

# 2021 Integrated Report



Nankai Group



Nankai Electric Railway Co., Ltd.  
Corporate Policy Division  
Sustainability Promotion Department  
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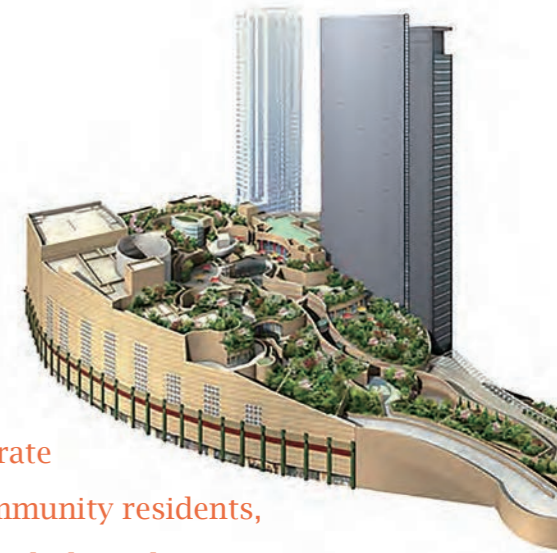
We created an eco slogan and logo for the Nankai Electric Railway Group to use as we actively advance further environmental efforts. A train car and driver depicted as a green leaf symbolizes coexistence between natural environments and local communities and expresses our intent to keep moving forward with our customers.





# 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.





**Transportation Business 35 companies**

Railways, rail track management, buses, ocean freight, cargo transportation, train maintenance

**Real Estate Business 5 companies**

Real estate leasing, real estate sales

**Retail Business 9 companies**

Shopping Center management, Business operations inside the station concourse

**Leisure and Services Business 22 companies**

Travel agency, hotels and ryokan Japanese inns, Leasing of facilities for motorboat racing, building management and maintenance businesses, funerary business

**Construction Business 4 companies**

Construction business

**Corporate Outline** As of March 31, 2021

Company Name: Nankai Electric Railway Co., Ltd.  
 Established: December 27, 1885  
 Head Office: 2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8503, JAPAN  
 URL: <http://www.nankai.co.jp/>  
 Paid-in Capital: ¥72,983 million  
 Operating Revenue: ¥77,681 million (non-consolidated)  
 ¥190,813 million (consolidated)  
 No. of Shareholders: 45,857  
 No. of Employees: 2,628 (non-consolidated)  
 9,133 (consolidated)

**Corporate Philosophy**

**With wisdom and dynamism, forging the way to the future**

**Contributing to the Community**

Justifying public trust as an all-round lifestyle provider, and building a better society

**Putting the Customer First**

Providing excellent services for the customer, bringing living comfort and cultural enrichment

**Future Challenges**

Meeting the needs of coming generations with bold energy and creativity

**A Dynamic Workplace**

Creating a workplace brimming with vitality, harnessing the expertise and personal strengths of every employee

**Group Business Guidelines**

**Assurance of safety and peace of mind**

Starting with our railway business, we will ensure safety and peace of mind in all our businesses

**Emphasis on the environment**

Recognizing “protection of the global environment” as a mission, we will consider the environment in our businesses

**Compliance thoroughness**

Understanding strict compliance with laws and regulations and our corporate social responsibilities, we will undertake fair and healthy business activities

**Pursuit of a customer orientation**

As a business with close relationships to communities, we will act with thorough attention to customer perspectives

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**Editorial Policy**

We prepared this report for the purpose of conveying the value creation abilities of the Nankai Group and our aggressive efforts toward increasing company value with a future orientation to all our stakeholders, including shareholders and investors.

**Applicable Term:**

Fiscal 2020 (April 1, 2020 to March 31, 2021)  
 Some information, however, is from outside this period.

**Organization covered:**

Nankai Electric Railway Co., Ltd. and consolidated companies

**Guidelines referenced:**

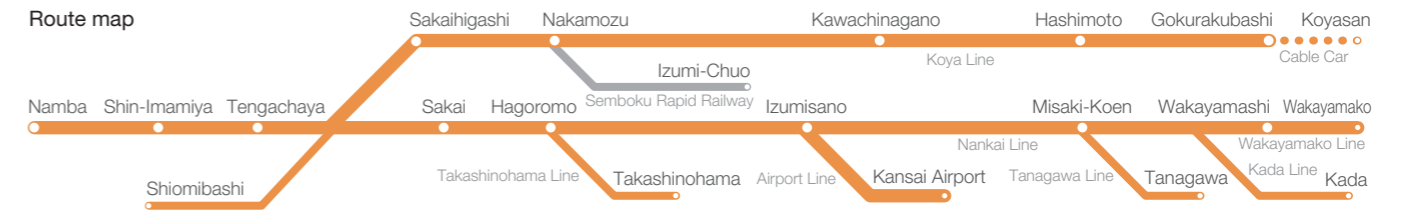
- The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
- GRI Sustainability Reporting Standards by the Global Reporting Initiative
- Environmental Reporting Guidelines, 2018 Edition by the Ministry of the Environment
- Environmental Accounting Guidelines for Private Railway Businesses 2008 by the Japanese Private Railway Association



The Nankai Group at a glance

# At a glance

## Developing diverse businesses



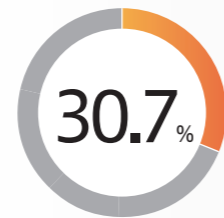
Composition ratio of operating revenue

Business summary

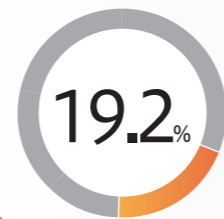
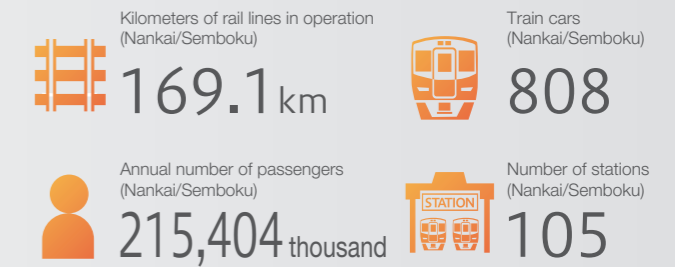
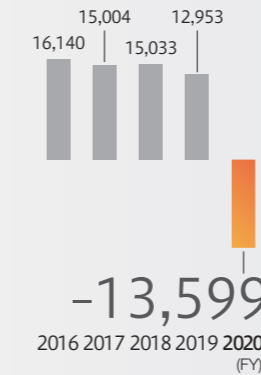
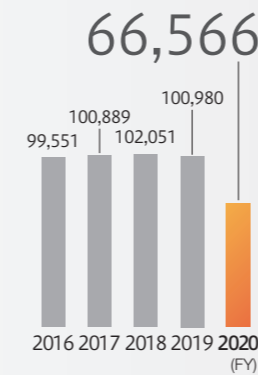
Operating revenue (millions of yen)

Operating income (millions of yen)

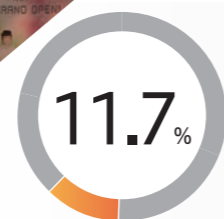
Nankai by the numbers



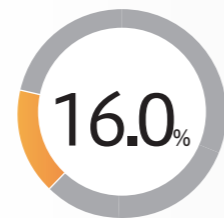
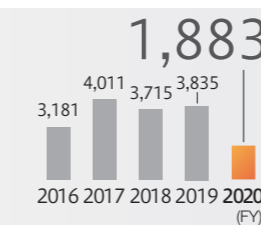
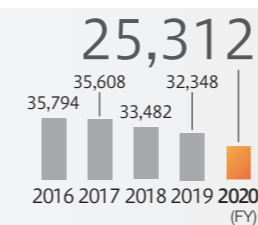
- Railway business
- Tramway business
- Bus business
- Ocean freight business
- Cargo transportation
- Vehicle maintenance



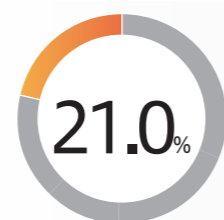
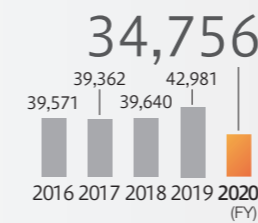
- Real estate leasing
- Real estate sales



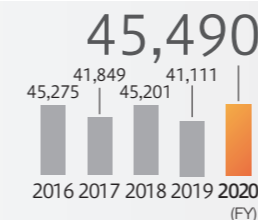
- Shopping Center management
- Business operations inside the station concourse



- Travel agency
- Hotels and ryokan Japanese inns
- Leasing of facilities for motorboat racing
- Building management and maintenance businesses
- Funerary business

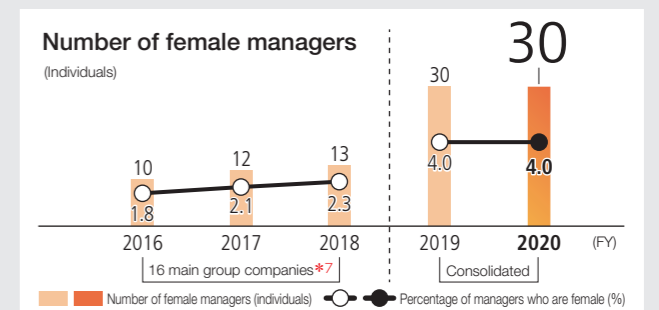
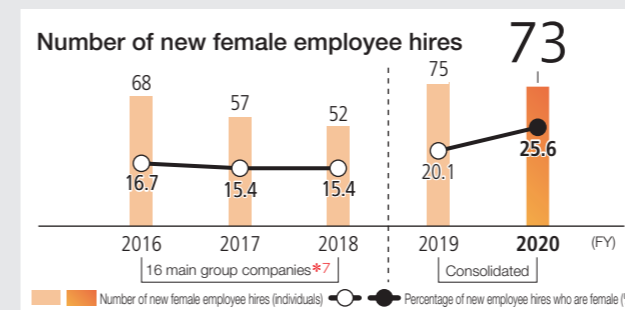
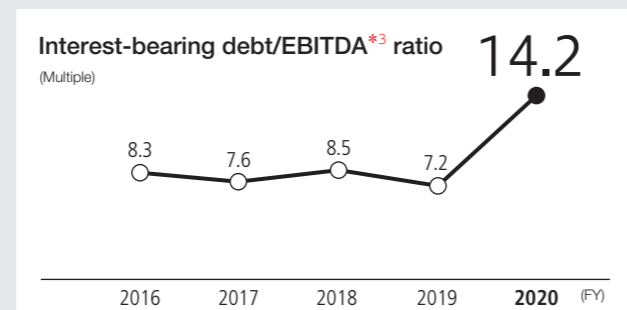
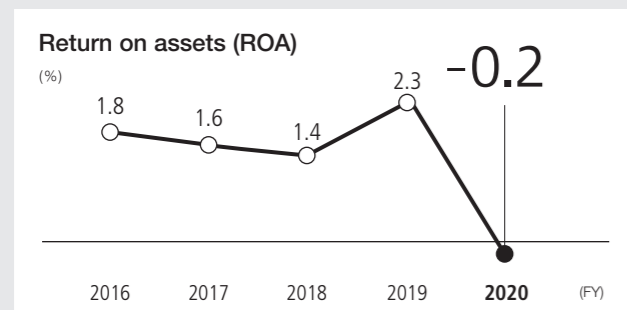
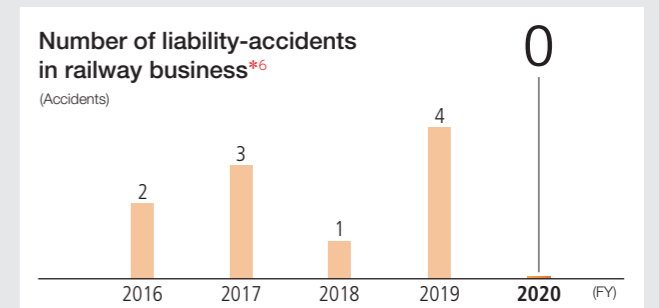
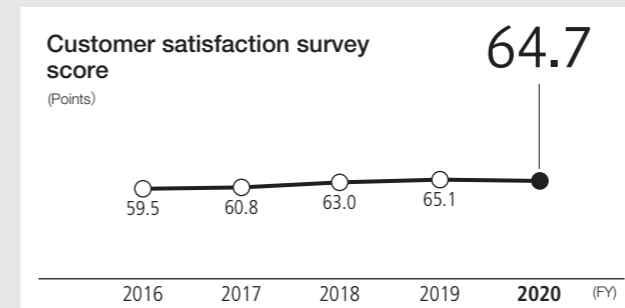
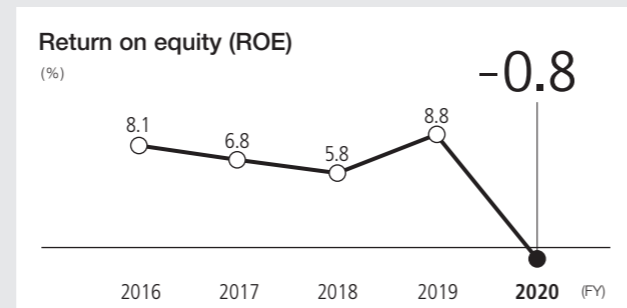
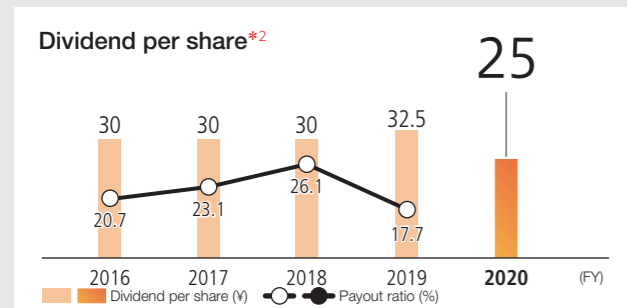
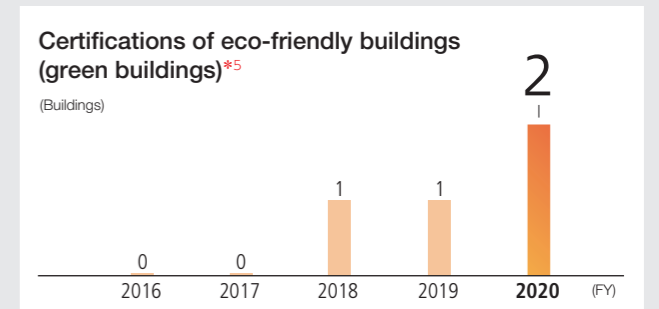
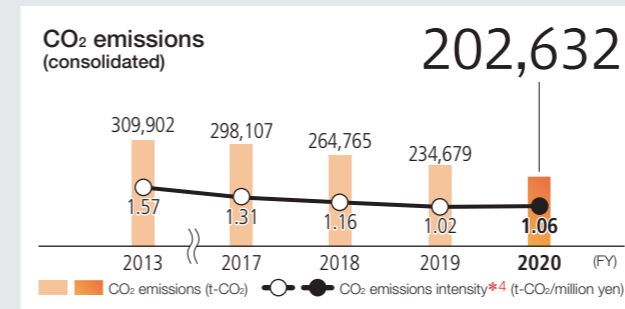
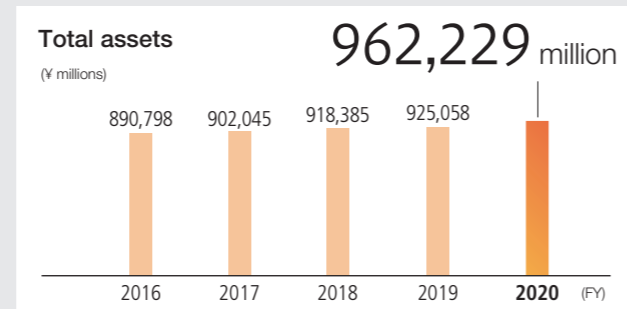
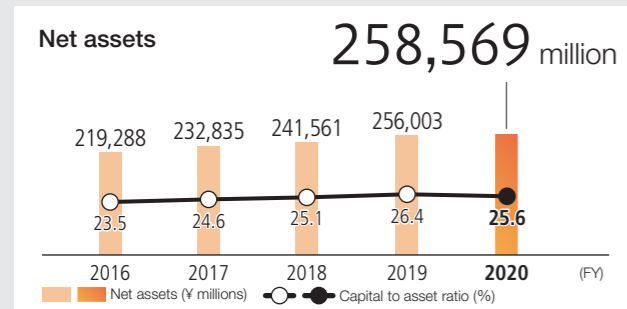
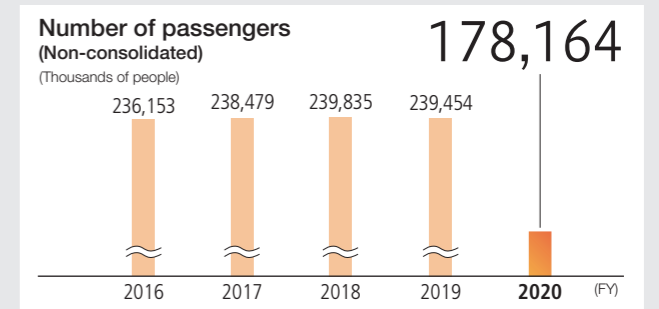
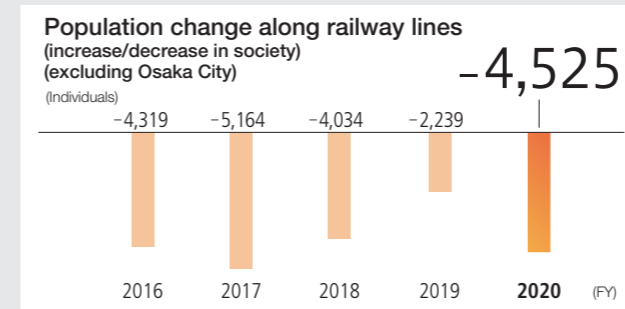
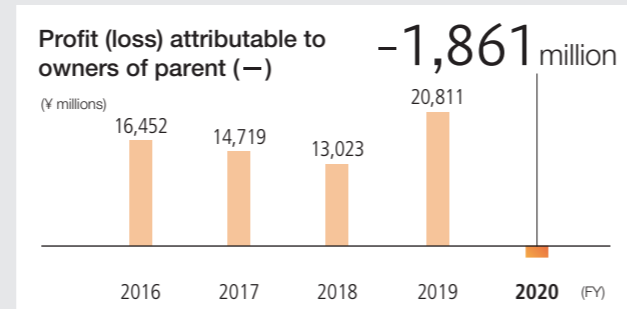
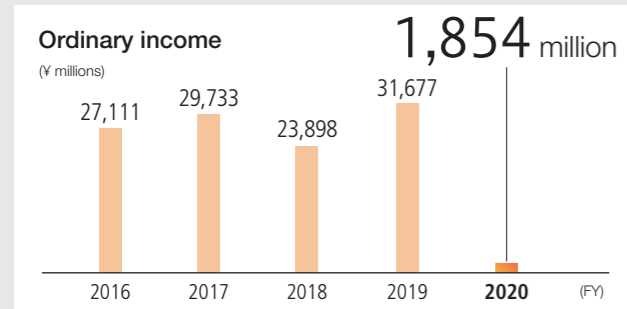
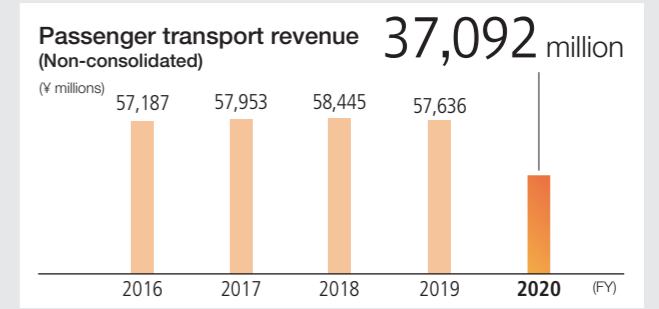
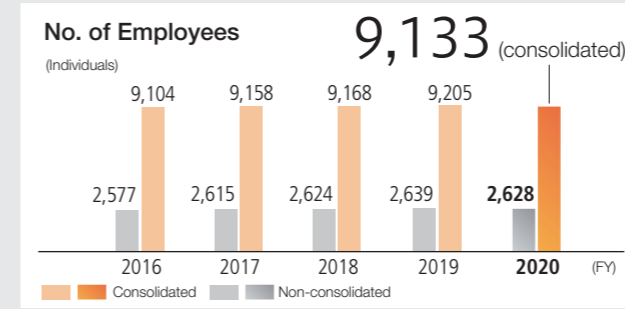
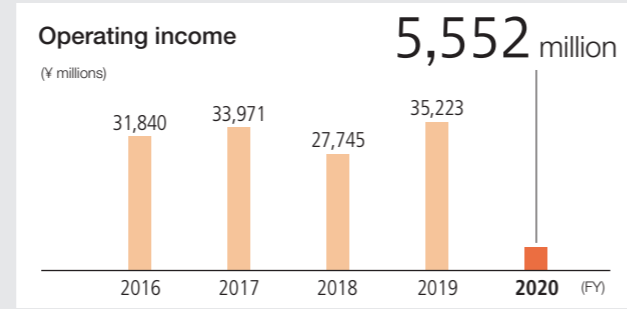
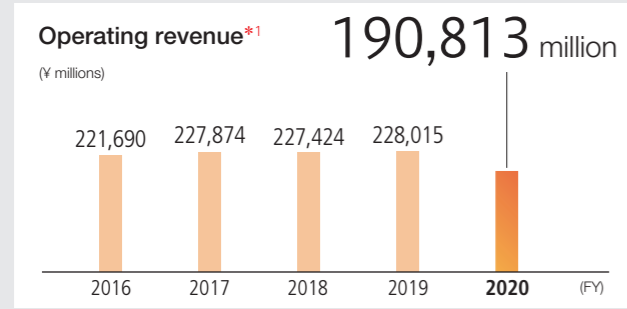


- Construction business





Financial and nonfinancial highlights



\*1 Operating revenue does not include consumption tax, for example. \*2 Values reflect adjustments for reverse stock split made October 1, 2017. \*3 EBITDA (earnings before interest, taxes, depreciation and amortization) = Operating Income + Depreciation and Amortization "Operating Income" since fiscal 2017 has been calculated with values that include dividend income.

