandemic, we recognize more than ever before the value of shopping centers as physical places due to diversifying lifestyles and improved ability to gather information. Under these circumstances, we will focus our efforts on restoring sales as quickly as possible by building a business model for shopping centers that can overcome future competition by realizing new shopping centers centered around facilities for attracting customers, and by working to capture the attention of inbound tourists and encourage them to shop around in the Namba area.

In terms of figures, for FY2023 we predict an increase in revenue from convenience stores in the station premises business

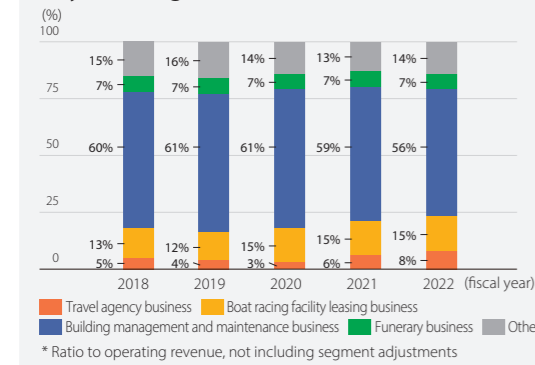
and a rise in revenue from rent, etc. due to the recovery of sales mainly at shopping centers in the Namba area. However, as we expect expenses including utility expenses and fixed property tax to go up, we forecast operating revenue from the distribution business of 25.2 billion yen, an increase of 1.5 billion yen, and operating income of 1.6 billion yen, a decrease of 0.1 billion yen.

Leisure and Services Business

Business	Characteristics
We operate a range of businesses that improve the convenience of, enrich, and offer comfort to customers' lives, including the travel agency business, hotels and traditional Japanese inns, the boat racing facility leasing business, building management and maintenance business, and funerary business inside and outside the areas along our railway lines, and vitalize each business, improve their ability to attract customers, and create synergy.	<ul style="list-style-type: none"> ● Providing a wide range of services in and around the areas along our railway lines ● The trust and brand of the areas along our railway lines ● Exercising inter-group synergy

Related data

By small segment of the leisure and services business Breakdown of operating revenue (5-year changes)



Category	Sector	Point
Building management and maintenance business	Building maintenance	Revenue from equipment management, cleaning, security, etc. in facilities in and outside our group are recorded for this sector, which accounts for the largest proportion of the revenue from the building management and maintenance business.
	Railway maintenance	The maintenance is carried out on station service equipment and of power, signal, and communications within our group. The amount of revenue recorded fluctuates mainly due to rises and falls in our safety investment.
Other leisure and services businesses	Boat racing facility leasing business	We lease out facilities at Boat Race Suminoe. A commission is received on sales of boat race betting tickets, and sales increased during the COVID-19 pandemic due to a growth in online betting.
	Travel agency business	In addition to recording travel revenue in and outside Japan, mainly from business trips, group tours, and B2B business such as MICE, revenue from vaccination services outsourced from municipalities were recorded during the COVID-19 pandemic.
	Funerary business/Other	In addition to managing Funeral Hall TEAR, which operates 16 facilities mainly in areas along our railway lines, and "Aoki-shima no Yado Kumano-bettei Nakanoshima," a traditional Japanese inn we own in the Nachikatsuura area, we operate an e-stadium facility management business and event business under the e-sports business.

Opportunities	Threats
<ul style="list-style-type: none"> ● Increased demand for new services in response to changing lifestyles, etc. ● Improving productivity and saving energy by promoting digitalization ● Rising demand for tourism 	<ul style="list-style-type: none"> ● Rapid fluctuations in demand from overseas tourists ● Changing lifestyles (changing customer needs) ● Workforce shortage

Responses to opportunities and threats

- Creating customer touch points by promoting the digital transformation (DX) strategy and with digital technology
- Promoting new businesses, including the e-sports business, and developing innovative human resources
- Promoting coexistence with non-Japanese in terms of both social and physical aspects
- Strengthening the tourism-related businesses by making the most of tourism resources we own in areas along our railway lines



Exchange with overseas IT human resources (Japan)

Business development and forecasts for FY2023

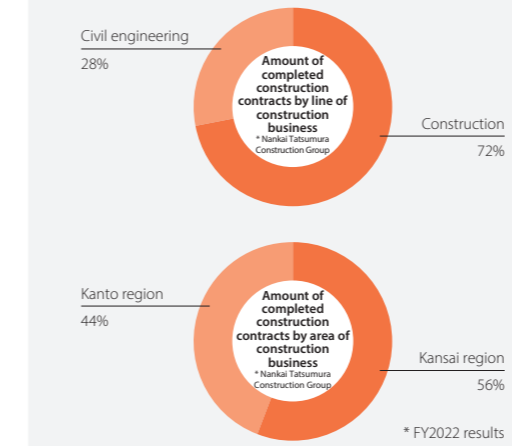
By promoting future exploration, our business strategy under the Medium-term Management Plan "Kyoso 140 Plan," we will accelerate initiatives for developing the third pillar following railway and real estate. To this end, we will integrate departments pursuing future exploration into the Corporate Strategy Group in order to shape each project into a business and monetize it at an early stage by expediting the investment of management resources, such as people, goods, and money. We will also establish a system to share expertise on how to formulate and review strategies and launch businesses. Among them, we will focus in particular on the development of new businesses including e-sports and tourism-related businesses and look for ways to monetize them quickly.

In terms of figures, for FY2023 we expect growth in revenue due to increased construction orders received in the building management and maintenance business, return of demand for travel in and outside Japan in the travel agency business, expanded operations in the e-sports business, and more. However, as we expect expenses to rise due to advance investment in the e-sports business and a decline in revenue from vaccination-related operations in the travel agency business as the services have drawn to a close, we forecast operating revenue from the leisure and services business of 43.4 billion yen, an increase of 3.5 billion yen, and operating income of 2.6 billion yen, a decrease of 0.9 billion yen.

Construction Business

Business	Characteristics
The Nankai Tatumura Construction Group, which operates the construction business, runs general construction businesses for civil engineering and construction, and all other works involved in construction. The Group's success draws from our extensive experience and expertise amassed through various construction projects, including for railways, shopping centers, public facilities, hotels, and condominiums. In addition, Nichiden Shokai is engaged in telecommunications engineering.	<ul style="list-style-type: none"> ● Technological capabilities for railway-related construction ● Exercising inter-group synergy ● Brand strength mainly in the Kansai region

Related data



Category	Sector	Point
Construction Business	Civil engineering (Nankai Tatumura Construction Group)	Civil engineering fulfills contracted work mainly for railway-related construction from our group, as well as road and riverbank construction from government and road companies. Although most of the construction work is carried out in the Kansai region, recently we have moved into the Kanto region by establishing a sales base there. With the expanding opportunities to receive orders for construction related to the Naniwasuji Line and the need to upgrade aging infrastructure, by taking advantage of expertise in railway-related construction gained through decades of experience, we aim to win projects from other railway companies.
	Construction (Nankai Tatumura Construction Group)	Undertake contracts to construct housing (construction of built-for-sale condominiums and rental apartments) and non-housing (schools, logistics facilities, hospitals, nursing homes, etc.) from a wide range of business owners, including developers, private companies, and government offices, and constructs buildings for our group. While it fluctuates from year to year, the scale of business is the same between the Kansai and Kanto regions. While deepening relationships with existing customers and cultivating new ones, we plan to expand the business in the non-housing area, which is less likely to be affected by economic slowdowns.
Telecommunications	Nichiden Shokai	Nichiden Shokai receives orders and carries out telecommunications construction of equipment such as train destination guide boards, ITV camera systems, telephone switchboards, and radio communications. Although the main customer is our group, orders from general customers and government offices are growing.

Opportunities	Threats
<ul style="list-style-type: none"> ● Development triggered by large projects in the Kansai region ● Rising trends toward safety, disaster prevention, and decarbonization ● Demand to update ageing infrastructure 	<ul style="list-style-type: none"> ● Soaring raw-material and labor costs ● Falling demand for condominiums ● Workforce shortage ● Responding to the work-style transformation (restrictions on overtime work)

Responses to opportunities and threats

- Acquiring new customers in the private non-housing field and government office construction
- Winning more projects by taking advantage of our expertise in railway-related construction
- Implementing various measures to secure and develop human resources
- Enforcing construction cost management



Construction of overpass between roads and railroads

Business development and forecasts for FY2023

As social and economic activities continue to return to normal, although investment by government and private sectors in construction is forecast to be strong in the construction industry, we expect that the severe environment surrounding the industry will continue because we need to deal with restrictions on overtime work and respond to intensifying competition for orders. Moreover, labor costs and material prices remain at high levels. Meanwhile, with EXPO 2025 scheduled to be take place in 2025, a boost in related investment can be expected.

Under such circumstances, we will focus on winning projects for home construction, as well as for private non-residential construction projects (such as medical institutions and schools)

and public construction by deepening relationships with existing customers and cultivating new ones in the construction field. In the civil engineering field, we aim to win more projects for construction related to the Naniwasuji Line and boost sales activities mainly in railway-related construction to increase our presence in the Kanto region. In the telecommunications field, we aim to receive a steady stream of orders from our group and increase orders received from general customers and government offices.

In terms of figures, for FY2023 we expect operating revenue from the construction business of 48.4 billion yen, a rise of 4.7 billion yen, and operating income of 2.3 billion yen, up 0.4 billion yen, as the amount of completed construction contracts will increase.