\*4 CO2 emission intensity (CO2 emission volume/operating revenue) \*5 These are DBJ Green Building certifications. \*6 Cases for which our company is responsible include railway operation accidents, operation impediments (delays and service suspensions of at least three hours) and other incidents. \*7 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., Nankai Management Service Co., Ltd.



# To Our Stakeholders



President and CEO

Achikita Teruhiko

**Based on mutual development and cooperation with our various stakeholders, particularly those located near our railway lines, we will continue to pursue the continuous increase of corporate value and the realization of a sustainable society, focusing on after the coronavirus pandemic.**

## Seeking increased corporate value over medium and long terms is a permanent theme

We established the Nankai Group Business Vision 2027 in February 2018 for our corporate group. In this vision, we state that our “ideal form in 10 years” is to “have our railway lines and corporate group be chosen by providing satisfaction and inspiration.” We defined our ten-year orientation to reach this as “a decade of enhancing our railway lines in preparation for the opening of the Naniwasuji Line,” and we have been steadily advancing important measures related to this vision as a unified group. Since the fourth quarter of fiscal 2019, however, the core businesses of our group, including our transportation business centered on trains and buses, have continued to be impacted by the spread of the COVID-19 pandemic. I believe that we are facing a turning point that, looking back, is unlike any before in the long history of our company, which was founded 136 years ago. In order to continue this history, we must concentrate the intelligence and complete capabilities of our group to overcome the current crisis, keeping to our corporate philosophy, “With wisdom and dynamism, forging the way to the future.” Furthermore, we established four items in our group business guidelines that remain unchanged as permanent themes we should pursue in our business activities: “assurance of safety and peace of mind,” “emphasis on the environment,” “compliance thoroughness” and “pursuit of a customer orientation.” Every group employee, starting with me, is taking these things to heart again and steadily advancing efforts for them each day.

Among the group business guidelines that I mentioned before, “assurance of safety and peace of mind” is above all as the most important duty of our business group. A serious incident of cracking in Limited Express Rapi:t bogies was discovered in August 2019. The cause was identified as entirely due to the manufacture in the “Railway important incident research report” issued by the Japan Transport Safety Board in November 2020. Regardless of what the cause was, the fact is that we are responsible for the great worry and anxiety of everyone concerned, starting with the customers who use our railway lines, and remain sincerely apologetic. Nothing can replace the “assurance of safety” as a prerequisite for “peace of mind,” “trust” and “familiarity,” which can be said to be at the core of the Nankai brand. Reflecting on this incident, I will take this opportunity to promise once again that we will steadily continue building on our efforts to guarantee safety as an organization.

This coronavirus pandemic is causing great and sudden changes to the lifestyles of people as well as to the business environment of our group. These changes are also having great impacts on our group business models. In response to this, as we both develop short term policies that fulfill the need for speed and flexibly determine the priorities of important themes focused on medium and long-term growth, we are continuing to strive to increase Nankai Group corporate value over the medium and long terms.



## Reflections on fiscal 2020

### Even though income and profit decreased, we advanced efforts in line with our Business Vision 2027

As a result of the impacts of the COVID-19 pandemic spread that I discussed at the beginning, income and profit decreased in fiscal 2020 (ending March 2021). Operating revenue was down to 190,813 million yen (16.3% less than the previous fiscal year), while operating income was only 5,552 million yen (84.2% decrease) and ordinary income was limited to 1,854 million yen (94.1% decrease). Furthermore, loss attributable to owners of parent was 1,861 million yen (compared to profit attributable to owners of parent of 20,811 million yen in the previous period). While we managed to secure operating income, the main factor for decreased income was that our railway business, which has been greatly impacted by the coronavirus pandemic, was deep in the red.

Regarding investments, as a result of thoroughly and carefully examining necessity and priority, some revenue expanding investments were postponed this fiscal year. Large-scale, continuous matters with high priority, however, are being implemented according to plan, and we are advancing efforts toward the realization of the Nankai Group Business Vision 2027. In particular, with a focus on preparation for the opening of the Naniwasuji Line, in the Namba area where development is advancing, we are promoting the formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai for the creation of a Greater Namba. We will continue to implement various measures in alignment with this major objective.

Moreover, we provided a dividend of 25 yen per share once in fiscal 2020 as an end-of-term distribution. (In the previous accounting period, the midterm dividend was 15 yen and the end-of-term dividend was 17.5 yen for a total of 32.5 yen.)

### Results of advancing the Kyoso 136 Medium Term Management Plan and reflections on its three years

#### Some results have been achieved in the preparation of foundations and issues to be faced in the future have come into focus

As main pillars for realizing “the ideal form for our group ten years in the future” in the Nankai Group Business Vision 2027 mentioned previously, we have been making efforts for the major themes of “creating a Greater Namba,” “increasing resident population by revitalizing communities along railway lines” and “becoming a general developer” with a medium and long-term outlook since fiscal 2018.

During the three years of the Kyoso 136 Plan (fiscal 2018–2020), which was positioned as the foundation preparation period for the realization of our vision, I believe that we were able to achieve some results, emphasizing investments for the assurance of profitability and growth in the future. These include advancing various measures in alignment with five key objectives, starting with developing the Namba community, as well as the development of NAMBA SkyO, the expansion of our real estate rental portfolio, the upgrade of logistics facilities, and the enhancement of the appeal of neighborhoods along our tracks utilizing alliances.

In terms of performance, in fiscal 2019, the second year of the plan, our operating income became the highest ever and the outlook was to achieve our numerical targets a year early. In fiscal 2020, the last year of the plan, however, we were unable to achieve our numerical targets due to the impacts of the coronavirus. Furthermore, in terms of our ability to generate cash, we had become able to calculate profits at levels that fairly stably exceeded 30 billion yen since fiscal 2015. As we advanced growth investments, we were also able to improve the ratio of interest-bearing debt to EBITDA to over 7. We still feel these effects, but we had the wind at our backs for a while with the rapid increase in inbound foreign visitors to Japan, so this was not necessarily the result of our abilities, and we are keenly feeling the pain caused by the coronavirus calamity.

Various issues became apparent during the three years of the Kyoso 136 Plan, particularly in the diversifying real estate business. We made steady progress in some areas, including the Namba Naka 2-Chome Development Project through a scheme utilizing outside capital. On the other hand, building our expertise by, for example, training and hiring specialized personnel has taken more time than expected, so we are only halfway to where we want to be. We will continue working steadily on these issues in our Fiscal 2021 Management Plan.

## Key points in our Fiscal 2021 Management Plan

### One year to concentrate efforts on the urgent issue of restoring financial foundations

We see that the environments of all businesses, not just our core businesses, will change greatly in the future as, for example, shifts in consumption patterns advance along with the increased complexity of globalization, the popularization and normalization of remote working, and other trends. In addition, forecasts for the coronavirus crisis are still exceedingly unclear. Considering this business environment, we put off the creation of a new medium-term management plan and made a management plan for a single fiscal year instead. As we prepare for bouncing back after the coronavirus is under control, we will strive to resolve issues with variation between periods, clearly dividing fiscal 2021 from fiscal 2022 and later. Fiscal 2021 is a “period to establish firm footing” as a group in order to seek the restoration of business results quickly, while following years will be a “period for working to resume growth after the pandemic.”

The most pressing issue is restoring our financial foundations that were worsened by the COVID-19 pandemic. In fiscal 2021, with the assurance of safety as a fundamental prerequisite, to sustain our business as a public transportation service and seek our own survival as a company, we will endeavor to not only reduce costs but also to reform cost structures while continuing to control investments. The three pillars of cost structure reform are: “compress personnel costs and other expenses through organizational streamlining,” “comprehensively review expenses, including outsourcing costs” and “consolidate and reorganize unprofitable and inefficient businesses.” Some of these efforts will take time before the effects are manifested. By completing these measures during fiscal 2021, however, we will seek to improve earnings by about 5 billion yen annually.

Furthermore, we determined that as long as the end of the coronavirus pandemic cannot be predicted, establishing levels for revenue expanding investments is extremely difficult. In fiscal 2021, while focusing on the continuing concerns of the Namba area, Semboku New Town and our logistics facility leasing business, while controlling investment amounts, I want us to steadily carry out various measures with an eye on medium-term growth in the future and to seek a rapid return to pre-pandemic operating income levels.

## Strategies for future growth

### With DX as a growth driver, discover and cultivate new businesses while taking on corporate reform

I discussed restoring our financial foundations, but I recognize that changing cost structures for our railway business, which has a high proportion of fixed costs, would be extremely difficult in the short term. Even without the current pandemic troubles, this is an issue that we would have faced in the future eventually, so I take this as “an opportunity for reform presented now.” I believe that digital transformation (DX), which has attracted interest in recent years, is a key to corporate transformation (CX), which means the radical change of a business. This is the real reason that we created a DX team within our Railway Business Division. Among internal measures, we will seek to achieve cost reductions and respond to lack of personnel as well as to improve customer service and safety. As external measures, we will utilize DX to build business structures that can endure long-term reductions in travel demand and to create value.





In addition, I believe that “reinforcing a revenue base not overly reliant on inbound tourism” and “building business structures focused on population movement after the pandemic and in the medium and long terms” are important business issues for future growth. In addition to taking various measures, we will also identify and cultivate new businesses that can be expected to grow in the coming era with its new normal. For this purpose, since we must investigate new business domains, we established a New Business Department dedicated to this task in June 2019 and started the identification and cultivation of new businesses as well as a New Business Development Program. We placed this department under the Innovation Creation Office, which is a newly established organization, and we have built a solid structure for working to continuously generate new businesses, for example, by further accelerating open innovation efforts. Through efforts such as these, we have recently been able to incorporate three projects for the purpose of accelerating business promotion. Moreover, all of these were selected as Ministry of Economy, Trade and Industry “temporary-secondment start-up and other creation support businesses” at the same time. At present, we are advancing efforts toward the incorporation of five companies, also include high-speed video and e-sports businesses, and steadily cultivating new sprouts for future growth.

### ESG efforts oriented toward increasing business value

#### Based on our established Sustainability Policy, resolve the problems of society and increase corporate value

With “contributing to the community” in our Corporate Philosophy, as our corporate group has endeavored to resolve the problems of society through business activities centered on transportation services, it has also been advancing community development rooted in local areas. We are now heading into an era in which local communities are liable to collapse due to declining populations with few children and more elderly, among other factors. This makes efforts toward the realization of a sustainable society, which achieves both business activity and the healthy management of environmental and social systems, become even more important.

In consideration of these concerns, our group established a Sustainability Policy in April 2021, identifying seven major sustainability themes (materiality) and setting 29 action topics.

In fact, efforts that consider the environment, society and governance (ESG) not only solve the issues of society through business, they also increase corporate value over medium and long terms.

Among ESG efforts for the environment, responding to the “carbon neutral pledge” issued by the government in October 2020, we established new targets to achieve zero actual CO<sub>2</sub> emissions by fiscal 2050 and a 46% or greater reduction (compared to fiscal 2013) in corporate group CO<sub>2</sub> emissions by fiscal 2030. Moreover, in September 2021, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD).<sup>\*</sup> In accordance with TCFD proposals, we will disclose information even more actively from now on. This will contribute to increasing the effectiveness of CO<sub>2</sub> emission reductions.

Furthermore, to strengthen corporate governance, we switched from being a “company with a board of auditors” to being a “company with an audit and supervisory committee” at the regular General Meeting of Shareholders held in June 2021. By doing this, the Board of Directors can now operate as a “monitoring board” that emphasizes supervision of business execution. Going forward, we will continue seeking to improve transparency in our business management and value as a sustainable company. We will link these efforts not only to formal responses to legal reforms, but also to the assurance of effectiveness and substantial actions.

<sup>\*</sup> The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board, which is an international organization. It recommends that companies evaluate their own business risks and opportunities caused by climate change, determine financial impacts and disclose related information.



### To our stakeholders

#### As a corporate group that creates a more affluent future society and continues to contribute to society

In the 136 years since the founding of our company in 1885, in addition to railways, buses and other transportation businesses, we have advanced in other fields, including real estate and logistics, that are close to the lives of local residents and endeavored to increase value along our railway lines. With stations as their bases, transportation services that are safe, comfortable and provide peace of mind are our standard. We will continue working from now on to create communities that are good for the global environment and for all people around the world while being resistant to natural disasters. We will do this through the development of residences, offices and commercial buildings, for example, as well as by incorporating a variety of services, including those that revitalize tourism and local industry as well as that support entrepreneurs. Moreover, as we cooperate with, for example, local governments along our lines and elsewhere, we will promote “development together with communities,” increasing their value as “places to live, work and visit.”

Furthermore, still in the midst of a pandemic with an unclear future, we will emphasize relationships of trust with all our stakeholders even more than before. We will also continue to increase and actively advance efforts to, for example, “assure the safety and health of our customers and employees,” “sustain our mission as a public transportation network,” “strive to support our business partners” and “protect the employment of our staff.”

I humbly request that you, our stakeholders, continue to give us your support in the future.



President and CEO **Achikita Teruhiko**



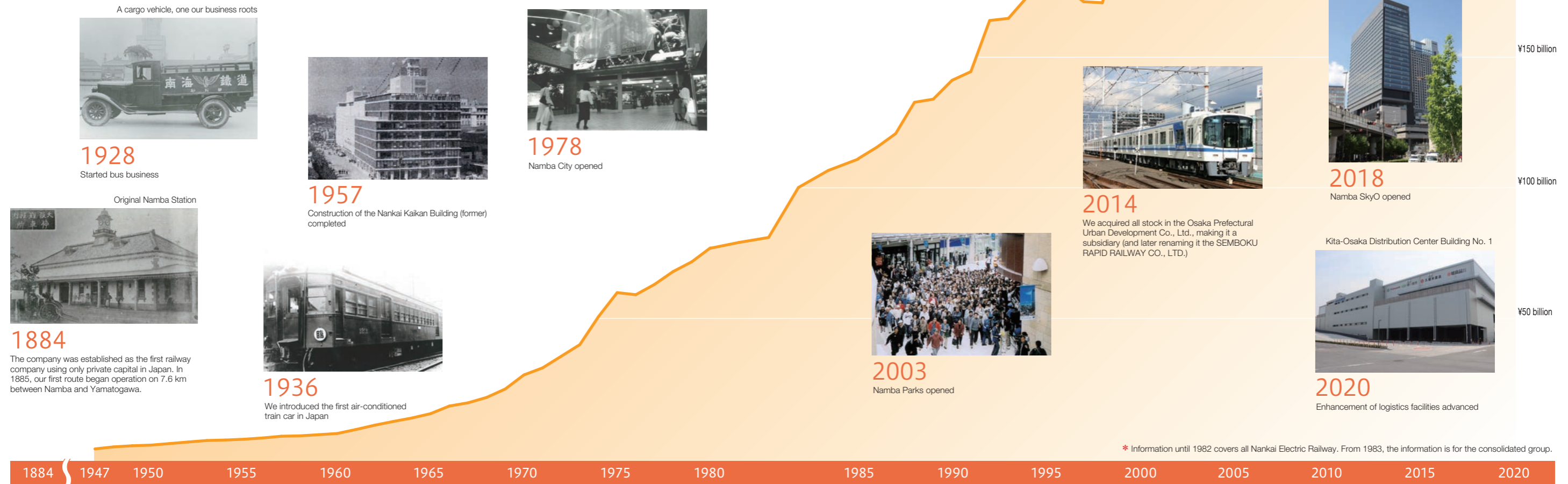
# Path of growth

**While enhancing the lives of people in areas along our railway lines, the Nankai Group has grown together with local communities**

Our company was established in 1884 as the first railway company using only private capital in Japan. We also entered the bus business in 1928. In the following decades, through numerous extensions, mergers, divisions and other changes, we built our existing route network.

Furthermore, in addition to enhancing our train and bus route network, we also started operating a car ferry connecting Wakayama and Tokushima prefectures. Through this and other enhancements to our land and sea transportation network, we have drawn "lines" to connect the "dots" of communities in our business area. Beyond the dots and lines, we have also continued to support the development of the "planes" around our railway lines by joining together with businesses that utilize the rich local resources. Examples of this include urban development exemplified by the Nankai Terminal Building and Namba Parks, large-scale residential development in suburbs along our railway lines, and the operation of leisure and lodging facilities, including Misaki-Koen and "The azure island accommodation Kumano-bettei NAKANOSHIMA" (formerly Hotel Nakanoshima).

With transportation services that provide safety and peace of mind as the core of the Nankai Group, we been supporting the lives of people through diverse businesses. Our history that spans 136 years is a story of growing together with communities.



\* Information until 1982 covers all Nankai Electric Railway. From 1983, the information is for the consolidated group.

The current Nankai Electric Railway Co., Ltd. was born in 1947 after splitting from Kintetsu Railway Co., Ltd. and other developments. From the postwar recovery, through the period of rapid economic growth, our slogan was "Grow Nankai," and we sought to enhance our land and sea transportation network, including railways, buses and car ferries. In addition, we advanced business diversification by, for example, opening Misaki-Koen (closed in March 2020), completing construction of the former Nankai Kaikan Building and developing golf courses.

We established our first long-term business vision and long-term plan, and sought to enhance railway facilities, including a major remodeling of Namba Station and continuous grade separation projects. We also undertook large-scale projects, including advancing residential development along our railway lines and opening Namba City. Even though there was economic stagnation in the early 1990s after a downturn in Japan, we took the development of the Airport Line, a route providing access to the Kansai International Airport, as a step in the direction of being a comprehensive lifestyle business, allowing us to achieve steady results.

We established medium-term management plans generally every three years and progressed toward strengthening our business foundations. We faced some severe business conditions, including declining population with few children and more elderly, reduced labor forces along our railway lines and unstable power supplies due to the Great East Japan Earthquake. Despite this, we succeeded with various measures, including opening Namba Parks, capturing inbound tourism demand and making a subsidiary of Osaka Prefectural Urban Development Co., Ltd. (now SEMBOKU RAPID RAILWAY CO., LTD.).