Main Business Indices

(Fiscal Year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Financial indices											
(Consolidated)											
Operating revenue**2 (millions of yen)	184,412	197,495	210,995	219,065	221,690	227,874	227,424	228,015	190,813	201,793	221,280
Operating income (millions of yen)	21,973	23,062	28,118	32,318	31,840	33,971	27,745	35,223	5,552	12,190	21,023
Ordinary income (millions of yen)	15,474	16,899	22,001	27,110	27,111	29,733	23,898	31,677	1,854	9,931	18,965
Profit or loss attributable to owners of parent (millions of yen)	7,518	9,615	17,467	12,612	16,452	14,719	13,023	20,811	-1,861	4,021	14,623
Comprehensive income (millions of yen)	10,207	10,644	25,190	7,394	20,478	16,991	12,143	18,031	4,559	5,594	16,870
Total assets (millions of yen)	781,589	781,671	909,547	894,621	890,798	902,045	918,385	925,058	962,229	920,976	935,113
Net assets (millions of yen)	143,176	152,039	199,991	203,939	219,288	232,835	241,561	256,003	258,569	260,716	274,586
Book value per share*3 (yen)	268.60	285.16	337.32	343.47	1,845.77	1,957.31	2,036.79	2,157.76	2,176.19	2,189.38	2,306.15
Basic earnings (loss) per share*3 (yen)	14.38	18.40	32.58	22.25	145.13	129.85	114.90	183.68	-16.44	35.51	129.13
Capital adequacy ratio (%)	18.0	19.1	21.0	21.8	23.5	24.6	25.1	26.4	25.6	26.9	27.9
Return on equity (ROE) (%)	5.5	6.6	10.3	6.5	8.1	6.8	5.8	8.8	-0.8	1.6	5.7
Price-earnings ratio (PER) (times)	27.3	21.7	15.2	27.5	18.7	20.5	26.6	13.4	—	66.5	22.7
Price book-value ratio (PBR) (times)	1.46	1.40	1.47	1.78	1.47	1.36	1.50	1.14	1.17	1.08	1.27
Cash flows from operating activities (millions of yen)	37,332	27,459	43,013	43,212	42,753	58,477	38,729	58,935	21,338	41,879	39,086
Cash flows from investing activities (millions of yen)	-15,719	-17,675	-90,315	-29,030	-30,861	-40,669	-45,219	-48,915	-33,273	-19,669	-26,305
Cash flows from financing activities (millions of yen)	-13,592	-19,779	51,503	-17,047	-11,906	-16,429	8,632	-14,853	35,821	-27,026	-11,341
Cash and cash equivalents at end of period (millions of yen)	26,955	16,959	21,160	18,294	18,342	19,721	21,864	17,030	40,917	36,101	37,540
Ratio of interest-bearing debt to EBITDA*4 (times)	11.1	10.4	9.6	8.4	8.3	7.6	8.5	7.2	14.2	11.6	9.6
Ratio of net interest-bearing debt to EBITDA*4 (times)	10.6	10.0	9.2	8.0	7.9	7.3	8.2	6.9	13.0	10.7	8.8
(Non-consolidated)											
Share capital (millions of yen)	63,739	63,739	72,983	72,983	72,983	72,983	72,983	72,983	72,983	72,983	72,983
Number of issued and outstanding shares (thousands of shares)	526,412	526,412	567,012	567,012	567,012	113,402	113,402	113,402	113,402	113,402	113,402
Dividend per share (yen)	5.00	5.00	6.00*5	6.00	6.00	18.00*6	30.00	32.50	25.00	25.00	25.00
Non-financial indices											
Energy consumption (consolidated) (thousands of GJ)	3,433*7	5,483	5,512	5,459	5,434	5,329	5,212	5,219	4,590	4,613	4,776
CO ₂ emissions (consolidated) (thousands of t-CO ₂)	155.7*7	309.9	316.5	313.6	302.9	298.1	264.8	234.7	202.6	207.7	192.2
Energy-saving vehicle adoption (consolidated) (%)	46.7	46.9	49.3	52.3	54.0	55.5	56.5	60.2	61.7	63.2	63.2
Rolling stock energy consumption intensity (consolidated) (kl/10,000 km)	6.49	6.44	6.33	6.12	6.12	6.05	5.85	5.62	5.55	5.52	5.53
Water used											
Railway business (non-consolidated) (m ³)	273,363	252,180	287,132	203,385	190,681	184,363	175,178	197,096	185,656	186,415	178,857
Head office and other facilities (non-consolidated) (m ³)	532,672	557,608	549,130	642,903	637,070	625,953	620,523	571,059	407,822	561,683	666,819
Number of accountable accidents in the railway business*8 (cases)	3	3	1	1	2	3	1	4	0	2	2
Customer satisfaction index (points)	—	—	—	61.2	59.5	60.8	63.0	65.1	64.7	65.6	63.7
Environmental building (green building) certification*9 (cases)	0	0	0	0	0	0	1	1	2	2	3
Demographics along the railway lines (social increase or decrease)*Excluding Osaka City (persons)	—	-4,872	-5,253	-5,538	-4,319	-5,164	-4,034	-2,239	-4,525	-6,864	-1,459

*1 Operating revenue does not include consumption tax, etc.