We clarified our ideal image for 10 years in the future in our Nankai Group Business Vision 2027, with fiscal 2018 as the first year, for the goal of continuous growth. The business environment has become severe because of the impacts of the coronavirus pandemic spread. Based on our fiscal 2021 management plan, which plans for the coming post-pandemic era, however, we will seek to "have our railway lines and corporate group be chosen because we provide satisfaction and inspiration," and continue taking on challenges.



# Strengths and value provided

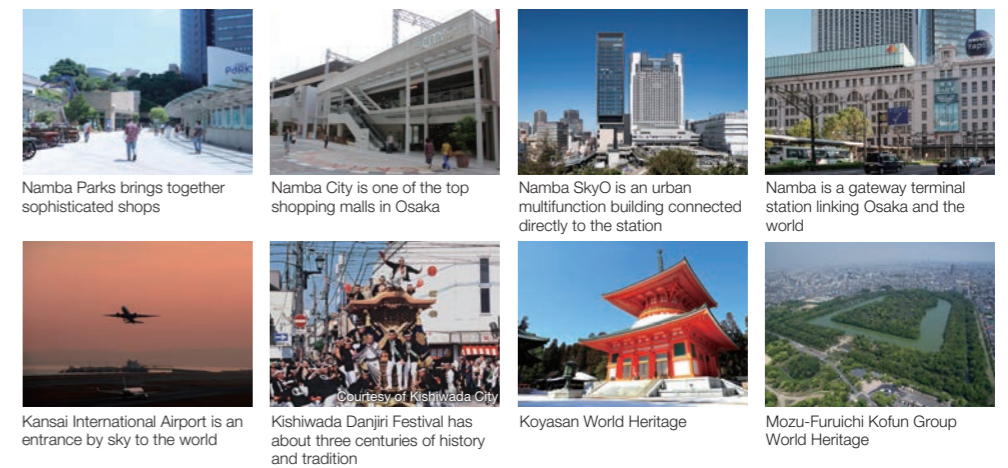
Using the three strengths we have cultivated, we create attractions for people who live, work and visit areas where we are active

Strength  
**1**  
The resources along our railway lines with hidden potential

From the urban base of Namba, which is endowed with both international and cutting-edge characteristics, numerous historical heritages dot the areas along our railway lines. These start with the sacred places around Koyasan and the Sakai Mozu-Furuichi Kofun Group, which are world heritage sites. In addition, Sakai City developed from trade with Spain and Portugal in the 16th and 17th centuries, Kishiwada City is famous for its portable shrines, Izumisano City prospered as a port city, and Wakayama City was a castle town starting under the Kishu Tokugawa Family. The abundance of nature is another feature.

Furthermore, the region is also considered an overseas gateway because of Kansai International Airport. The Naniwasuji Line, which is scheduled to begin operation in 2031, will strengthen airport access while linking areas along Nankai railway lines with the Shin-Osaka and Umeda district that is on a national rail route. By doing so, we can expect that the railway network in the Kansai region will become more convenient and value along our railway lines will increase.

From an urban base endowed with both international and cutting-edge characteristics to historical heritages



Strength  
**2**  
The ability to create urban attractions

The Nankai Group is advancing community development and invigoration in areas along our railway lines through retail businesses, office buildings, condominiums, residential development, leisure facility operation and other endeavors centered on the main stations of our lines.

For example, for the urban development of Namba, we have attracted department stores and brought together diverse urban functions with the opening of Namba City, Namba Parks and Namba SkyO. Along our suburban railway lines, starting with the development of new suburbs in the 1960s and 1970s, we have focused on residential development in every decade, advancing the creation of communities that appeal to residents and have values that attract visitors.

Recently, we have been advancing a series of projects to invigorate communities in Wakayama, Koyasan and elsewhere.

Community development that suits changes in the era and in the values of people



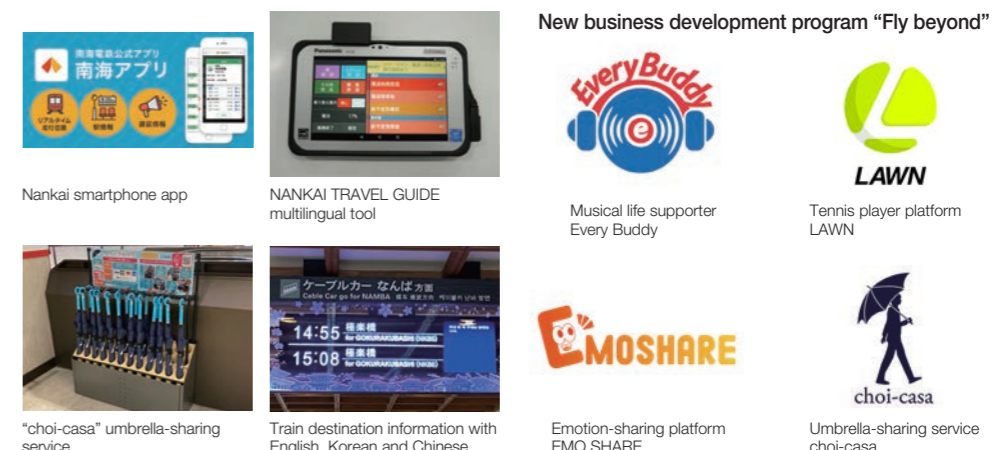
Strength  
**3**  
The ability to create new services

With "services that make life convenient" as our concept at the Nankai Group, we have provided diverse services that fulfill the needs of residents along our railway lines and other customers.

For example, the Nankai app lets users check train operation information and restroom occupancy status. This app also includes functions that help passengers give up their seats to those who need them more. Recently, we also started an umbrella sharing service to make tourism and walking around town more comfortable even during rain.

Moreover, to meet the needs of customers who come from overseas, we were the first to add English, Korean and Chinese to station name signs in the Kansai region, doing so in 2007. Since then, our related efforts include numbering stations and providing multilingual announcements.

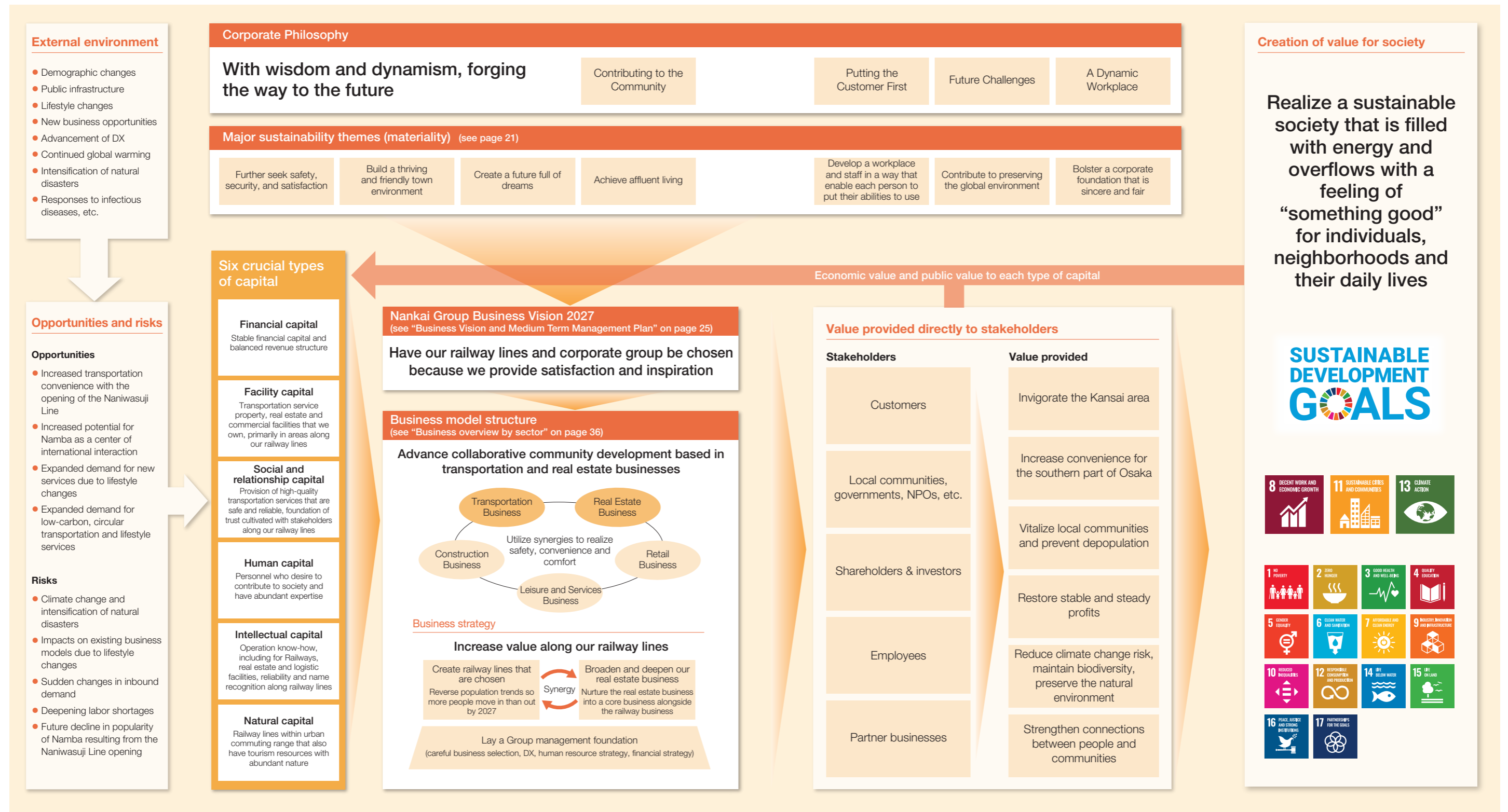
Services that make life convenient and hospitality for visitors





# Value creation process

Utilizing our diverse business resources, we provide value to stakeholders and society, which raises our corporate value



### External environment

- Demographic changes
- Public infrastructure
- Lifestyle changes
- New business opportunities
- Advancement of DX
- Continued global warming
- Intensification of natural disasters
- Responses to infectious diseases, etc.

### Opportunities and risks

#### Opportunities

- Increased transportation convenience with the opening of the Naniwasuji Line
- Increased potential for Namba as a center of international interaction
- Expanded demand for new services due to lifestyle changes
- Expanded demand for low-carbon, circular transportation and lifestyle services

#### Risks

- Climate change and intensification of natural disasters
- Impacts on existing business models due to lifestyle changes
- Sudden changes in inbound demand
- Deepening labor shortages
- Future decline in popularity of Namba resulting from the Naniwasuji Line opening

### Corporate Philosophy

With wisdom and dynamism, forging the way to the future

Contributing to the Community

Putting the Customer First

Future Challenges

A Dynamic Workplace

### Major sustainability themes (materiality) (see page 21)

Further seek safety, security, and satisfaction

Build a thriving and friendly town environment

Create a future full of dreams

Achieve affluent living

Develop a workplace and staff in a way that enable each person to put their abilities to use

Contribute to preserving the global environment

Bolster a corporate foundation that is sincere and fair

### Six crucial types of capital

**Financial capital**  
Stable financial capital and balanced revenue structure

**Facility capital**  
Transportation service property, real estate and commercial facilities that we own, primarily in areas along our railway lines

**Social and relationship capital**  
Provision of high-quality transportation services that are safe and reliable, foundation of trust cultivated with stakeholders along our railway lines

**Human capital**  
Personnel who desire to contribute to society and have abundant expertise

**Intellectual capital**  
Operation know-how, including for Railways, real estate and logistic facilities, reliability and name recognition along railway lines

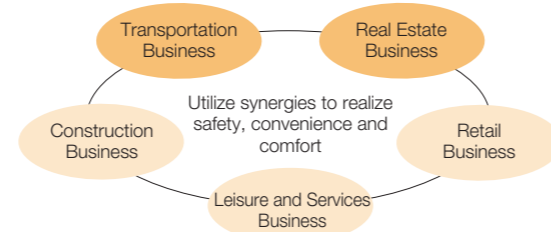
**Natural capital**  
Railway lines within urban commuting range that also have tourism resources with abundant nature

### Nankai Group Business Vision 2027 (see "Business Vision and Medium Term Management Plan" on page 25)

Have our railway lines and corporate group be chosen because we provide satisfaction and inspiration

### Business model structure (see "Business overview by sector" on page 36)

Advance collaborative community development based in transportation and real estate businesses



### Business strategy

Increase value along our railway lines

Create railway lines that are chosen  
Reverse population trends so more people move in than out by 2027

Broaden and deepen our real estate business  
Nurture the real estate business alongside the railway business

Lay a Group management foundation (careful business selection, DX, human resource strategy, financial strategy)

Economic value and public value to each type of capital

### Value provided directly to stakeholders

#### Stakeholders

Customers

Local communities, governments, NPOs, etc.

Shareholders & investors

Employees

Partner businesses

#### Value provided

Invigorate the Kansai area

Increase convenience for the southern part of Osaka

Vitalize local communities and prevent depopulation

Restore stable and steady profits

Reduce climate change risk, maintain biodiversity, preserve the natural environment

Strengthen connections between people and communities

### Creation of value for society

Realize a sustainable society that is filled with energy and overflows with a feeling of "something good" for individuals, neighborhoods and their daily lives





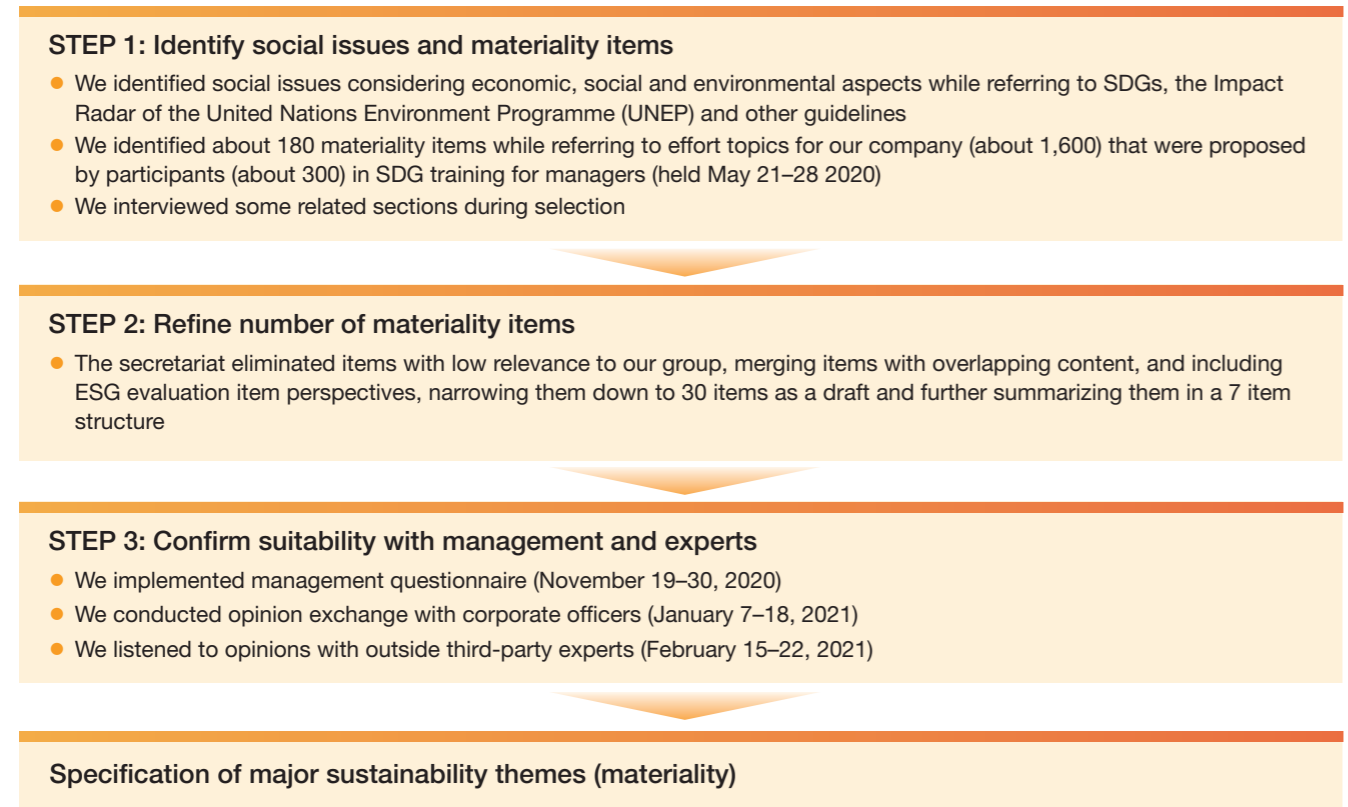
# Major sustainability themes (materiality)

## Identifying materiality for “the increase of value as a sustainable company,” and “the realization of a sustainable society”

At the Nankai Group, we include “contributing to the community” in our Corporate Philosophy, and we have been increasing business value over the medium and long terms by advancing a variety of business activities that increase value along our railway lines, centered on public transportation.

Recently, we established a Sustainability Policy based on our efforts thus far in order to make the approach of the Nankai Group toward the realization of a sustainable society even more clear to stakeholders inside and outside our companies. Moreover, based on this policy, we devised seven major sustainability themes (materiality), which incorporate SDG perspectives, as key measures that we should pursue over the long-term.

### Identification process for major sustainability themes (materiality)



### Main targets and KPIs

<p><b>Achieve a decarbonization society: Reduce CO<sub>2</sub> emissions to virtually net-zero by 2050</b></p> <ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions Reduce the Group's CO<sub>2</sub> emissions by 46% or more in comparison to FY2013 (FY2030)</li> <li>• Increase the number of eco-friendly buildings (green buildings) Acquire environmental certification for newly developed properties</li> </ul>	<p><b>Build a thriving and friendly town environment</b></p> <p>Reverse local demographics to change a net population outflow to a net population inflow (FY2027)</p>	<p><b>Customer satisfaction</b></p> <p>Japanese Customer Satisfaction Index (JCSI) continuously exceeds previous fiscal year</p>
	<p><b>Realize smart cities</b></p> <p>Advance Semboku New Town revitalization and the Izumigaoka Station Front Vitalization Project</p>	<p><b>Percentage of managers who are female</b></p> <p>Raise to about 10% (by fiscal 2030)</p>
	<p><b>Assure safety</b></p> <p>Achieve zero liability-accidents in the railway business</p>	<p><b>New hire female ratio</b></p> <p>Raise to about 30% (by fiscal 2030)</p>

## Major sustainability themes (materiality)

ESG	Materiality	Effort guidelines	Effort topics	Related SDGs
S Society	<b>Further seek safety, security, and satisfaction</b>	Based on the fact that safety and peace of mind are at the core of our group business, we will continue to endeavor to raise customer satisfaction levels by developing measures that respond to the expectations of stakeholders. These include execution of systematic safety investments and implementation of safety education and BCP training. Moreover, we will systematically advance responses to natural disasters, which are expected to become more severe in the future.	Assure safety in every business, starting with railway business Prepare for natural disasters and other climate change risks Provide facilities and services that are comfortable and offer peace of mind Increase customer satisfaction by pursuing a customer orientation	6 11 13
	<b>Build a thriving and friendly town environment</b>	In addition to advancing area development that maximizes the potential of Namba, we will continue building foundations to attract the population concentrated in urban areas to communities along our railway lines by utilizing local resources, including the nature in each area and numerous tourism resources and historical legacies, and communicating with diverse stakeholders.	Incorporate the Namba area Invigorate communities with railway stations as bases Preserve and utilize tourism resources Increase value along railway lines through cooperation with stakeholders	8 11 12 17
	<b>Create a future full of dreams</b>	Starting with the opening of the Naniwasuji Line, we will seek to further activate areas along our railway lines, using inbound tourism, EXPO 2025, IR and other factors as triggers. Staring at the transformation of work practices due to the advancement of digitalization, we will continue advancing community development that is not premised on commuting to the city center as well as the formation of smart cities that combine the digital with the real and provide a variety of services in every living situation, not just for travel.	Form a new north-south axis with the opening of the Naniwasuji Line Create new products and services that utilize DX Realize smart cities Provide products and services that bring about increased nonresident population (inbound tourism, EXPO 2025, IR)	8 9 11 17
	<b>Achieve affluent living</b>	We provide services that are necessary for every situation in life, including learning, working, playing, raising children and living in old age, and contribute to realizing affluent lifestyles that allow people of every generation to live with peace of mind.	Provide lifestyles and services that meet changes in ways of working and living due to the pandemic Provide services suitable for diverse generations Strengthen the performance of logistics bases that sustain the foundations of society	3 4 8 11 17
	<b>Develop workplaces and staff in a way that enables each person to put their abilities to use</b>	By arranging environments that are not bound by workplaces and times, we will promote the active participation of diverse personnel. We will also generate work motivation by seeking to increase employee satisfaction. We will also continue fostering a culture of taking on unfamiliar domains and cultivating personnel who are capable of responding to severe changes in the environment.	Promote diversity and inclusion (advance active participation by women) Create workplace environments that include, for example, promotion of health management Cultivate personnel who are capable of responding to severe changes in the environment Respect human rights and prevent harassment	3 4 5 8 10
	E Environment	<b>Contribute to preserving the global environment</b>	Viewing climate change risks as the greatest risks for our group, we will keep advancing the adoption of energy-conserving vehicles (trains and buses) and the use of renewable energy sources. We will also continue to promote modal shifts as well as expand the acquisition and development of green buildings. Furthermore, we will continue striving to maintain biodiversity through efforts to cultivate forests that we own in areas along our railway lines and around our businesses.	Reduce CO <sub>2</sub> emissions and promote utilization of renewable energy sources, for example, to alleviate climate change Realize a recycling-oriented society Preserve biodiversity Deepen environmental management Increase the number of eco-friendly buildings (green buildings)
G Governance	<b>Bolster a corporate foundation that is sincere and fair</b>	In order to respond flexibly to society, which is changing drastically, we will continue to practice quick decision-making, the appropriate management of finances and the strengthening of related oversight functions. Moreover, we will continue increasing management transparency, pursuing two-way communication with our stakeholders, starting with our shareholders and investors, and disclosing information in a fair, timely and appropriate manner.	Improving corporate governance Strengthening risk management Enhancing communication with stakeholders (including shareholders, investors and media) Applying responsible procurement policies that consider society and the environment Assuring financial health and transparency	5 10 16 17



## Major sustainability themes (materiality)

### Comments from outside experts

In materiality analyses for the Nankai Group, we had dialogs with outside experts and received various opinions based in the knowledge of each of their specialties about verifications of validity related to content and its relevance to the Nankai essence. Referring to their opinions and proposals, we verified again within the company and applied what we learned to materiality and issues related to our efforts.



**Kawaguchi Mariko**

Fuji Oil Holdings Inc.  
Executive Advisor to CEO  
Rikkyo University Specially-  
appointed Professor

**Areas of advice:**  
SDGs, CSR

#### Starting from SDGs, solve the issues of society through railways and community development

I have numerous expectations for railway companies in consideration of SDGs. First, regarding goal 13, "Take urgent action to combat climate change and its impacts," on the point of warming mitigation measures, trains are a means of transportation that produce fewer greenhouse gas emissions compared to automobiles and airplanes. I want railway companies to increase their convenience so that even more people will use them and promote measures for the modal shift of society. At the same time, I also expect them to advance the decarbonization of electricity (conversion to renewable energy). Among measures to adapt to warming, amid frequent abnormal weather phenomena, the highest priority issue should probably be arranging countermeasures to prevent impediments to transportation, starting with measures against flooding, so the customers can use their services with peace of mind.

The COVID-19 pandemic has drastically changed living environments. The implementation of SDG 11, "Make cities inclusive, safe, resilient and sustainable," is needed. What should be done to enable the provision of efficient and comfortable styles of working and living? How smooth can movement be made? In these cases, consideration for biodiversity and the perspective of energy self-reliance are also indispensable.

Furthermore, incorporating diversity and inclusion perspectives into business is also indispensable for sustainable development. I expect Nankai Electric Railway to set goals suitable for itself and steadily work toward them.



**Takegahara Keisuke**

Development Bank of Japan Inc.  
Research Institute of Capital  
Formation  
Executive Fellow

**Areas of advice:**  
Financial institutions and  
institutional investors

#### To convey the "Nankai essence," I want materiality to be made more advanced

I think that this materiality analysis was a good opportunity to consider, from the perspective of business and its foundations, important themes in the fulfillment of "a decade of enhancing our railway lines in preparation for the opening of the Naniwasuji Line" in the group's Business Vision 2027. Elements discussing growth strategies that are unified with community development are found widely, and business characteristics are expressed well. Particularly outstanding was the analysis process that was advanced carefully involving numerous employees while incorporating outside evaluation criteria, including SDG and ESG evaluations. Applying the logic of ESG financing, which is called materiality, to factors that require the sustainability of business models over the long term, the participation of employees, who are responsible for the business, in analysis processes and their understanding as individuals are very significant. This is another point where I can give a high evaluation to this approach. This should also create authority in regular re-evaluations.

I expect in the future for materiality to be made more advanced in order to convey the "Nankai essence," which has grown through the improvement of value along railway lines over the long term. Various advancement mechanisms seem to be possible by, for example, analyzing the value thus far realized along railway lines from the starting point of resolving the issues of society, and by balancing social and environmental aspects as well as by setting item granularity.



**Nagata Junko**

Osaka City University Graduate  
School of Urban Management  
Professor of Urban Policy and  
Regional Economy

**Areas of advice:**  
Community development and  
civil society

#### Expecting investigations into the social significance of mobility and its realization in business

These efforts that selected materiality by analyzing the degrees of impacts on business activities from economic, social and environmental aspects in order to take on management with SDGs can be evaluated highly because they seem to incorporate, for example, the diverse values of society and culture as well as a temporal orientation toward the future in a multi-layered manner. Moreover, I also felt the intention and strength of undertaking the selection processes as an entire company with managers and higher-ranked employees participating.

If we further investigate the possibilities of mobility in the future, however, would a future-oriented materiality become visible? For example, instead of just comfort, we could also think about tranquility and aesthetics. We could ask whether activity alone is enough for community invigoration and think about the perspective of "community utilization" along with "community development." I have used the railway business as an example, but the same ideas apply to other businesses.

One more point is that I want expression that conveys the essence of the Nankai Group. I believe the key to this is "proactive communication with diverse stakeholders," which is also in the materiality items. Along with the "organization of value creation processes," which I hear is being currently examined, I hope you make efforts to create new paradigms for transportation in society and provide new value.



**Sano Yumi**

Japan Institute for Women's  
Empowerment & Diversity  
Management  
Kansai Office Manager

**Areas of advice:**  
Diversity and labor

#### Set KPIs and roadmaps, and apply PDCA cycles to change consciousness and transform action

The idea of making "diversity and inclusion" a business strength is now taking hold among companies. Through taking in people with diverse characteristics (including gender, age and nationality) as well as values and ideas, they seek to respond to environmental changes and distinguish themselves from other companies by creating new value.

The Nankai Group has also made "diversity and inclusion" a key issue and is focusing efforts on responding quickly and flexibly to changes in the era and diversifying customer needs.

Now, as a touchstone for diversity, efforts focused on the active participation of women are advancing in Japan. Institutional investors are also expecting this to contribute to innovation and the improvement of long-term business results and emphasizing indicators for the active participation of women in investment evaluation materials.

From now, what is needed to promote the active participation of diverse employees is to set key performance indicators (KPI) and roadmaps, share and publicize them both inside and outside the company and use PDCA cycles to change the consciousness of all employees and transform action.

I feel that the Nankai Group has a corporate culture that particularly values the development of human resources. I expect that every person will be able to make the most of their individuality and capabilities as a professional and that the group will advance further as an organization by fusing the powers of all employees.



**Hatanaka Naoki**

Architects, Regional Planners &  
Associates, Kyoto  
(ARPAK)  
Director and Department Head  
(Sustainability management)  
and Nagoya Office Director  
Graduate School of Engineering,  
Osaka University  
Invited lecturer  
(Division of Sustainable Energy  
and Environmental Engineering)

**Areas of advice:**  
Environment

#### Respond to both the risks and opportunities of climate change and decarbonization

To respond to climate change, which is already manifesting its impacts, and stop warming at 1.5–2°C, the Paris Agreement calls virtually for the elimination of, for example, CO<sub>2</sub> emissions by the middle of this century and the USA has transitioned to the Biden administration and returned to international society. Along with this, transformation to align with sustainability in every area, including accelerating efforts to achieve carbon neutrality for Japan by 2050 as well as SDGs, has become an urgent task.

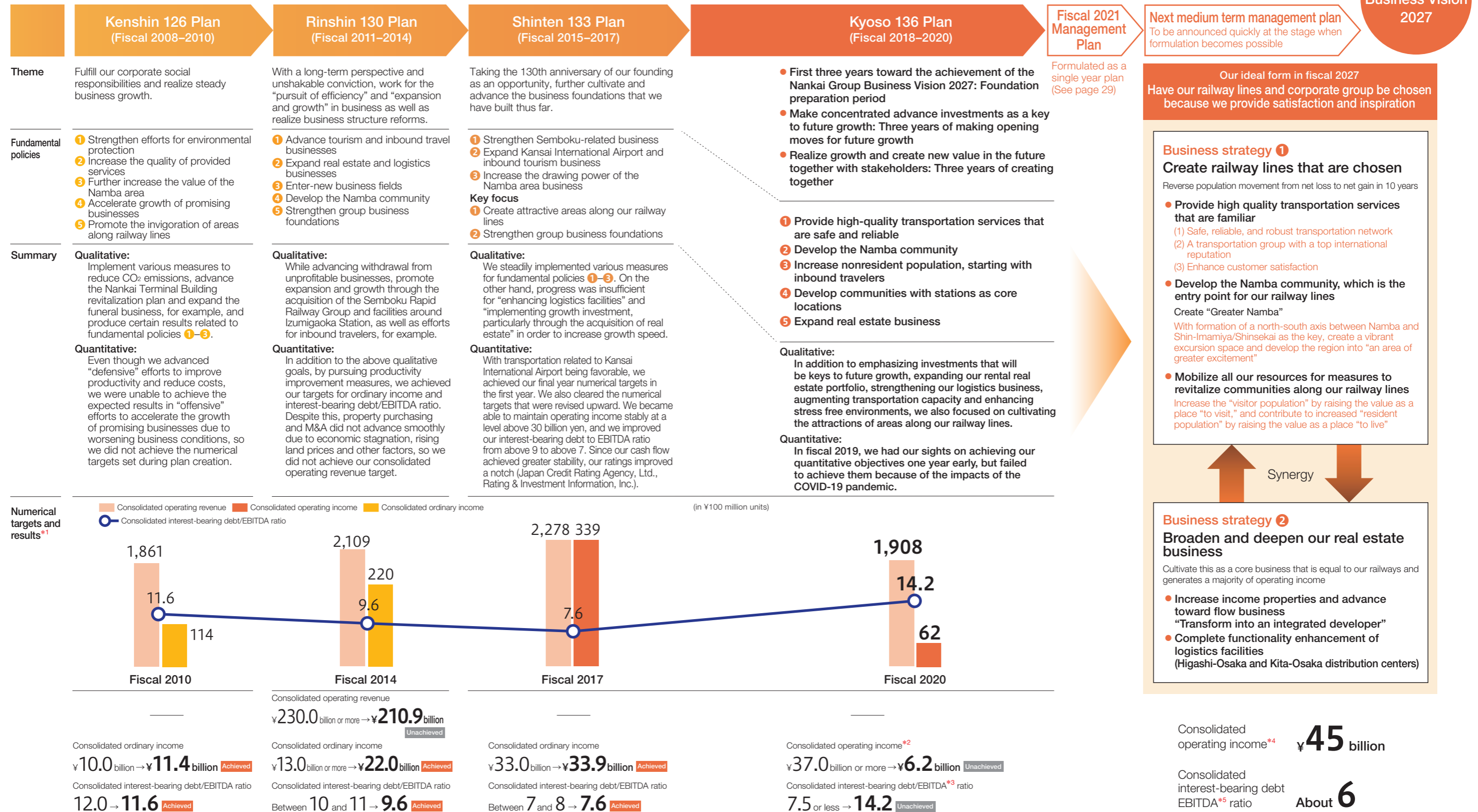
In the decade to 2030, which is particularly important, how will the Nankai Group innovate in its wide range of business domains, including not only the railway business, but also community development along its railway lines and the utilization of the forest resources it owns? Sharing these large objectives among stakeholders, working to change energy sources (fossil fuels) and materials (iron, concrete, plastic), and resolving various local issues as a society-oriented enterprise are important. While doing so, the group should keep eyes open for vulnerabilities (so not even one person is left behind) and also treat history, community and other non-economic values with significance.

I expect Nankai, as the railway company with the longest history in Japan, to lead society in the future, taking on these issues in the sense of them being both risks and opportunities.



# Business Vision and Medium Term Management Plan

## Roadmap for the Nankai Group Business Vision 2027



\*1 If numerical targets were revised up or down, the revised targets are used here rather than the original ones.

\*2 Including dividend income  
\*3 Operating income + dividend income + depreciation and amortization

\*4 Including dividend income  
\*5 Operating income + dividend income + depreciation and amortization



## Business Vision and Medium Term Management Plan

# Kyoso 136 Plan Summary

### Theme

- First three years toward the achievement of the Nankai Group Business Vision 2027: Foundation preparation period
- Make concentrated advance investments as a key to future growth: Three years of making opening moves for future growth
- Realize growth and create new value in the future together with stakeholders: Three years of creating together

### Fundamental policy

- 1 Provide high-quality transportation services that are safe and reliable
- 2 Develop the Namba community
- 3 Increase nonresident population, starting with inbound travelers
- 4 Develop communities with stations as core locations
- 5 Expand real estate business

### Results

- To realize its management vision, the Company will make investments to secure revenues and grow in the future, steadily working to strengthen its real estate rental portfolio, including the launch of NAMBA SkyO, and to upgrade its logistics facilities
- To securely cater for inbound tourism demand, we will boost our transportation capacity while further developing stress-free movement environments
- We will develop our base train stations by proactively using alliances with other players under the philosophy of Kyoso (collaborative creation)

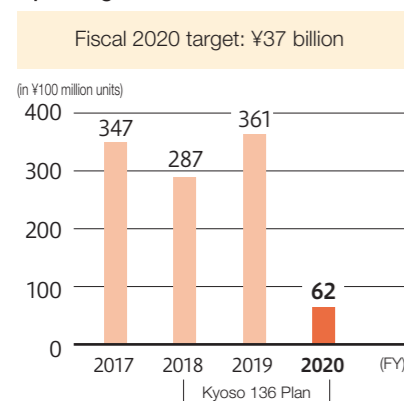
### Issues

- Expand to rotational real estate business and pursue fee based business
- Reinforce a revenue base not overly reliant on inbound tourism
- Turn around the financial position harmed by the COVID-19 pandemic
- Build a business structure with an eye on the post COVID-19 years and medium- to long-term local demographics
- Implement further safety measures for intensifying natural disasters

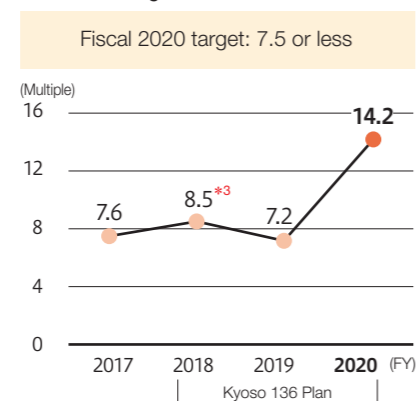
### Numerical targets and results (consolidated)

In fiscal 2019, we had our sights on achieving the numerical targets set in the Kyoso 136 Plan one year early, but failed to do so because of the impacts of the COVID-19 pandemic.

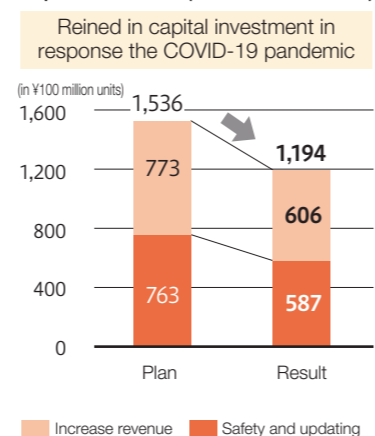
#### Operating income\*1



#### Interest-bearing debt balance/EBITDA\*2 ratio



#### Capital investment (fiscal 2018–2020 total)



\*1 Including dividend income

\*2 Operating income + dividend income + depreciation and amortization

\*3 In fiscal 2018, along with revision of, for example, our residential housing development business, appraisal losses of real estate for sale were calculated as cost of sales. The value would be 7.7 without these impacts.

### Results of initiatives against our five basic policies

#### Fundamental policy 1 Provide high-quality transportation services that are safe and reliable



- Renewed carriages (24 cars for the Nankai Line, 30 cars for the Koya Line, and 2 cars and 2 trains for the Cable Car)
- Beautified station restrooms (36 stations) and installed platform gates (Namba Station)
- Steadily increase safety and operation security of facilities against natural disasters (Set up bridge abnormality detection equipment and reinforced elevated pillars and train stations for earthquake resistance)

#### Fundamental policy 2 Develop the Namba community



- Enhance the zone around the Nankai Terminal Building (Opened NAMBA SkyO and acquired revenue generating properties)
- Formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai (Continued the Namba Naka 2-Chome Development Project and the Shin-Imamiya Station Renewal Project, and participated in and contributed capital to the Hoshino Resort OMO7 Osaka Shin-Imamiya Development Project)

#### Fundamental policy 3 Increase nonresident population, starting with inbound travelers



- Improve environment for receiving foreigners coming to Japan (Adopted an e-ticket format for advance-purchase passenger tickets for overseas travel agencies and launched an electronic payment service)
- Promote tourism that maximizes the features of locations along our railway lines (Promoted the Koya-san Sightseeing Enhancement Project and the Kada Sakana Line Project)
- Increase appeal along railway lines by creating employment and industry (Continued the Kada Renovation Town Development Project and held Atotsugison, an innovation aid program for companies in areas along our railway lines)

#### Fundamental policy 4 Develop communities with stations as core locations



- Increase appeal along railway lines by refurbishing stations (Opened Ki:no Wakayama)
- Revived and revitalized Semboku New Town (Continued renovation of the Izumigaoka Station and the Izumigaoka Station Front Vitalization Project)

#### Fundamental policy 5 Expand real estate business



- Upgraded logistics facilities (Kita-Osaka Distribution Center) (Put Building 1 into operation and arranged for construction of new Buildings A and E)
- Expanded the real estate rental portfolio (Namba Midouji Center Building and Namba Front Building)



# Fiscal 2021 Management Plan

Strengthening our footing for bouncing back once the coronavirus is under control

**Premise** | We determined that conditions are not suitable for creating a medium-term management plan

- The future is uncertain because there is no knowing when the COVID-19 pandemic will end
- To specify allocation of our corporate resources, we need to ascertain effects from the COVID-19 pandemic on social changes

## Post-pandemic era

### Matters to continue as is

#### Create railway lines that are chosen

~ Sustainable town development centered on transportation and real estate businesses

### Matters requiring change

#### Responding to social changes (further digitization and telework penetration)

~ Build an operating framework able to withstand reduced demand for movement and fluctuations in inbound tourism demand, and explore new business models

**Plan** | Establish a single-year plan for this as a year to strengthen our footing for bouncing back once the coronavirus is under control

### Short-term measure

#### Business-structure reform centered on cost cutting

Through focused business structure reform, set goals to rebuild financial foundations that were lost due to pandemic impacts

Review cost structures for the purpose of stable and continuous provision of public transportation services

Pursue DX

### Medium-to long-term measure

#### Pursue initiatives with an eye on future growth

From a medium-term perspective, advance efforts with an eye on future growth and make moves in preparation for the end of the pandemic

### Objective

Achieve an early recovery to pre-COVID-19 pandemic operating income levels

**Short-term measure** | Business-structure reform centered on cost cutting

### Fundamental cost-structure reform

Revenue improvement target **¥5 billion per year**

Envisage a scale capable of covering a 10% reduction in revenue from existing railway facilities (approx. ¥50.0 billion)

Even though a certain amount of time will be necessary for all revenue improvement effects to become apparent, with an eye on future growth from a medium-term perspective, advance efforts to make moves in preparation for the end of the pandemic

#### Streamline the organization

- Integration/abolition of organizations at the headquarters and railway business units
- Push forward with a shift to a multi-tasking format
- Improve efficiency of operational processes by tapping into digital technologies

#### Reduce outsourcing costs

#### Turn around group businesses

- Implement measures to improve revenue and expenditure for the bus business and the tourism business

### Reduce interest-bearing debt balance

Target: **¥456 billion** by end of fiscal 2021  
(-¥8.6 billion compared to previous fiscal year)

By continuing to curtail investment, for example, reduce to fiscal 2019 year-end level

### Numerical targets

Note: The fiscal 2021 target values were based on data as of April 30, 2021. If revisions to these targets occur, they will be reported on our corporate site Investor Information page (<http://www.nankai.co.jp/company/investor.html>).