*2 The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.

*3 On October 1, 2017 we conducted a reverse stock split replacing every five ordinary shares with one share. We calculated net assets and basic earnings per share by assuming that this reverse stock split occurred at the beginning of FY2016.

*4 EBITDA = Operating income + Depreciation and amortization
However, the "operating income" from FY2017 onward includes dividend income.

*5 This includes a commemorative dividend of 1 yen.

*6 Since we conducted a reverse stock split, replacing every five ordinary shares with one share, on October 1, 2017, this shows the total for the interim dividend per share of 3 yen before the reverse stock split and the year-end dividend per share of 15 yen after the reverse stock split.

*7 Non-consolidated actual results.

*8 Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.

*9 Based on the DBJ Green Building certification.

E Environment

Environmental management

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of ISO 14001 Certifications ^{*1}	Consolidated	Cases	4	4	2
Number of Green Management Certifications ^{*2}		Cases	3	3	3

*1 Until fiscal year ended March 2022: Nankai Electric Railway Co., Ltd.'s headquarters and Chiyoda Factory, Nankai Vehicles Service Engineering Co., Ltd.'s Chiyoda; Semboku Rapid Railway Co., Ltd. (entire company); Nankai Tatsumura Construction Co., Ltd.'s Architectural, Civil Engineering and Railway Divisions; Nankai Building Service Co., Ltd.'s Tokyo Branch
In fiscal year ended March 2023: Nankai Tatsumura Construction Co., Ltd.'s Architectural, Civil Engineering and Railway Divisions; Nankai Building Service Co., Ltd.'s Tokyo Branch

*2 Itakano Branch of Nankai Bus Co., Ltd.; Sakai Branch and Rinku Branch of Southern Transport Services Co., Ltd.

Greenhouse gas (GHG) emissions^{*1}

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
GHG emissions	Consolidated	t-CO ₂	202,632	207,698	192,162
Scope 1 ^{*2}		t-CO ₂	80,547	79,189	84,693
Scope 2 ^{*3}		t-CO ₂	122,084	128,509	107,469
GHG emissions intensity ^{*4}		t-CO ₂ /million yen	1.06	1.03	0.87

*1 CO₂ emissions from the Company and its 54 consolidated subsidiaries. Calculated based on the Act on Promotion of Global Warming Countermeasures. (Electricity was calculated based on the basic emission factor by electric power companies, and city gas was calculated based on the emission factor published by city gas companies.)

*2 CO₂ emissions from energy use

*3 Emissions based on market standards

*4 GHG emissions intensity = GHG emissions / Operating revenue

Energy consumption

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Electric power	Consolidated	Thousand kWh	341,936	345,915	353,510
City gas		Thousand m ³	6,314	6,550	7,376
Vapor		GJ	3,822	3,626	3,494
Cold water		GJ	4,998	5,490	6,233
Propane gas		kg	119	111	113
Gasoline		kl	589	441	409
Diesel		kl	15,268	14,655	15,753
Kerosene		kl	62	60	50
A heavy oil		kl	4,588	4,758	4,798
BC heavy oil		kl	3,991	3,886	4,132

Water intake/discharge

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Water intake	Consolidated	Thousand m ³	1,116	1,221	1,384
Water supply		Thousand m ³	—	867	945
Industrial water		Thousand m ³	—	233	284
Groundwater, rainwater, etc.		Thousand m ³	—	121	155
Water discharge		Thousand m ³	—	—	1,371
Sewerage		Thousand m ³	—	—	1,243
Others (fresh water, sea water, etc.)	Thousand m ³	—	—	128	

Paper use

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Paper use [*]	Non-consolidated	Thousand sheets	1,940	1,393	1,308

* Paper used at the head office

Waste

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
General waste emissions	Non-consolidated	t	3,247	3,890	4,094
Industrial waste emissions ^{*1}		t	1,590	1,232	914
Plastic waste volume ^{*2} (figure in the parentheses)		(315)	(325)	(309)	
Mixed waste emissions ^{*2} (figure in the parentheses)			—	(230)	(221)
General waste emissions	Consolidated	t	—	10,314	9,952
Industrial waste emissions ^{*1*}		t	—	66,630	145,380
Hazardous waste ^{*4} emissions (figure in the parentheses)		(59)	(89)		
Total general waste and industrial waste emissions		t	—	76,944	155,332
Recycle ratio ^{*5}		%	—	88.3	91.0
Final amount disposed	t	—	9,024	13,972	

*1 Emissions based on the industrial waste management sheet (Emissions were compiled by facility-owning businesses until fiscal year ended March 2022, and by businesses that report on the status of issues, etc. with management sheets in fiscal year ended March 2023)

*2 Emissions of industrial waste from plastic products as defined in the Plastic Resource Circulation Act

*3 For the construction business, the calculation includes all industrial waste that our Group disposed of as the main contractor.