	Fiscal 2021 target	Fiscal 2020 result
Operating income*1 (in ¥100 million units)	150	62
Balance of net interest-bearing debt (in ¥100 million units)	4,560	4,646
(Reference) Balance of net interest-bearing debt/EBITDA*2 ratio (Multiple)	10.3	13.0

\*1 Operating income + dividend income  
\*2 Operating income + dividend income + depreciation and amortization

	Fiscal 2021 target	Fiscal 2020 result
Total capital investments (in ¥100 million units)	326	279
Revenue expanding investments (in ¥100 million units)	106	150
Safety and renewal (in ¥100 million units)	219	128



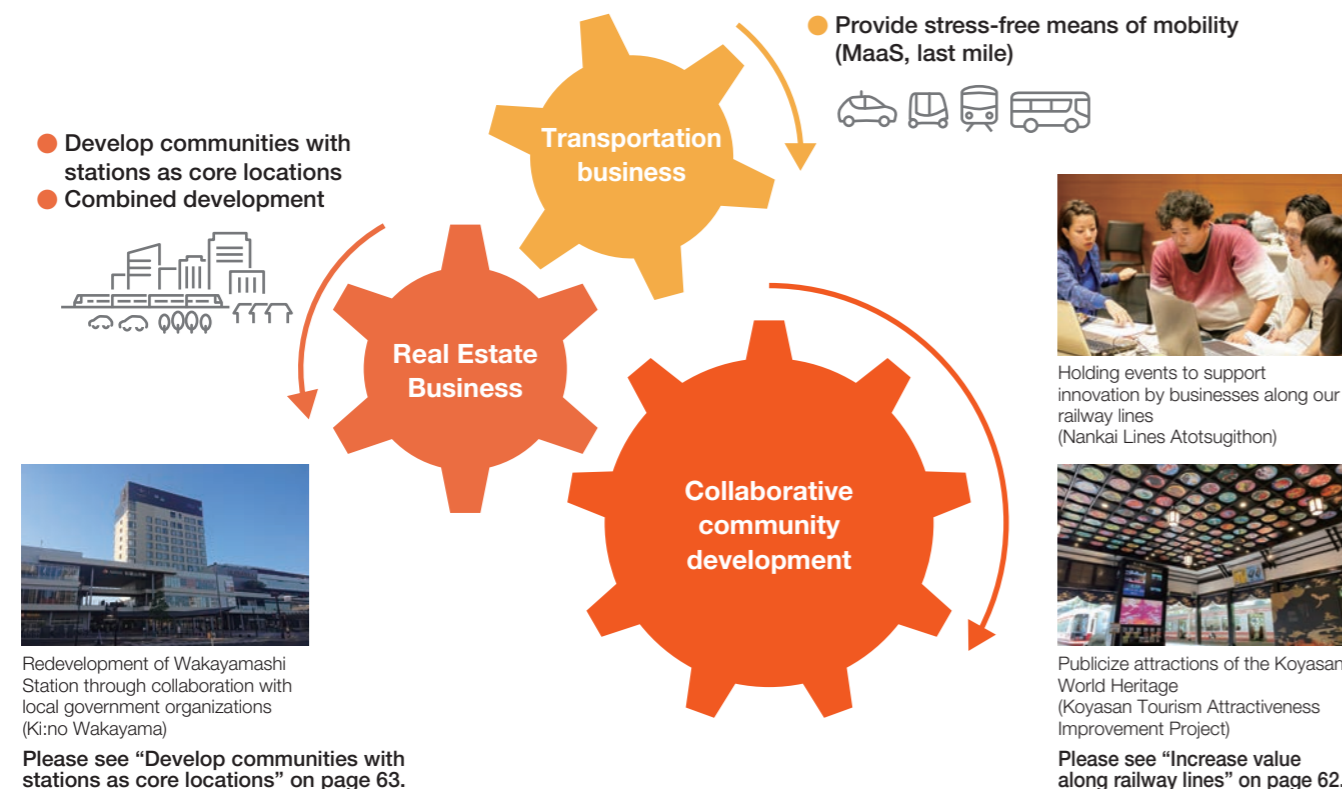
## Fiscal 2021 Management Plan

### Medium-to long-term measure | Pursue initiatives with an eye on future growth

We established a Sustainability Policy in April 2021 to express our attitude toward the realization of a sustainable society. Based on this and our major sustainability themes (materiality), which include SDG perspectives (see page 21–22), we are seeking to advance sustainable management and to make it permeate our business, as well as to realize sustainable growth for the corporate group.

#### Advancement of collaborative community development

With the themes of “strengthening profitability of core businesses” and “cooperation with stakeholders,” we are working to “create communities where people live, work and visit.” As a corporate group rooted in local communities, we will continue seeking to increase populations of both visitors and residents along our railway lines by actively participating in local communities with a long-term perspective.



#### Live

(create security and affluence)

Working close to home  
MaaS (living based), smart mobility, environment, child rearing, health, and communities

#### Work

(create earning areas)

Neighborhood area development with railway stations as bases  
Assist innovation and promote local industries  
Remote work and “workations”

#### Visit

(create human movement)

Promote tourism (enhance the region’s appeal)  
MaaS (tourism based)  
Shift to transport network and base formats

### Transportation business

#### ► Transform the railway business

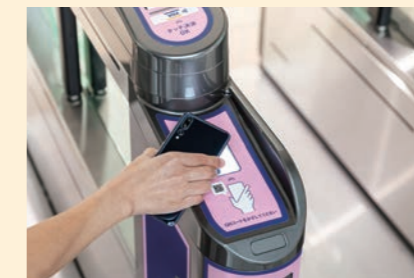
Use digital technologies to build a business structure able to withstand a long term decline in movement demand by streamlining our work processes, while keeping or raising the levels of safe and secure transportation services

##### Main measures

- Customer service: Demonstration experiment for AI-based guidance and credit card based boarding and alighting
- Maintenance and management: Begin experiments on smart glasses and drones, and digitize parts management
- Train operation: Consider autonomous operation of trains in the future



Paying fares using Visa contactless payment (First railway company in Japan to implement)



Entering and exiting ticket gates using QR codes



Image of customer guidance using AI

#### ► Rebuild the operational framework for the bus business

Aim to resolve rural social issues and enable rural areas to grow sustainably by reviving rural bus services and expand the last one mile means of movement while tapping into cultivated operational expertise

##### Main measures

- COVID-19 pandemic countermeasures
  - Undertook responses in keeping with sudden drop in transportation demand
  - Thoroughly reduced expenses and curtailed investments

### Real Estate Business

#### ► Thoroughly prioritize investments

Concentrate investments on three key focuses: the Namba area, Semboku New Town and the logistics facility leasing business

##### Main measures

- Namba area: Create “Greater Namba”
- Semboku New Town: Advance Izumigaoka Station Front Vitalization Project
- Logistics facility leasing business: Develop Kita-Osaka Distribution Center

Please see “Main development plans in progress” on pages 33–34.

#### ► Strengthen competitiveness oriented toward business expansion

Pursue efforts to launch rotational real estate business toward earning revenues from sources such as peripheral businesses while maintaining the pace of development

##### Main measures

- Step up operating techniques and development planning expertise needed for pursuing rotational real estate business
- Streamline and standardize operations, realign the organization and Group, and foster specialist personnel



# Fiscal 2021 Management Plan

## Real Estate Business Main development plans in progress

### 1 Namba area

Create “Greater Namba” with “Preparing the area around the Nankai Terminal Building” and “Formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai” as two core efforts

#### Namba Hiroba Remodeling Plan A

Hiroba completion scheduled for 2023

- In addition to the Namba Safe, Secure and Prosperous Community Development Council, which has shopping streets, businesses and others as participants, conduct investigations into reforming the area around Nankai Namba Station into “a people-centric comfortable space.”
- In August 2020, it was decided that our company would design and construct the space as part of the Namba Station Area Space Advancement Project, which is a citizen cooperation project with Osaka City
- We will seek to create a new symbolic space for the Minami international business district



Image of the future plaza being investigated in cooperation with the local community (changes are possible in consultation with involved organizations)

#### Participated in project planning for Namba Naka 2-chome development plan B

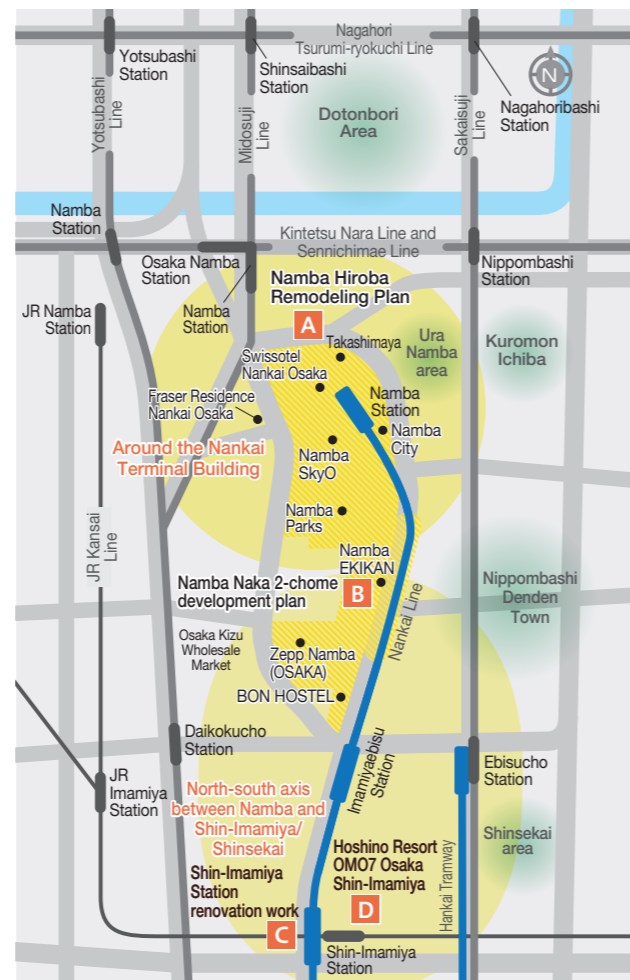
Completion scheduled for 2023

- At the A site, we will participate with a subleasing business using land that our company rents (4,404 m<sup>2</sup>). A foreign-owned luxury brand is scheduled to open its first hotel in Japan
- At the B site (2,505 m<sup>2</sup>), our company will establish a specified purpose company with two other companies and advance office building development
- At the C site (2,004 m<sup>2</sup>), our company started hotel development as a joint business with two other companies. Based on connectivity with Namba Parks, with the strata of a green hill as the exterior design concept, we seek to make a hotel where guests can stay as though relaxing at home while being in the middle of the city

#### Implement Shin Imamiya Station renewal work and develop peripheral areas C

Completion scheduled for March 2022

- Enhance convenience by simplifying the flow of customers
- Reinforce customer response functions by maintaining station facilities
- Improve impressions by beautifying stations
- Call for and select proposals for projects to utilize space under elevated tracks around the station



#### Participate in planning and invest in Hoshino Resort OMO7 Osaka Shin-Imamiya D

Opening scheduled for April 2022

- Invest in urban tourist hotel development plan being prepared by Hoshino Resorts Inc.
- We will seek to form a north-south axis between Namba and Shin-Imamiya/Shinsekai and improve mobility among these areas, as well as to revitalize and increase the value of areas along our railway lines by making them more attractive to visitors.



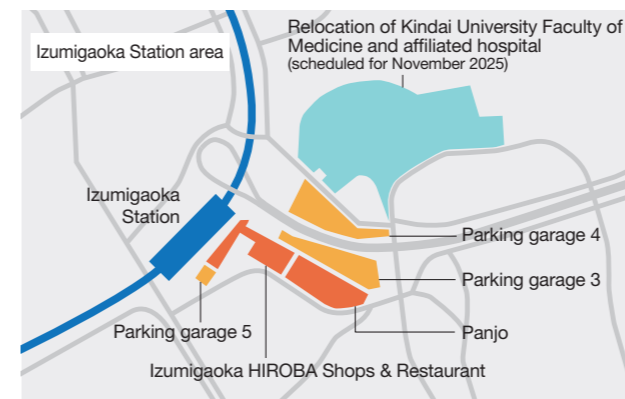
Image provided by Hoshino Resorts Inc.

### 2 Semboku New Town

With “smart city” as a key term, make a core urban area for our railway line

#### Advance Izumigaoka Station Front Vitalization Project

- Improve commercial facilities in front of the station (south side) in stages, starting in 2014
- In preparation for scheduled opening in October 2025, begin basic design and demolition work for the Izumigaoka Station Front Vitalization Project



#### Sakai City government actions in Semboku New Town

As a key community in the Sakai Smart City Strategy, a SEMBOKU Smart City Concept has been proposed to enhance the lives of residents in cooperation with the private sector, first prioritizing five areas: health care, mobility, community, remote work and energy.

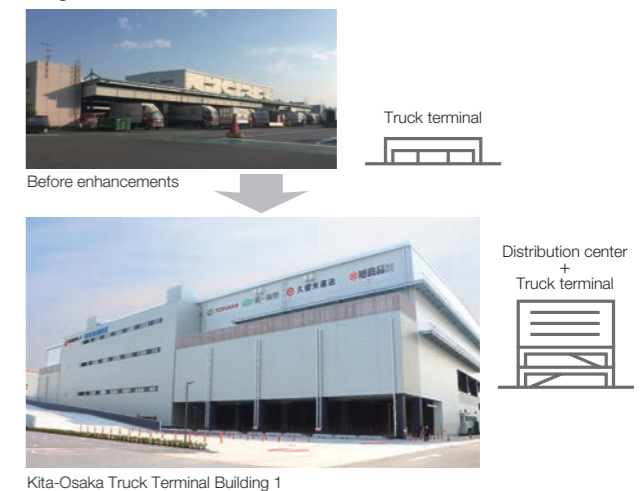
### 3 Logistics facility leasing business

Promote enhanced land use at distribution bases

#### Kita-Osaka Distribution Center development

- Advance redevelopment of the Kita-Osaka Truck Terminal operated by Semboku Rapid Railway. Building 1 was completed in April 2020
- Currently, the development of the adjacent Osaka Prefectural Food Distribution Center is advancing
- Seek to complete overall enhancement early and make this one of the largest distribution bases in the Kansai region

#### Image of enhanced distribution bases

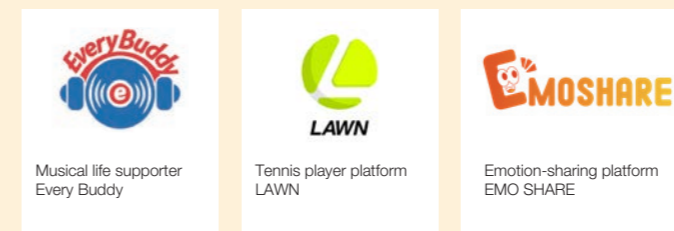


#### Cultivating growth businesses

#### Taking on the challenge of building new growth models for the post-pandemic era

We established a New Business Department to investigate new business domains. With it, we are working to identify and cultivate new businesses and implementing a New Business Development Program. In May 2021, three businesses created by this program were incorporated. Moreover, these three businesses were also chosen for the Business Expense Subsidies to Support the Creation of New Businesses by Large Companies' Human Resources (temporary-secondment start-up and other creation support businesses) program of the Ministry of Economy, Trade and Industry.

From now, we will seek to commercialize these businesses along with two others that are involved in high-speed video and e-sports. We will also make even more effort to cultivate diverse businesspeople and to promote the creation of new businesses by utilizing environments and opportunities that enable us to take on this challenge.

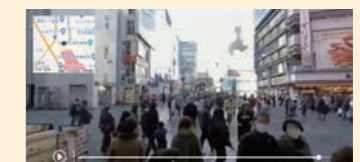


Musical life supporter Every Buddy

Tennis player platform LAWN

Emotion-sharing platform EMO SHARE

Three businesses incorporated from the new business development program



Project for utilizing a high speed video technology



Show room for experiencing e-sports E stadium Namba Powered by NANKAI (opened July 2021)



Message from a financial officer



Senior Corporate Officer  
Otsuka Takahiro

Reflections on the three-year financial strategy of the Kyoso 136 Medium Term Management Plan

The three years of the Kyoso 136 Plan (fiscal 2018–2020) were positioned as a period to make advance investments for assuring future profit and growth for the realization of the Nankai Group Business Vision 2027. We steadily advanced the expansion of rental real estate properties, including the opening of Namba SkyO, as well as Nankai Namba Midotsuji West, the Namba Midotsuji Center Building and the Namba Front Building. We also strengthened our logistics business, including opening Kita-Osaka Distribution Center Building No. 1, and we developed base train stations in coordination with local governments along our railway lines, including Ki:no Wakayama. In the first two years of the plan (fiscal 2018 – 2019), we invested a total of 91.4 billion yen, with 45.5 billion yen for revenue expanding investments.

Furthermore, in order to achieve both business growth and financial footing improvement, by allocating operating cash flow to growth investments while maintaining the interest-bearing debt level, we sought to increase profit and EBITDA, and we advanced improvement of the balance with interest-bearing debt.

As a result of these efforts, in the second year of the plan (fiscal 2019), we were nearly able to achieve our Kyoso 136 Plan numerical targets for an operating income (including dividend income) of 36.1 billion yen and an interest-bearing debt balance/EBITDA ratio of 7.2.

With the spread of the COVID-19 pandemic starting in early 2020, however, our profits decreased greatly, particularly due to transportation revenue. Our operating cash flow also decreased, while interest-bearing debts increased, and concerns about our financial footing worsening grew. Under these circumstances, as a result of efforts that included controlling non-essential and non-urgent expenditures and investments and assuring cash on hand liquidity by accumulating cash holdings, our operating profit was 6.2 billion yen and our interest-bearing debt balance/EBITDA ratio was 14.2 at the end of fiscal 2020. Even though

Kyoso 136 Plan numerical target results

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2020 (original plan)
Operating income*1	28.7 billion yen	36.1 billion yen	6.2 billion yen	37.0 billion yen
Interest-bearing debt balance/EBITDA*2 ratio	8.5	7.2	14.2	7.5 or less

\*1 Operating income + dividend income

\*2 Operating income + dividend income + depreciation and amortization

we did not achieve the targets of the Kyoso 136 Plan, we surmise that we were able to limit the worsening of our financial footing to a certain range, which contributed to maintaining our rating.

Future financial strategies

Since interest-bearing debt has increased temporarily due to the impacts of the pandemic, until our operating cash flow level recovers, our intention is to first prioritize reducing this debt, and buttressing our financial health. By the end of fiscal 2021, I hope to make our company recover to the same level as the first year of the Kyoso 136 Plan (about 50 billion yen annually). After bringing remaining net interest-bearing debt down to the fiscal 2019 year-end level by controlling investments and reducing costs, for example, we will seek to expand investments according to the state of improvement in income and expenditures.