*4 Specially controlled waste (waste with explosive, toxic, infectious, or other properties that may damage human health or the living environment) as defined in the Waste Management and Public Cleansing Act

*5 Thermal recycling is included in recycling.

Emissions and transfers of chemical substances^{*1}

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Ethyl benzene	Consolidated	kg	85.3	131.8	49.7
Xylene		kg	413.0	528.5	222.0
Styrene		kg	172.6	0.0	0.0
Toluene		kg	999.8	1,102.0	1018.3
Other ^{*2}		kg	178.3	880.3	624.6

*1 Emissions and transfers of Class I Designated Chemical Substances from locations that have notified the government in accordance with the Pollutant Release and Transfer Register (PRTR) Act (applicable locations: Chiyoda Factory only)

*2 Included 19 substances for the fiscal year ended March 2021, and added 15 substances for the fiscal year ended March 2022 onward, for a total of 34 substances.

Other types of waste

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Estimated leakage of fluorocarbons ^{*1}	Non-consolidated	t-CO ₂	114.7	319.0	60.5
NOx emissions ^{*2}	consolidated	kg	38.5	36.2	28.6

*1 Leakage of fluorocarbons from Class I Specified Products calculated based on the Act on Rational Use and Appropriate Management of Fluorocarbons

*2 NOx emissions in vehicle exhaust gas calculated as defined in the Automobile NOx PM Control Act

S Society

Sales performance of the Railway Business (Nankai Electric Railway)

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Operating kilometers	Non-consolidated	km	154.8	154.8	154.8
Kilometers covered by passenger trains		Thousand km	96,245	95,192	95,954
Passengers carried	consolidated	Thousand people	178,164	182,851	203,771
Car-load factor		%	22.5	23.3	26.5
Number of stations		Stations	100	100	100
Number of cars	Cars	696	696	696	

Sales performance of the Railway Business (Semboku Rapid Railway)

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Operating kilometers	Semboku Rapid Railway	km	14.3	14.3	14.3
Kilometers covered by passenger trains		Thousand km	11,616	11,611	11,654
Passengers carried		Thousand people	37,240	38,836	42,131
Car-load factor		%	21.3	22.3	24.3
Number of stations		Stations	6	6	6
Number of cars		Cars	112	112	112

Safety

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Investment in safety by the railway business	Non-consolidated	Millions of yen	8,176	9,799	9,946
Number of major accidents ^{*1}		Cases	0	0	0
Number of railroad crossing accidents ^{*2}		Cases	9	7	11
Number of railroad personal injury accidents ^{*3}		Cases	9	12	11
Railroad property damage accidents ^{*4}		Cases	0	0	1
Number of transportation failures ^{*5}		Cases	14	14	13
Incidents ^{*6}		Cases	0	2	0

*1 Total of train collisions, train derailments, and train fire accidents. *2 Accidents where a train or vehicle collided with or came into contact with a person or vehicle passing a railroad crossing. *3 Accidents that resulted in the death or injury of a person due to train or vehicle operation. *4 Accidents resulting in property damage of ¥5,000,000 or more due to the operation of a train or vehicle. *5 A situation in which trains are suspended or delayed (for 30 minutes or more) for reasons other than a railroad operating accident. *6 A situation that has not caused an accident yet, but is recognized as having the potential to cause a railroad operating accident.