Moreover, in the process of improving income and expenditures, investments are necessary for the realization of Greater Namba, the strengthening of our logistics business, the revitalization and invigoration of Semboku New Town and other projects. For this reason, as we seek to control capital burdens by, for example, utilizing outside capital, I want us to achieve both financial improvement and business growth.

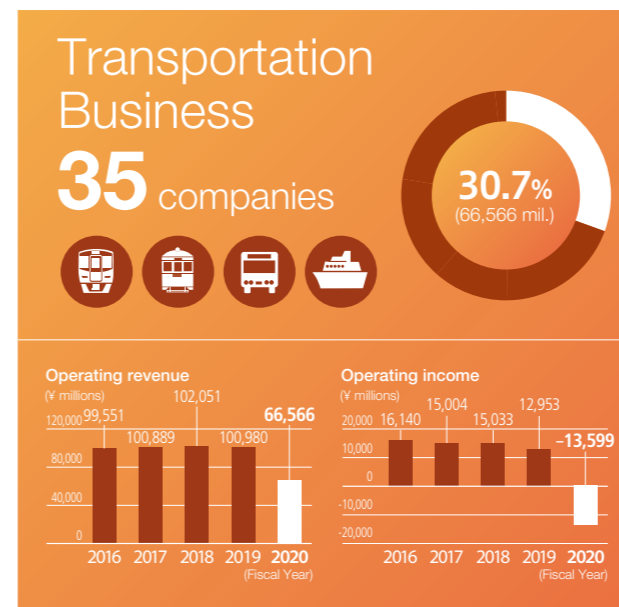
Meanwhile, as efforts toward “the realization of a sustainable society” and “the increase of value as a sustainable company,” we will continue focusing on and allocating funds for barrier-free conversion work and putting energy-conserving rolling stock into service in order to realize safe and comfortable transportation services that provide peace of mind and reduce environmental impacts. Moreover, we will investigate capital procurement through issuing ESG bonds, for example, to ensure funds for these types of efforts.

Even with the impacts of the coronavirus pandemic, our Business Vision targets for fiscal 2027 have not changed. We will seek operating income (including dividend income) of 45 billion yen and an interest-bearing debt balance/EBITDA ratio between 6 and 7.

Shareholder returns

Since our company is involved in types of businesses that have important public roles, railways in particular, our fundamental policy is to provide steady dividends by seeking to further improve earnings while striving to assure stable business foundations and financial footing over the long-term.

We had maintained a distribution trend of around 20% before the pandemic. Impacted by COVID-19, fiscal 2020 ended in the red, but we still provided dividends in accordance with our fundamental policy. We provided a dividend of 25 yen per share once in an end-of-term distribution. For future dividends, while watching business performance recovery, we will make maximum effort to respond to the expectations of our shareholders.



Business summary

Railway Business

Our railway business provides safe and comfortable transportation services along our various lines. These include the Nankai Electric Railway with two core lines, the Nankai Line that connects Namba with Senshu and Wakayama and the Koya Line that connects to the Koyasan world heritage site, as well as the Airport Line that provides important access to Kansai International Airport. In addition, SEMBOKU RAPID RAILWAY CO., LTD. became a part of our group



Conducted charter tours that effectively used the Limited Express Rapi:t

As a measure to stimulate demand during the pandemic and invigorate areas along our railway lines, in partnership with large travel companies, we conducted numerous charter tours that effectively used Limited Express Rapi:t trains, which have not been in service.

in 2014, and its railway line travels to Semboku New Town from its starting point at Nakamozu Station, which is a station shared with Nankai Electric Railway.

Tramway business

The Hankai Tramway operates two lines, the Hankai Line and the Uemachi Line, and is thought of fondly as a local means of transport.

Bus business

Along with Nankai Bus, we also operate Wakayama Bus, Nankai Rinkan Bus, Kumano Gobo Nankai Bus, Tokushima Bus and other bus lines that have deep local ties. Furthermore, in addition to Kansai Airport Transportation Enterprise, each of these companies is expanding shuttle bus businesses to connect with the Kansai International Airport and major cities.

Ferry business

Nankai Ferry operates ferries that connect the ports of Wakayama and Tokushima, providing comfortable sea access between the Kinki region and Shikoku island.

Business results

The spread of the COVID-19 pandemic resulted in reduced passenger numbers because, for example, voluntary reduction of activity outside home increased and inbound tourism demand disappeared. This led to an operating revenue of 66,566 million yen (34.1% decrease from the previous period). Furthermore, this fiscal year we regrettably had an operating loss of 13,599 million yen (compared to operating income of 12,953 million yen the previous period).



Introduced new 8300 Series trains to the Koya Line

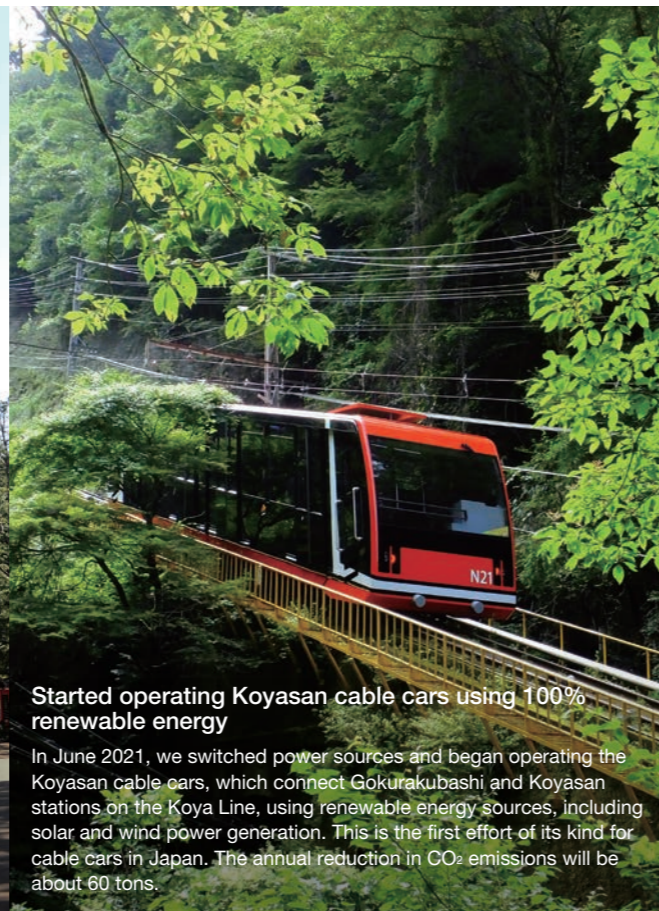
We introduced twelve 8300 Series cars to the Koya Line, the first new rolling stock on this line in 14 years. The 8300 Series, which are Nankai's next-generation of train cars, have the goals of energy conservation, improved safety and service, and better train car maintenance.





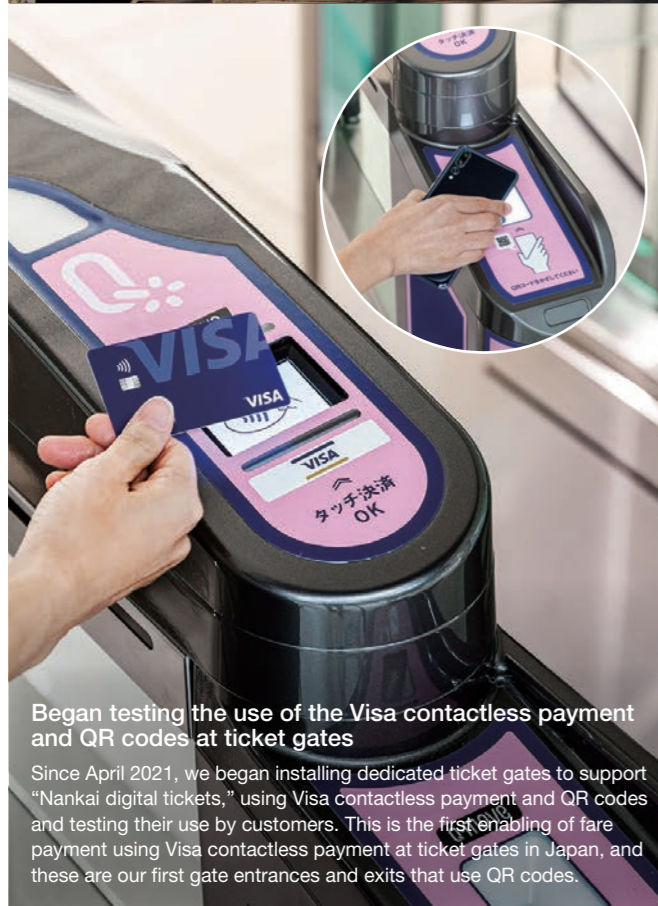
**Conducted campaign inviting 10,000 people to Koyasan**

To encourage visits to the Koyasan World Heritage and the Mount Koya area, we conducted a “Koya Holiday” visitor promotion plan from September 2020 in cooperation with local governments along the railway line, related organizations, businesses and other parties. As one aspect of this, we conducted a campaign giving away free tickets to Koyasan for 10,000 people in cooperation with the town of Koya.



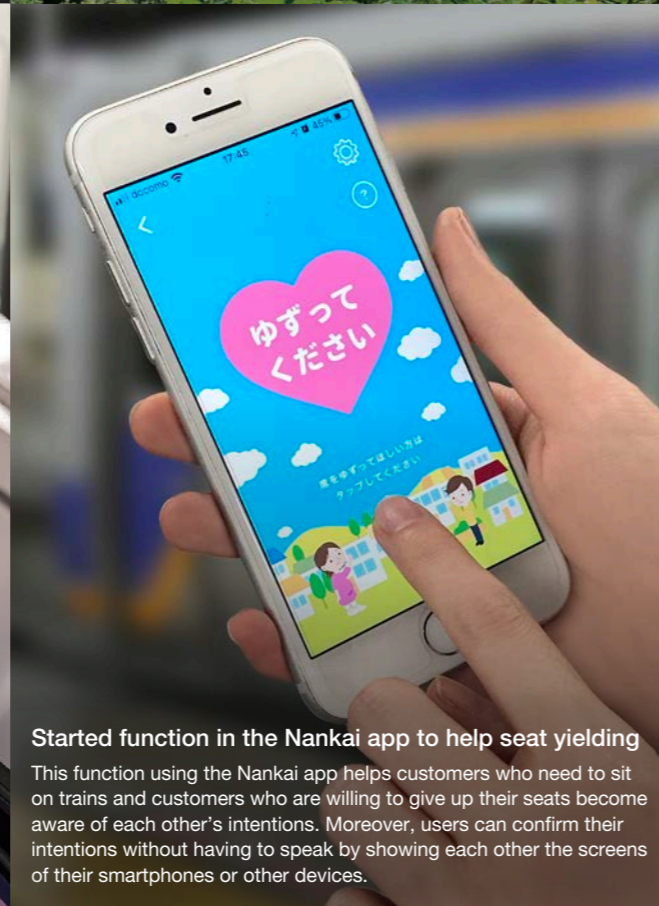
**Started operating Koyasan cable cars using 100% renewable energy**

In June 2021, we switched power sources and began operating the Koyasan cable cars, which connect Gokurakubashi and Koyasan stations on the Koya Line, using renewable energy sources, including solar and wind power generation. This is the first effort of its kind for cable cars in Japan. The annual reduction in CO<sub>2</sub> emissions will be about 60 tons.



**Began testing the use of the Visa contactless payment and QR codes at ticket gates**

Since April 2021, we began installing dedicated ticket gates to support “Nankai digital tickets,” using Visa contactless payment and QR codes and testing their use by customers. This is the first enabling of fare payment using Visa contactless payment at ticket gates in Japan, and these are our first gate entrances and exits that use QR codes.



**Started function in the Nankai app to help seat yielding**

This function using the Nankai app helps customers who need to sit on trains and customers who are willing to give up their seats become aware of each other’s intentions. Moreover, users can confirm their intentions without having to speak by showing each other the screens of their smartphones or other devices.

**Executive message**



Managing Corporate Officer  
Kajitani Satoshi

**With offering high-quality transportation services that are safe and provide peace of mind as our mission, we will continue advancing “good businesses” that support our customers**

Offering high-quality transportation services that are safe and provide peace of mind is the primary mission of our railway company. During fiscal 2020 in the midst of the coronavirus pandemic, with our first priority being the continued operation of trains as public infrastructure, we committed maximum caution to preventing contagion among customers and employees as we endeavored to provide safe transportation.

In our Kyoso 136 Medium Term Management Plan, which ended in fiscal 2020, “Provide safe, reliable and high-quality transportation services” was one of the basic policies, and we worked to fulfill it. We implemented countermeasures for intensifying natural disasters, including work to reinforce the earthquake resistance of overpass pillars and stations, measures to prevent the scour of bridges, the removal of trees and branches that posed falling dangers, the installation of overpass abnormality detection systems, and the renewal of aged equipment. At the same time, as preparations to minimize harm during the occurrence of disasters, we have continued to conduct comprehensive disaster recovery and emergency guidance trainings with reduced numbers of participants even during the pandemic. For the assurance of everyday safety, we advanced the installation of platform gates and crossing obstacle detection equipment. We will continue implementing countermeasures with the goal of always seeking “the elimination of accidents and preventable operation impediments.”

Renewal of vehicles and station restrooms was included in the Kyoso 136 Plan as another measure to have our railway lines chosen by customers. In addition to updating 24 cars for the Nankai Line, 30 cars for the Koya Line, and 2 two-car trains for the Cable Car, we refurbished 36 station restrooms.

In terms of service, for “preparation of stress-free travel environments,” we adopted an e-ticket format for advance-purchase passenger tickets for overseas travel agencies. We also began accepting Alipay and WeChat Pay mobile payment services.

In the future, through the utilization of digital technologies, we will seek to maintain and improve the levels of transportation services that are safe, high-quality and provide peace of mind. We will also continue to maximize efficiency in our business processes and build business structures that can withstand long-term reductions in transportation demand. Over the medium and long terms, we will continue advancing “good businesses” that support our customers, responding to their needs both as we continue to live with the coronavirus and after the pandemic ends. Moreover, to achieve the goals of the Nankai Group Business Vision 2027, we will keep seeking to raise the value along railway lines while advancing efforts to increase resident and nonresident populations and “create railway lines that are chosen.”



Senior Managing Corporate Officer  
Ashibe Naoto

**We will continue to increase our brand value and presence by pursuing the expertise of each group company and coordinating among them**

To “have our railway lines and corporate group be chosen,” as prescribed in our Business Vision, the indispensable things are being deeply involved in each area and providing products and services with high added value stemming from the expertise of each business. As a result of doing this, I believe that gaining and developing the trust of all stakeholders, starting with our customers, will lead to being chosen.

During the severe business environment of fiscal 2020 caused by the COVID-19 pandemic, in addition to implementing measures to enable “safety and peace of mind,” we continued making efforts to improve customer convenience and comfort, responding adeptly to their daily-changing needs. For example, in our bus business, Wakayama Bus began a boarding service using IC cards for transportation, and Kumano Gobo Nankai Bus and others began online sales of passenger tickets. We have also installed electronic payment services on buses and at ticket sales windows. In our marine transport business, to promote tourism in Wakayama and Tokushima, we conducted a campaign providing half-price shipping for passenger cars and other vehicles for people staying overnight in lodging facilities in these prefectures. In addition to these efforts, we also promoted projects to make our businesses chosen by customers at every group company, including real estate, logistics, leisure and services, and construction businesses.

As we make the most of the expertise of each group company, I want us to build new growth models by endeavoring to further improve service quality and increase employee satisfaction levels and by increasing the presence of our brand value within our industries, as well as by pursuing synergies, promoting digital transformation, and creating and developing new businesses for the new normal of the post-pandemic era.



Business overview by sector



**Business summary**

We have been undertaking real estate leasing and sales, particularly along our railway lines and around main stations. Our leasing business includes commercial and office buildings, rental apartments and parking lots. In addition, we have been broadly undertaking real estate sales, including residential land sales and condominium sales. We are contributing to increasing the value along these lines and to creating more appealing living environments for customers living in these areas.

**Business results**

In addition to reduced condominium sales in our real estate sales business, our real estate leasing business was also impacted by the COVID-19 pandemic. As a result of this and other factors, our operating revenue was 41,777 million yen (3.9% decrease from the previous fiscal year) and our operating income was 12,878 million yen (6.9% decrease from the previous fiscal year).

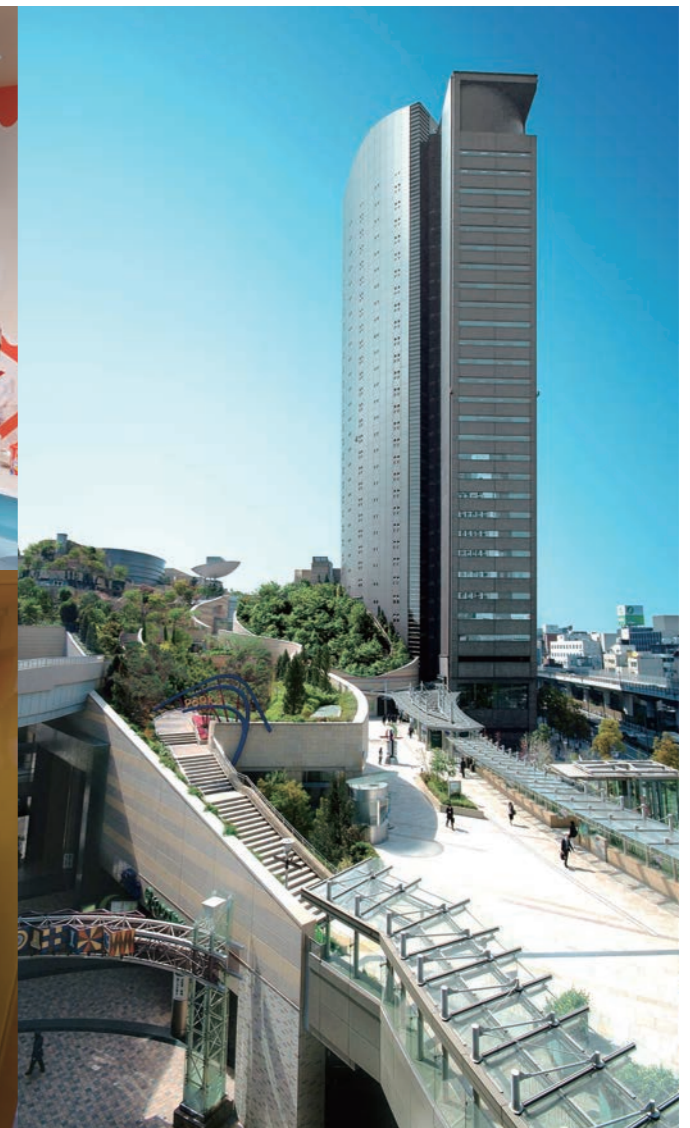
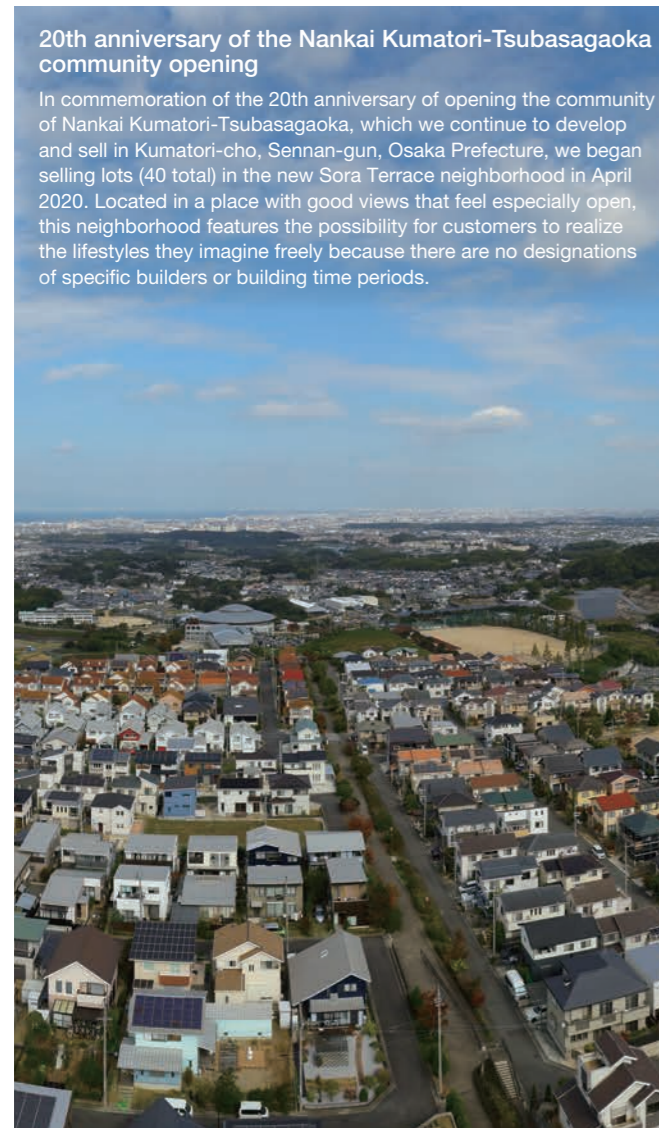


**Business summary**

We are advancing a wide range of highly-focused shopping centers, convenience stores, dining and drinking establishments and retail shops, centered around our railway lines, and working to invigorate the communities in these areas. We are also working to develop our station business outside our railway lines, utilizing our expertise from retail shops inside stations.

**Business results**

Due to the impacts of the coronavirus pandemic, including temporary closures of commercial facilities (Namba Parks, Namba City and others) in response to state of emergency declarations, our operating revenue was 25,312 million yen (21.7% decrease from the previous fiscal year) and our operating income was 1,883 million yen (50.9% decrease from the previous fiscal year).  
Note: Fixed costs related to temporary closure periods included in extraordinary losses





Executive message



Senior Managing Corporate Officer  
Takagi Toshiyuki

**We will continue contributing to the realization of a sustainable society through community development**

We established the Nankai Group Business Vision 2027 as our ideal form for 2027. In this vision, we specify enhancing the areas along railway lines, community development in other words, by generating synergies from “creating railway lines that are chosen” and “broadening and deepening our real estate business.”

Looking at local communities with a long-term perspective, which we are capable of particularly because our corporate group is rooted in them, the “community development” that we seek is the advancement of efforts to increase value in various forms as “places to live, work and visit” along our railway lines. In addition to continuing to advance our core businesses of transportation and real estate, through coordination and cooperation with governments, other businesses and local stakeholders, for example, we will also promote efforts that contribute to community invigoration, including revitalization of tourism and industry, support for entrepreneurs and environmental preservation.

Our newly established Community Development and Creation Division will fill a core role in the community development work of the entire Nankai Group. In addition to leading efforts that contribute to community development and invigoration with stations as core locations, this division will strive to combine or optimize holistically measures centered on transportation and real estate businesses with measures for local invigoration.

Moreover, in addition to undertaking measures for a variety of social infrastructure that contributes to the invigoration of communities and railway lines, we will implement the above ideas for community development along railway lines, starting with Namba and Semboku New Town. We will also seek to realize community development and smart cities with unified social and physical infrastructures.

In order to realize these goals, we will continue to thoroughly investigate local needs and issues, and we will mobilize the entire Nankai Group to implement measures that we should undertake.

During the current coronavirus pandemic, we have recognized again the significance of our company in the importance of these efforts. Contributing to “the realization of a sustainable society” leads to “the increase of value as a sustainable company.”



Senior Corporate Officer  
Nikaya Yoshinori

**We will continue contributing to the realization of a sustainable society by increasing value along railway lines as “places to live, work and visit.”**

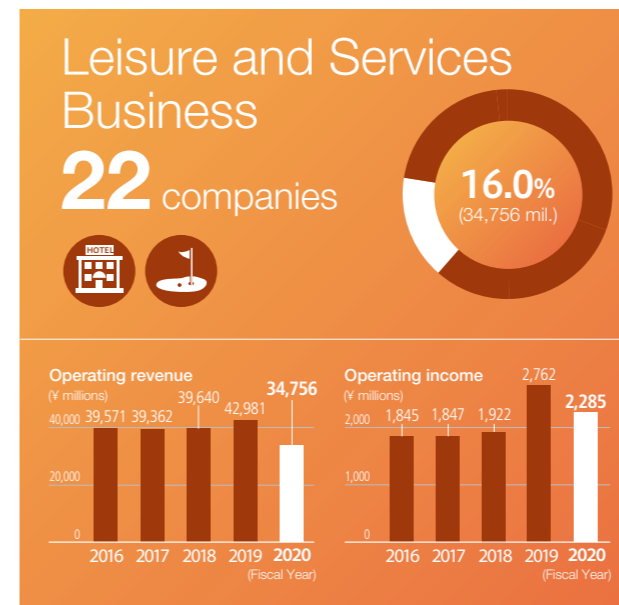
We have advanced various measures in our real estate and logistics businesses based on the strategies to “create railway lines that are chosen” and to “broaden and deepen our real estate business” in the Nankai Group Business Vision 2027. Furthermore, I believe that these business activities contribute directly to the development of our seven “Major sustainability themes (materiality),” which are key measures in the Sustainability Policy that we recently established.

In fiscal 2020, seeking symbiotic existence with local residents, we opened Ki:no Wakayama, a multifunction facility comprised of a commercial zone, a hotel and a public library in Wakayama Station. With this, we have realized “community development with a station as the core location” that fuels activity in the area around it.

Moreover, in our Retail business, we completed construction of the Truck Terminal 1 Building in the Kita-Osaka Distribution Center as a starting point for our intention to make the largest distribution center in the Kansai region. As a result of using LED lighting throughout the building, exterior wall insulation panels and motion detection sensors, for example, this facility received DBJ Green Building certification as “a building given truly outstanding consideration for the environment and society.”

On the other hand, due to the spread of the COVID-19 pandemic, the business environment for our companies changed drastically with increased working from home and suddenly decreased inbound travel, for example. In these circumstances, the mission that we must fulfill is to earnestly face the true issues of society even more than we have before and continue to pursue and create services and new value that suit the new normal era. I believe that doing this will result in continuous increase in corporate value and sustainable management that considers the sustainability of society.

In the future, we will continue increasing value along railway lines as “places to live, work and visit” and contributing to the realization of a sustainable society by further enhancing efforts to “create railway lines that are chosen” and “broaden and deepen our real estate business” as well as by working on invigoration measures and environmental issues with communities from a long-term perspective.

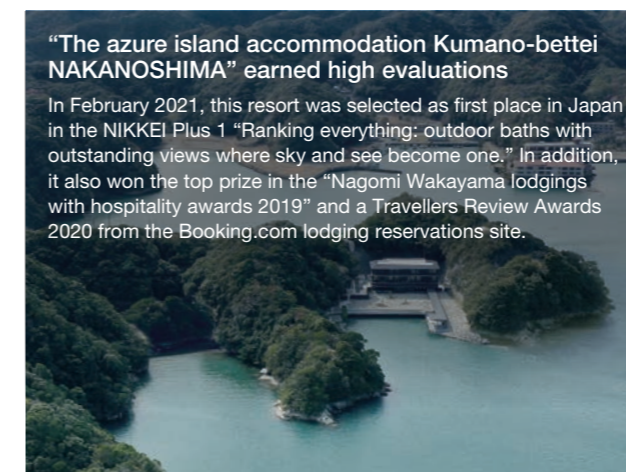


**Business summary**

We are undertaking businesses that contribute to enhancing the lives of our customers both near and far from our railway lines. We are seeking to increase customer draw and invigorate these businesses, which include hotels and traditional Japanese inns, boat racing facility leasing, and building management and maintenance.

**Business results**

Although income grew in our boat race facility leasing business due to factors that included increased commission rent revenue from greater telephone ticket sales, facility construction income declined in our building management and maintenance businesses. As a result, our operating revenue was 34,756 million yen (19.1% decrease from the previous fiscal year) and our operating income was 2,285 million yen (17.3% decrease from the previous fiscal year).



**“The azure island accommodation Kumano-bettei NAKANOSHIMA” earned high evaluations**

In February 2021, this resort was selected as first place in Japan in the NIKKEI Plus 1 “Ranking everything: outdoor baths with outstanding views where sky and sea become one.” In addition, it also won the top prize in the “Nagomi Wakayama lodgings with hospitality awards 2019” and a Travellers Review Awards 2020 from the Booking.com lodging reservations site.

**Other**

In other businesses, our operating revenue was 3,027 million yen (a 13.6% decrease from the previous fiscal year) and our operating income was 248 million yen (a 17.3% increase over the previous fiscal year).

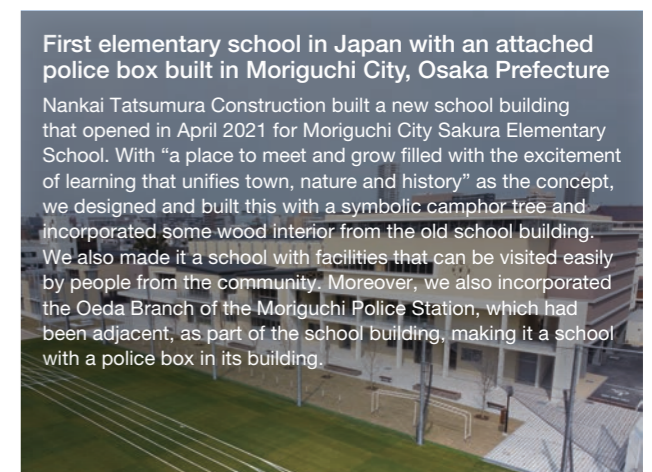


**Business summary**

Starting with Nankai Tatsumura Construction Co., Ltd., four of our group companies are involved in the construction business. Utilizing an abundance of experience and expertise gained through a variety of construction projects, including construction related to our railways, the Japan World Exposition and Kansai International Airport, these companies are advancing general construction businesses involved in every aspect of construction projects, including civil engineering, architecture and electrical work.

**Business results**

Along with private residential building, we again focused on efforts to get orders for hotels, school facilities and other private nonresidential building and civil engineering projects. As a result of an increased number of construction completions, for example, operating revenue was 45,490 million yen (10.7% increase from the previous fiscal year). Despite this, operating income was down to 1,699 million yen (26.2% decrease from the previous fiscal year) due to decreased profits and other factors.



**First elementary school in Japan with an attached police box built in Moriguchi City, Osaka Prefecture**

Nankai Tatsumura Construction built a new school building that opened in April 2021 for Moriguchi City Sakura Elementary School. With “a place to meet and grow filled with the excitement of learning that unifies town, nature and history” as the concept, we designed and built this with a symbolic camphor tree and incorporated some wood interior from the old school building. We also made it a school with facilities that can be visited easily by people from the community. Moreover, we also incorporated the Oeda Branch of the Moriguchi Police Station, which had been adjacent, as part of the school building, making it a school with a police box in its building.

# Sustainability Policy and Promotion System

Our group announced its Sustainability Policy with major sustainability themes (materiality) on April 30, 2021. Moreover, as an organization to promote sustainability measures across all companies in the group, we established a Sustainability Promotion Committee with a Sustainability Promotion Department as its secretariat.

Since fiscal 2021, centered on this committee, while coordinating with business divisions, we have been setting targets, monitoring progress and evaluating degrees of achievement (PDCA cycle).

**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.

## Sustainability Promotion System



## Areas of activity and objectives in ESG domains for fiscal 2020

This table is a list of activity details and objectives, which had been established in materiality determination in a previous stage, in ESG domains for fiscal 2020. We report on these items in order starting on page 45.

Domain	Theme	Fiscal 2020 business activity	Objective achieved	Related SDGs
E Environment	Suppress global warming	① Reduce Nankai Group CO <sub>2</sub> emissions ② Promote green procurement	① Reduced Nankai Group CO <sub>2</sub> emissions 12% (compared to fiscal 2013) ② Determined status of efforts at business partners (questionnaires for 100 companies)	    
	Realize a recycling-oriented society	① Undertake preparations for smart city formation in the Namba area and along railway lines as one aspect of driving urban development centered on train stations ② Reduce Nankai Group water usage	① Investigated business models to form smart cities along our railway lines ② Reduced Nankai Group water usage by 5% (compared to fiscal 2017)	
	Preserve biodiversity	① Implement preservation activities and develop medium and long term plans for the long-term objectives of the Tanagawa Biotope, which is in a multipurpose park in the Tanagawa area of Misaki-cho, Osaka Prefecture ② Implement activities to promote biodiversity preservation at Parks Garden, which is a rooftop garden spread over terraces on Namba Parks	① Developed medium and long-term plans based on the effects of efforts through biotope preservation activities ② Developed and implemented promotion plan	
	Deepen environmental management	Improve and advance environmental management systems based on ISO 14001 and investigate transition to more active management systems	Responded to issues in order to improve implementation of environmental management systems	
	Improve effectiveness of environmental efforts	Promote environmental preservation activities utilizing Nankai no Mori, which is a company-owned forest near Mt. Gomanan in Totsukawamura, Nara Prefecture	Acquired new offset credits (J-Credit)	

Domain	Theme	Fiscal 2020 business activity	Objective achieved	Related SDGs	
S Safety and peace of mind	Implement safety education	Conduct training to respond in emergencies resulting from large-scale accidents and natural disasters, for example	Conducted trainings for comprehensive disaster recovery, train line equipment confirmation, and cable car emergency guidance	  	
	Reduce natural disaster risks	Advance various measures to reduce natural disaster risks, which are increasing	Advanced earthquake resistance reinforcement for overpass pillars, bridge scour countermeasures, etc. (113 overpass pillars completed, work on 2 bridges begun)		
	Safety Investment	Systematically update old equipment and facilities to prevent serious accidents and reduce operation impediments	Conducted continuous grade separation projects, updated transformer substation equipment, renewed train cars, etc.		
	Customers	Increase convenience for diverse customers	① Provide high-quality stations by refurbishing station facilities and advancing barrier-free conversion, and increase appeal along railway lines (advance restroom remodeling and barrier-free conversion) ② Build new train cars	① Restrooms remodeled at Shichido Station and 7 other locations (shared use started at all 8 locations, 58 locations completed total, JCSI evaluation scores raised) Barrier-free conversion completed at Kishinosato-Tamade Station (Koya Line side) ② 12 train cars in fiscal 2020	 
		Improve customer satisfaction	Provide easy-to-understand information to customers using company media resources (website, text messages, posters in stations, etc.)	Improved customer evaluations (customer satisfaction) Increased favorable impressions of the Nankai brand	
		Promote inbound travel	① Plan and sell travel products with the goal of increasing visitor populations in neighborhoods along railway lines ② Prepare implementation plan for four-language emergency earthquake announcements in areas where not yet implemented	① Strengthened relationships with local governments, concerned organizations and other stakeholders along railway lines ② Established implementation plan and reflected it in budget (Platplat and Kino Wakayama)	
	Local communities	Increase value along railway lines	① Implement measures focused on the Medetai Train to attract customers to the Kada Fish Line ② Support innovation by businesses along railway lines (Atotsugithon race along Nankai lines, etc.)	① Implemented continuous promotion and enhancement measures ② Built support network for enterprises along railway lines seeking commercialization	
		Develop the Namba community (see page 33)	① Enhance the zone around the Nankai Terminal Building ② Form a north-south axis between Namba and Shin-Imamiya/Shinsekai	① Advanced work for Namba Naka 2-chome development plan ② Participated in Hoshino Resort OMO7 Osaka Shin-Imamiya development plan	 
		Develop communities with stations as core locations	Investigate and implement measures to invigorate the Wakayamashi Station area	Grand opening of Kino Wakayama held	
		Expand real estate business	① Acquire properties that will contribute to developing the Namba community ② Enhance logistics facilities	① Acquired trust beneficiary rights for Namba Front Building ② Completed construction of Kita-Osaka Distribution Center Truck Terminal 1 Building	
Coordinate with local communities and governments		Advance Naniwasuji Line project	Strengthened coordination with national government, local public organizations and other stakeholders Advanced work entrusted by Kansai Rapid Railway Co., Ltd., which is the project leader		
Employees	Create vital workplaces	① Invigorate internal communication efforts (in-house education posters, management video distribution, etc.) ② Implement “calming and exciting activities” (“something good” cards and railway line community ambassadors)	① Improved engagement with group employees ② Increased Nankai brand loyalty	 	
	Create workplaces where people can work easily	Enhanced support for the return to work of people who have taken childcare leaves	100% return rate at Nankai Electric Railway only	 	
	Promote diversity	① Proactively employ women ② Promote employment of the disabled	① 30% or higher female employment rate among college graduates at Nankai Electric Railway only ② Employed more than legally required rate		
Shareholders & investors	Implement information disclosure that is easy for shareholders, investors and others to understand	① Disclose information in a fair, timely and appropriate manner ② Disclose accounting information in a timely manner, utilize our corporate website, and publish news releases and corporate reports ③ Conduct General Meeting of Shareholders, Financial Results Briefings and individual interviews (telephone reporting)	Promoted constructive dialog with shareholders and investors		
	G Governance	Corporate governance	Hold Board of Directors meetings using remote meeting systems with video and audio that enable “seeing faces” (stable operation)	Increased effectiveness of Board of Directors Meetings	
Deepen internal auditing		In addition to preventing scandals that would cause loss of public trust, pay attention to the following items during the implementation of audits focused on the appropriate handling of issues that receive great attention due to, for example, legal reforms (1) Setting shared group themes, (2) Coordinating information within the Risk Management Office, (3) Improving auditing quality	Implemented internal audits, follow-up audits, internal control audits, and semi-full-time auditor audits, and observed accountant site visits		
Promote risk management		Establish risk management PDCA cycle, including planning, execution and evaluation of risk countermeasures	Conducted interviews and evaluations with every division and group company		
Undertake business continuity planning (BCP)		① Increase effectiveness of BCP at head company (regularly review BCP and related manuals, conduct trainings, increase stockpiles of parts for disasters, etc.) ② Support BCP formulation at group companies	① Implemented training throughout company (once in year) ② BCPs have been steadily formulated at group companies and will be continued in the future		
Deepen efforts for thorough compliance		Establish PDCA cycle with compliance awareness surveys at the core	Feedback received from awareness surveys and issues identified		

Note: Some content related to fiscal 2020 business activities and other items have been changed or omitted due to coronavirus countermeasures.





# Environment

Our corporate group has established the Nankai Electric Railway Group Environmental Philosophy, and we will continue to consider the environmental impacts of our business activities and to work toward the creation of a society that is easy on the natural environment.

## Environmental Philosophy

### Environmental Philosophy (complete text)

We, the Nankai Group regard protection of the global environment as one of our missions. We always consider the environmental impact of our business activities, and work to foster a society that treasures the environment.

## Environmental Vision

In 2017, we established the Nankai Environmental Vision 2030 with the intention of contributing to the sustainable growth of the Nankai Electric Railway Group by developing awareness of issues related to the global environment and fulfilling our social responsibilities to a wide range of stakeholders. Incorporating our main policies and achievement objectives in our Medium-term Environmental Goals, which we aim to revise about every three years, we are advancing medium and long-term efforts with 2030 as our goal.

### Nankai Environmental Vision 2030 (Fundamental policy)

- The intention is to contribute to the sustainable growth of the Nankai Electric Railway Group by developing awareness of issues related to the global environment and fulfilling our social responsibilities to a wide range of stakeholders.
- For this reason, we link this environmental vision with our medium-term management plan based on the awareness that contributing to the resolution of environmental problems through various business activities will contribute to increased corporate value.
- Among many environmental issues, we identify global warming, the establishment of a recycling-oriented society and biodiversity as the three that have great impact on the business activities of our corporate group. We also identify environmental management systems as the foundations for responding to these issues and will establish an execution plan that works backward year by year from where we should be in 2030.
- Through expanded revenue sources from environmental businesses and coordination with local governments, we will contribute not only to increasing business value, but also to increasing environmental value along our railway lines.