Employees

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of employees	Consolidated	Persons	9,133	8,887	8,905
Female		Persons	1,361	1,307	1,314
Male		Persons	7,772	7,580	7,591
Proportion of female employees		%	14.9	14.7	14.8
Number of newly hired employees ^{*1}		Persons	418	316	425
Female		Persons	88	61	94
Male		Persons	330	255	331
Proportion of female among newly hired employees		%	21.1	19.3	22.1
Number of employees in management positions ^{*2}		Persons	798	791	729
Female		Persons	28	35	38
Male		Persons	770	756	691
Proportion of female employees in management positions		%	3.5	4.4	5.2
Average years of service ^{*1}		Year	16.5	17.2	17.8
Female		Year	9.7	10.5	10.6
Male		Year	17.2	18.0	18.1
Employment rate of disabled people		^{*3} %	2.46	2.47	2.68
Average age		years old	43.6	44.1	44.5
Average annual salary		Yen	6,118,137	5,872,700	5,975,073
Male-female wage variance among workers		%	—	—	71.9
Of whom are full-time workers		%	—	—	77.7
Of whom are non-full-time workers		%	—	—	61.6
Average annual total hours worked		Hours	2,092	2,059	2,063
Average overtime per month		Hours	25.0	23.7	24.3
Average acquisition rate of annual paid leave	%	90.9	90.1	96.9	
Turnover rate	%	1.4	1.9	2.2	
Number of employees who took childcare leave, etc. and leave for childcare purposes ^{*4}	Non-consolidated	Persons	30	24	54
Female		Persons	12	4	6
Male		Persons	18	20	48
Acquisition rate of childcare leave, etc. and leave for childcare purposes ^{*4}	%	43.5	49.0	91.5	
Female	%	100	100	100	
Male	%	31.5	44.4	90.6	
Number of non-regular employees	Persons	27	25	29	
Number of rehired employees ^{*5}	Persons	27	11	12	
Total training hours	Hours	—	19,276	19,164	
Training hours per employee	Hours	—	6.6	6.5	
Number of disasters	Cases	7	6	14	
Lost-time incident rate	%	0.73	0.93	0.00	

*1 Refers to the number of full-time employees (total of new-graduate hires, mid-career hires, and part-time employees hired as full-time employees). *2 Definition until fiscal year ended March 2022: Management positions refer to supervisory and managerial positions that are not subject to working-hour restrictions, etc. Definition for fiscal year ended March 2023: Total of workers in "manager level" and "positions higher than manager level (excluding officers)". *3 Refers to the Company and seven Group companies that have obtained special certification. *4 Definition until fiscal year ended March 2022: Childcare leave only. *5 Definition until fiscal year ended March 2022: Refers to the number including seconded employees.

Human rights

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Harassment hotline	Number of users	Persons	1	1	0
Training on human rights	Number of participants	Persons	83	71	173
	Training hours	Minutes	40	90	90
Harassment prevention training	Number of participants	Persons	83	129	202
	Training hours	Minutes	40	90	90

G Governance

Matters related to Directors

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of Directors ^{*1} (including Directors who are Audit & Supervisory Committee Members) ^{*2}	Non-consolidated	Persons	15	15	15
Internal		Persons	7	7	7
Female		Persons	0	0	0
Male		Persons	7	7	7
Outside		Persons	8	8	8
Female		Persons	3	3	3
Male		Persons	5	5	5
Proportion of Outside Directors ^{*1}		%	53.3	53.3	53.3
Proportion of female Directors ^{*1}		%	20.0	20.0	20.0
Number of Audit & Supervisory Committee Members ^{*1}		Persons	6	6	6
Internal		Persons	2	2	2
Female		Persons	0	0	0
Male		Persons	2	2	2
Outside		Persons	4	4	4
Female	Persons	1	1	1	
Male	Persons	3	3	3	
Proportion of Outside Director and Audit & Supervisory Committee Members	%	66.7	66.7	66.7	
Proportion of female Outside Director and Audit & Supervisory Committee Members	%	16.7	16.7	16.7	
Number of Board of Directors Meetings	Meetings	12	12	12	
Number of Audit & Supervisory Committee Meetings (Meetings of the Board of Auditors)	Meetings	13	13	15	

*1 As of the end of June in the following fiscal year (As of the end of June 2023 for the fiscal year ended March 2023). *2 Transitioned to a Company with an Audit & Supervisory Committee in June 2021.

Matters related to Directors (excluding Corporate Officers serving as Directors)

* As of the end of June in the following fiscal year (As of the end of June 2023 for the fiscal year ended March 2023).

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of Corporate Officers	Non-consolidated	Persons	12	15	13
Female		Persons	0	1	1
Male		Persons	12	14	12
Proportion of female Corporate Officers		%	0.0	6.7	7.7

Matters related to the Nominating Committee and Compensation Committee

* As of the end of June in the following fiscal year (As of the end of June 2023 for the fiscal year ended March 2023).

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of Nominating Committee Members	Non-consolidated	Persons	5	5	5
Internal		Persons	1	1	1
Outside		Persons	4	4	4
Number of Compensation Committee Members		Persons	5	5	6
Internal		Persons	1	1	2
Outside		Persons	4	4	4

Compensation

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) ^{*1}	Non-consolidated	Millions of yen	191	211	256
Directors who are Audit & Supervisory Committee Members (excluding Outside Director and Audit & Supervisory Committee Members) ^{*2}		Millions of yen	47	45	47
Outside Directors ^{*3}		Millions of yen	25	64	69
Outside Auditors ^{*3}		Millions of yen	25	—	—
Compensation for accounting auditors	Consolidated	Millions of yen	148	144	147
Auditing work fees		Millions of yen	5	7	24
Non-auditing work fees		Millions of yen	—	—	—

*1 Directors (excluding Outside Directors) for the fiscal year ended March 2021. *2 Auditors (excluding Outside Auditors) for the fiscal year ended March 2021. *3 Outside officers for the fiscal years ended March 2022 and 2023.

Compliance

Metrics	Applicable data	Unit	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023
Number of whistleblowing cases	Consolidated	Cases	14	27	26

Information security

Basic policy for personal information protection: Yes Privacy Policy: <https://www.nankai.co.jp/en/policy.html>

Corporate Information (as of March 31, 2023)

Company name	Nankai Electric Railway Co., Ltd.
Founded	December 27, 1885
Established	March 26, 1925
Share capital	72,983 million 654,121 yen
Number of employees	2,635
Total number of authorized shares	320,000,000
Number of issued shares	113,402,446
Number of shares per unit	100
Number of shareholders	51,688
Listed exchange	Tokyo Stock Exchange Prime Market
Securities Code	9044

Group Companies (Companies consolidated as of the fiscal year ended March 2023)

Of the 71 subsidiaries and 6 affiliates, the following 54 companies are subject to consolidation.

Transportation Business

- Railway business:** Semboku Rapid Railway Co., Ltd.*
- Tramway business:** Hankai Tramway Co., Ltd.
- Bus business:** Nankai Bus Co., Ltd., Wakayamabus Co., Ltd., Nankai Rinkan Bus Co., Ltd., Kansai Airport Transportation Enterprise Co., Ltd., Kumano Gobo Nankai Bus Co., Ltd., Tokushima Bus Co., Ltd., Southern Airport Traffic Co., Ltd., Wakayama Bus Naga Co., Ltd., Nankai Wing Bus Co., Ltd., Shikoku Transportation Co., Ltd., Tokushima Bus Anan Co., Ltd., Tokushima Bus Nanbu Co., Ltd.

Ocean freight business: Nankai Ferry Co., Ltd.

Cargo transportation business:

- Nankai Express Co., Ltd., and Southern Transport Services Co., Ltd.

Vehicle maintenance business:

- Nankai Vehicles Service Engineering Co., Ltd.

Real Estate Business

- Real estate leasing business:** Semboku Rapid Railway Co., Ltd.*, Osaka Prefectural Food Products Distribution Center Co., Ltd., Nankai REIT Management Co., Ltd.
- Real estate sales business:** Nankai Fudosan Co., Ltd.

Distribution Business

- Management of shopping centers:** Panjo Co., Ltd., PanjolZ Co., Ltd.
- Station premises business:** Nankaishoji Co., Ltd., Nankai FD Service Co., Ltd., Nankai Food System Co., Ltd., Sentetsu Sangyo Co., Ltd.
- Other distribution business:** Avic Co., Ltd., Nankai Ferry Trading Co., Ltd.

Leisure and Services Business

- Travel agency business:** Nankai Travel International Co., Inc., Tokubus Travel Service Co., Ltd., Nankai Kanko Holdings Co., Ltd.

Hotels and traditional Japanese inns:

- Nakanoshima Co., Ltd.

Boat racing facility leasing business:

- Suminoe Enterprise Co., Ltd.

Building management and maintenance business:

- Nankai Building Service Co., Ltd., Nankai Heartful Service Co., Ltd., Kurakata Shoji Co., Ltd.

Funerary business:

- Nankai Grief Support Co., Ltd.

Other leisure and services business:

- Nankai Golf Management Co., Ltd., ADvertising Nankai Inc., Kumano Kanko Kaihatsu Co., Ltd., Nankai Insurance Service Co., Ltd., Nankai Life Relation Co., Ltd., Sumiko Shoji Co., Ltd., Suminoe Marine System Co., Ltd., eStadium Co., Ltd.

Construction Business

- Nankai Tatumura Construction Co., Ltd., Nichiden Shokai Co., Ltd., Nankai Kensetsu Kogyo Co., Ltd., Nihon Kemo Construction Co., Ltd.

Other Business

- Nankai Management Service Co., Ltd., CS Inspector Co., Ltd., Nankai Research & Act Co., Ltd., Nankai System Solutions Co., Ltd.

* Semboku Rapid Railway Co., Ltd. is included in segments of the Transportation and Real Estate Businesses.

External evaluations

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

FTSE Blossom Japan Sector Relative Index



Morningstar Japan ex-REIT Stock Gender Diversity Tilt Index

S&P/JPX Carbon Efficient Index



Nikkei Integrated Report Award 2022: Award for excellence



Nikko Investor Relations Co., Ltd. FY2022 All Japanese Listed Companies' Website Ranking: AA Corporate Website



CDP score Climate change "B" and water "B"



Development Bank of Japan Highest rank in the DBJ environmental rankings

Rating information (as of March 31, 2023)

Rating agency	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating A- (Stable)
Rating and Investment Information, Inc. (R&I)	Issuer Rating A- (Stable)

For details on the businesses, etc. of our Group companies, please check the website.



Stock Information (as of March 31, 2023)

Shareholder memo

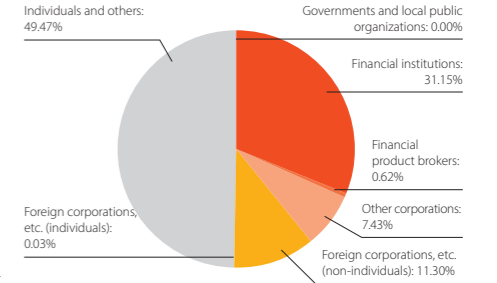
Business fiscal year	From April 1 to March 31 of the following year	
Regular General Meeting of Shareholders	Every June	
Record date	Regular General Meeting of Shareholders	March 31
	Year-end dividend	March 31
	Interim dividend (if any)	September 30
	Others (if necessary)	Pre-announced date
Notification method	Electronic public notice https://www.nankai.co.jp/ir/stock/announcement (In the event that an announcement cannot be made electronically due to an accident or other unavoidable reason, the announcement shall be made in the Nihon Keizai Shimbun.)	

Transfer agent and management institution for special accounts	Sumitomo Mitsui Trust Bank, Limited
Transfer agent administration office	4-5-33 Kitahama, Chuo-ku, Osaka City Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited Mailing address: 2-8-4 Izumi Suginami-ku, Tokyo 168-0063, Japan Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited Telephone inquiries: 0120-782-031 Business hours: 9:00 to 17:00 (excluding Saturdays, Sundays, and national holidays) Webpage URL: https://www.smtb.jp/personal/procedure/agency/

Distribution of shares by holder (as of March 31, 2023)

Sector	Stocks (Number of shares per unit: 100)								Total	Shares less than one unit (shares)
	Governments and local public organizations	Financial institutions	Financial product brokers	Other corporations	Foreign corporations, etc.	Non-Individuals	Individuals	Other Individuals		
Number of shareholders (persons)	1	43	26	451	223	34	45,849	46,627	—	
Number of shares held (unit)	46	351,860	6,970	83,888	127,656	364	558,782	1,129,566	445,846	
Percentage of shares held (%)	0.00	31.15	0.62	7.43	11.30	0.03	49.47	100.00	—	

(Notes) 1. 746 units and 18 shares of the 74,618 treasury shares are included in the items "Individuals and others" and "Shares less than one unit," respectively. The 74,618 treasury shares represent the number of shares that appear in the shareholders' register, and the balance of shares actually held as of March 31, 2023 was 73,818 shares.
2. The item "Financial institutions" includes 1,002 units of the Company's shares held by the Board Benefit Trust (BBT) as funds for officer stock compensation.
3. The items "Other corporations" and "Shares less than one unit" include 26 units and 90 shares in the name of Japan Securities Depository Center, respectively.

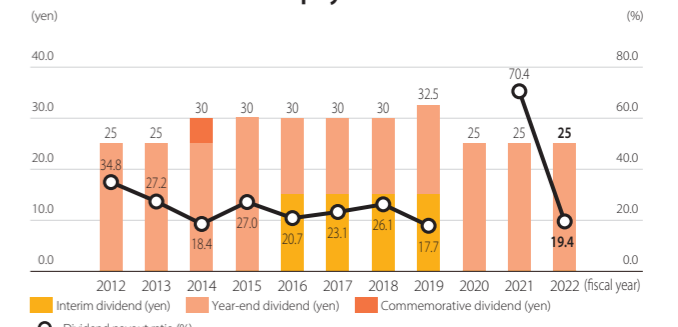


Major shareholders (as of March 31, 2023)

Shareholder name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
1 The Master Trust Bank of Japan, Ltd. (trust account)	12,780	11.28
2 Custody Bank of Japan, Ltd. (trust account)	7,514	6.63
3 Nippon Life Insurance Company	2,484	2.19
4 Sumitomo Mitsui Trust Bank, Limited	1,516	1.34
5 MUFG Bank, Ltd.	1,473	1.30
6 JP MORGAN CHASE BANK 385781	1,472	1.30
7 Sumitomo Mitsui Banking Corporation	1,429	1.26
8 The Senshu Ikeda Bank, Ltd.	1,289	1.14
9 State Street Bank West Client - Treaty 505234	1,212	1.07
10 Takashimaya Co., Ltd.	1,007	0.89

(Note) After deduction of treasury shares

Dividend and dividend payout ratio



* The Company implemented a 1-for-5 reverse stock split with an effective date of October 1, 2017.
* Dividends for FY2017 and prior fiscal years have been restated to conform with the basis after the stock consolidation.
* There was a net loss in FY2020, so the dividend payout ratio is not shown here.

Stock price and trading volume