## Direction for Nankai Environmental Vision 2030

Environmental issue	Direction for Nankai Environmental Vision 2030
① Suppressing global warming	<p><b>Reduce the amount of Nankai Electric Railway Group CO<sub>2</sub> emissions by 46%</b> Based on fiscal 2030 government targets for greenhouse gas reduction, we will reduce CO<sub>2</sub> emissions by at least 46% compared to fiscal 2013 as the Nankai Electric Railway Group. (Revised partially in April 2021)</p> <p><b>Create corporate value through environmental businesses</b> By expanding energy production and sales businesses along our railway lines, in addition to creating new sources of earnings, we seek to increase the values of our corporate group and these areas themselves to society by also contributing to the environmental policies of their local governments.</p>
② Realizing a recycling-oriented society	<p><b>Form smart cities along our railway lines</b> As an infrastructure business in areas along railway lines, we will seek to form smart cities and model environmental areas that contribute to raising value in these neighborhoods. We will also contribute to the realization of a recycling-oriented society while coordinating with management plans and experimental businesses led by local governments.</p>
③ Preserving biodiversity	<p><b>Realize a society that coexists with nature</b> In all our business activities, we will be conscious of avoiding or minimizing impacts on biodiversity, and we will practice the maintenance of ecosystems and the sustainable use of natural resources along our railway lines.</p>
④ Deepening environmental management	<p><b>Enhance environmental promotion systems and strengthen environmental information disclosure</b> Independent operation of an environmental management system at the standard required by ISO 14001 is being established.</p>

## New efforts for environmental management

### Responding to climate change and endorsing TCFD recommendations

“Curtailling global warming” is included in the Nankai Environmental Vision 2030, and we are working to reduce greenhouse gases.

Around the world, average temperatures are rising, and the frequency of extreme heat, torrential rain and flooding is increasing. These conditions could be called a climate crisis. Considering this, we are strengthening risk management by anticipating impacts on our business due to climate change, and we are beginning efforts to unify such countermeasures with our business strategy. In September 2021, we agreed to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)\*, which seeks to reduce financial market destabilization risks resulting from climate change. We will continue disclosing information based on these recommendations in the future.



\* The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board, which is an international organization. It recommends that companies evaluate their own business risks and opportunities caused by climate change, determine financial impacts and disclose related information.

### Content of efforts in the TCFD framework

Governance	<ul style="list-style-type: none"> <li>• Prepare monitoring system by Sustainability Promotion Committee and Board of Directors</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• Identify important risks and opportunities in main businesses</li> <li>• Confirm important impacts through scenario analyses</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>• Coordinate risk management structures companywide, including measures to respond to important risks resulting from climate change</li> </ul>
Indices and objectives	<ul style="list-style-type: none"> <li>• Set necessary indices and objectives for evaluating and managing climate change risks and opportunities</li> </ul>

## Nankai Electric Railway Group Medium-term Environmental Goals (fiscal 2018–2020)

◎: goal achieved and exceeded. ○: goal achieved △: goal not achieved

Environmental issue	Medium-term goals	Major achievements in fiscal 2020	Evaluation
1. Suppress global warming	(1) Reduce CO <sub>2</sub> emissions of the Nankai Electric Railway Group by 12% (compared to fiscal 2013)	<ul style="list-style-type: none"> <li>Nankai Electric Railway Group CO<sub>2</sub> emissions reduced by 14.9% (compared to fiscal 2013) (34.6% reduction when calculated using emissions coefficient based on the Act on Promotion of Global Warming Countermeasures)</li> <li>Nankai Electric Railway Group energy use reduced by 16.2% (compared to fiscal 2013)</li> <li>Revised CO<sub>2</sub> emission reduction targets to meet government 2050 carbon neutrality goal</li> </ul>	◎
	(2) Utilize renewable energy (including from hydrogen) and strengthen BCP functions	<ul style="list-style-type: none"> <li>Completed preparation for the adoption of CO<sub>2</sub>-free power for the Cable Cars</li> </ul>	○
2. Realize a recycling-oriented society	Undertake preparations for smart city formation in the Namba area and along railway lines as one aspect of driving urban development centered on train stations	<ul style="list-style-type: none"> <li>Discussions and consensus-building conducted with responsible divisions for the formation of smart cities, which would contribute to invigoration along railway lines</li> <li>Nankai Electric Railway Group water intake reduced by 17% (compared to fiscal 2019)</li> </ul>	○
3. Preserve biodiversity	(1) Expand biotope activities in areas along railway lines	<ul style="list-style-type: none"> <li>Tanagawa Biotope preservation activities (6 times in fiscal 2020)</li> <li>Nature observation meeting held with Tanagawa Elementary students as a "project for climate change data gathering and analysis through citizen participation" sponsored by the Ministry of the Environment (October)</li> </ul>	○
	(2) Advance biodiversity preservation and agricultural businesses harmoniously	<ul style="list-style-type: none"> <li>Conducted survey of business partners (100 companies) to promote green procurement</li> </ul>	○
4. Deepen environmental management	(1) Improve and advance environmental management systems based on ISO 14001 and investigate transition to more active management systems	<ul style="list-style-type: none"> <li>ISO 14001 certification surveillance inspection received and continued certification approved</li> </ul>	○
	(2) Establish environmental law compliance management systems for Nankai Electric Railway Group	<ul style="list-style-type: none"> <li>Handled high-concentration PCBs and complied with the Revised Law Concerning the Discharge and Control of Fluorocarbons, as well as the Special Measures Law and the Waste Disposal Law</li> <li>Conducted survey (56 companies) about waste and water handling</li> </ul>	○
	(3) Promote environmental volunteer activities (ECONist program) ECONist certifications: 100 people annually ECONist advanced certifications: 35 people annually Eco Test examination passers: 35 people annually	<ul style="list-style-type: none"> <li>5 ECONist activities</li> <li>190 ECONist certifications and 49 ECONist advanced certifications</li> <li>36 people passed the Certification Test For Environmental Specialists (Eco Test) (357 cumulative enrolled members)</li> </ul>	○
5. Sharing environmental information efficiently	(1) Transition to integrated report	<ul style="list-style-type: none"> <li>Promote efforts to identify important issues (materiality) and to formulate value creation processes</li> </ul>	○
	(2) Issue environmental PR posters	<ul style="list-style-type: none"> <li>Included SDG logos in news releases and SDG icons related to release contents</li> </ul>	○
	(3) Acquire new offset credits utilizing Nankai no Mori	<ul style="list-style-type: none"> <li>Completed acquisition of 509 tons in J-credits (fiscal 2019 share) (plan to acquire about 4,000 tons over eight years from fiscal 2019–2026)</li> </ul>	○
	(4) Utilize wood thinned from Nankai no Mori	<ul style="list-style-type: none"> <li>Manufactured (fiscal 2019) and installed (fiscal 2020) benches in Namba Parks</li> <li>Conducted thinning of 20.64 ha in Nankai no Mori (fiscal 2020)</li> </ul>	○
	(5) Hold environmental events	<ul style="list-style-type: none"> <li>Events canceled due to restrictions on activities because of the coronavirus pandemic</li> </ul>	△
	(6) Contribute to environmental protection organizations	<ul style="list-style-type: none"> <li>Made contributions to 4 environmental protection organizations (funds)</li> </ul>	○

### Summary

As a result of advancing action measures for each item toward the achievement of our medium-term environmental plan, we were somehow able to achieve our objectives for almost every item in fiscal 2020, even though various environmental activities, including environmental events, were restricted unavoidably due to the coronavirus pandemic.

1. Since fiscal 2019, we have revised our approach to the CO<sub>2</sub> emissions coefficient. We now calculate CO<sub>2</sub> emissions using a coefficient based on the Act on Promotion of Global Warming Countermeasures. Throughout the period, we have worked to reduce emissions by incorporating energy-conserving rolling stock and updating air-conditioning equipment, for example. On the other hand, some factors related to expanded business volume caused increases, including the full opening of SkyO. Compared to fiscal 2013, which is the baseline year, the reduction rate was 24.3% in fiscal 2019 and 35.7% in fiscal 2020, though the latter reduction is partially attributable to the slowing of some business activities because of pandemic impacts.

2. Moreover, we have been steadily advancing efforts to actualize the utilization of renewable energy sources in our business activities, including the incorporation of CO<sub>2</sub>-free electricity for our cable cars. We have also been steadily making preparations for the formulation of smart cities that contribute to the invigoration of areas along railway lines, as well as working to preserve biodiversity, including biotope activities in areas near our railway lines.

3. In 2018, after the transition to the new standards, we received renewal examinations and certification extensions for ISO 14001. Concurrently, however, we have also been advancing investigations toward conversion to environmental management systems with more active management. With about 200 people being certified each year, our ECONist activities are also becoming established and contributing to raising employee awareness about the environment.

4. Seeking to acquire new offset credits (J-Credit) for Nankai no Mori in fiscal 2020, we applied and our acquisition plan for about 4,000 tons for amounts from fiscal 2019 to fiscal 2026 was approved. We were able to acquire 509 tons, the fiscal 2019 amount, this time.

## Nankai Electric Railway Group Medium-term Environmental Goals (fiscal 2021–2024)

Environmental issue	Medium-term environmental goals and main policies	Objectives to achieve in fiscal 2021	Objective to achieve by fiscal 2024	Related SDGs
1. Suppress global warming	<b>Reduce Nankai Group CO<sub>2</sub> emissions</b> <b>Reduce at least 46% by fiscal 2030 (compared to fiscal 2013)</b> <ul style="list-style-type: none"> <li>Make vehicles more energy-efficient and update them (trains and buses)</li> <li>Promote energy conservation measures at real estate and logistics facilities that we own (green building conversion, air-conditioning equipment replacement, etc.)</li> <li>Utilize energy efficiency at new property acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 28% (compared to fiscal 2013)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 32% (compared to fiscal 2013)</li> </ul>	
	<b>Utilize renewable energy</b> <ul style="list-style-type: none"> <li>Adopt and utilize renewable energy sources for railways and other business activities</li> </ul>	<ul style="list-style-type: none"> <li>Operate the Cable Car with the adoption of CO<sub>2</sub>-free power</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and utilize renewable energy sources for railways, real estate and logistics facilities</li> </ul>	
2. Realize a recycling-oriented society	<b>Prepare for formation of smart cities along our railway lines</b> <ul style="list-style-type: none"> <li>Undertake preparations for smart city formation in the Namba area and along railway lines as one aspect of driving urban development centered on train stations</li> </ul>	<ul style="list-style-type: none"> <li>Investigate business models to form smart cities along our railway lines</li> </ul>	<ul style="list-style-type: none"> <li>Realize business models to form smart cities along our railway lines</li> </ul>	
	<b>Use resources effectively and promote reduction, reuse and recycling (3R) of waste</b> <ul style="list-style-type: none"> <li>Reduce Nankai Group water usage</li> <li>Utilize resources effectively and promote reduction, reuse and recycling (3R) of waste</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water intake intensity by 2% (compared to fiscal 2019)</li> <li>Determine waste amounts (consolidated)</li> <li>Total waste recycling rates</li> <li>Reduce Head Office paper use by 50% (compared to fiscal 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water intake intensity by 5% (compared to fiscal 2019)</li> <li>Increase recycling rate for specific wastes by 3% (compared to fiscal 2019)</li> <li>Reduce Head Office paper use by 70% (compared to fiscal 2019)</li> </ul>	
3. Preserve biodiversity	<b>Preserve biodiversity in areas along railway lines</b> <ul style="list-style-type: none"> <li>Undertake preservation activities at the Tanagawa Biotope and Parks Garden and distribute information about the results of efforts</li> <li>Promote green procurement from supply chains</li> <li>Hold environmental events</li> </ul>	<ul style="list-style-type: none"> <li>Zone according to Tanagawa Biotope ecosystems and manage and maintain utilizing their characteristics</li> <li>Make known green procurement guidelines for new suppliers, check state of environmental efforts, and request cooperation from suppliers that have been checked</li> <li>Hold events for general public (3 times per year)</li> </ul>	<ul style="list-style-type: none"> <li>Create habitat for living organisms with Tanagawa Biotope natural restoration progress indices</li> <li>Make green procurement guidelines known to all suppliers and complete requests to improve effort levels</li> <li>Hold events for general public (4 times per year)</li> </ul>	
	<b>Analyze and disclose climate change risks</b> <ul style="list-style-type: none"> <li>Endorse TCFD recommendations and make related disclosures</li> <li>Advance efforts in response to CDP questions and disclose appropriate information</li> </ul>	<ul style="list-style-type: none"> <li>Conduct TCFD scenario analysis</li> <li>CDP evaluation</li> <li>B (climate change)</li> </ul>	<ul style="list-style-type: none"> <li>Disclose data in accordance with TCFD recommendations</li> <li>CDP evaluation</li> <li>A– (climate change)</li> </ul>	
4. Deepen environmental management	<b>Start independent operation of environmental management systems that are evaluated as equivalent to ISO 14001 certification</b> <ul style="list-style-type: none"> <li>Transition to independent environmental management systems with standards equivalent to ISO 14001 certification</li> </ul>	<ul style="list-style-type: none"> <li>Respond to issues for improving operations under ISO 14001 certification</li> <li>Formulate and prepare plans for transition to active environmental management systems</li> </ul>	<ul style="list-style-type: none"> <li>Independent operation of environmental management systems with equivalent standards to ISO certification</li> </ul>	
	<b>Raise employee environmental protection awareness and thoroughly adhere to environmental laws and regulations</b> <ul style="list-style-type: none"> <li>Promote ECONist programs for environmental volunteer activities (develop and improve programs)</li> <li>Build management systems (group) that adhere to environmental laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>100 ECONist certifications, 35 ECONist advanced certifications, 30 Eco Test passers, 1 program to promote participation in activities developed or examined for improvement</li> <li>Complete creation of management systems for 20 companies</li> </ul>	<ul style="list-style-type: none"> <li>100 ECONist certifications, 35 ECONist advanced certifications, 30 Eco Test passers, 1 program to promote participation in activities developed or examined for improvement</li> <li>Complete creation of management systems for 55 companies (all group companies)</li> </ul>	
5. Increase the number of green buildings	<b>Increase the number of eco-friendly buildings (green buildings)</b> <ul style="list-style-type: none"> <li>Increase the number of eco-friendly buildings (green buildings) confirmed as real estate that considers the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of eco-friendly buildings along with progress in the real estate business</li> </ul>	<ul style="list-style-type: none"> <li>Acquire environmental certification for newly developed properties</li> </ul>	
6. Appropriate information disclosure	<b>Issue integrated reports</b> <ul style="list-style-type: none"> <li>Determine and issue recommended disclosure items necessary for integrated reports</li> </ul>	<ul style="list-style-type: none"> <li>Issue 2021 Integrated Report (tentative name)</li> <li>Formulate and publish "Materiality and KPI," "Value creation processes" and "ESG disclosure items"</li> </ul>	<ul style="list-style-type: none"> <li>Issue 2024 Integrated Report (tentative name) Through "KPI progress status" and "ESG disclosure items"</li> </ul>	
Other matters	<b>Implement various environmental efforts</b> <ul style="list-style-type: none"> <li>Acquire and use offset credits utilizing Nankai no Mori</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement special products that use offset credits</li> </ul>	<ul style="list-style-type: none"> <li>Acquire 2,500 tons in credits and use them effectively</li> </ul>	



## Curtail global warming

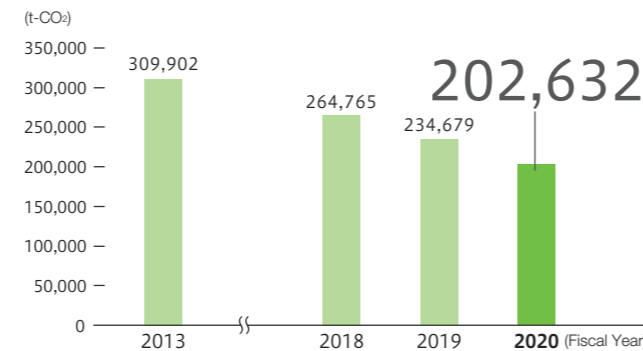
### Reduce CO<sub>2</sub> emissions as a group

Based on the greenhouse gas reduction target for fiscal 2030 set by the government (reduce 26% compared to fiscal 2013), we have set a target to reduce our CO<sub>2</sub> emissions by at least 46% compared to fiscal 2013 for all 56 consolidated group companies. The amount of emissions in fiscal 2020 was 202,632 tons, which is a 34.6% decrease from 309,902 tons in fiscal 2013, the baseline year. In addition to energy conservation effects from updating train cars, for example, the main cause for the reduction in our total energy use was that demand throughout our group businesses decreased significantly due to the suppression of consumer activity outside the home because of the spread of the COVID-19 pandemic.

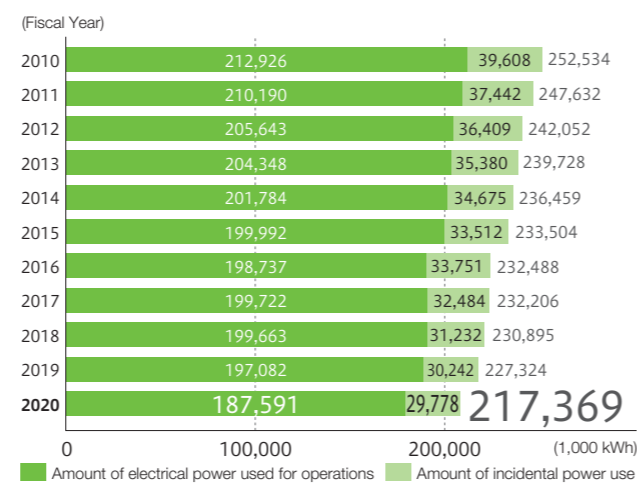
However, seeking efficiency, we were able to reduce energy intensity over five years by 9.3% for railways (denominator: travel distance) and 15.7% for real estate (denominator: total floor space), showing with certainty the result of investment in energy conserving facilities.

Compared to other means of transportation, trains have high energy efficiency and are said to be vehicles that are better for the environment. Since the operation of trains, however, requires the use of large amounts of electricity, reducing railway power consumption is a major issue in our efforts to curtail global warming. The amount of electric power used by railways in fiscal 2020 was 217,369,000 kWh (reduced 4.4% compared to fiscal 2019). Of this, 187,591,000 kWh, 86.3% of the total, was used for train operation. Other incidental power use was 29,778,000 kWh. Incidental power is used for signal and crossing equipment, as well as for station facilities, including lighting, air conditioning and elevators. We are conducting energy conservation efforts in the summer and winter, including stopping operation of some elevators and strictly managing indoor temperatures, as well as steadily converting station lighting to LED and making other efforts to conserve energy. The total power for railway business operations decreased 12.2% in fiscal 2020 compared to fiscal 2011.

Changes in CO<sub>2</sub> emissions (consolidated)



Changes in electricity consumption for train operations



### Toward carbon neutrality in 2050

In accordance with the “2050 carbon neutral” pledge by the government, we established targets for our corporate group to achieve zero actual CO<sub>2</sub> emissions by fiscal 2050 and a reduction in CO<sub>2</sub> emissions of at least 46% by fiscal 2030 (compared to fiscal 2013). To reach these targets, we will continue to investigate and implement all kinds of measures, including the adoption of vehicles with high energy efficiency and the improvement of logistics and real estate facilities.

### Regenerative braking and VVVF control

In the control of train speed, VVVF control is the name of a method used to control the number of revolutions and torque of inverter equipment semiconductor motors depending on the current speed and acceleration (deceleration) force necessary. Moreover, power generated by railways was converted to heat using resistors and consumed (generative braking) in the conventional method. This prevented efficient use of energy because the power was converted to heat and released.

In contrast, the method called regenerative braking uses electric brakes to return generated electricity to aerial wiring when trains apply their brakes. Since this method enables the electricity generated by one train to be used efficiently by another train, we are increasing the number of vehicles that incorporate it.

The 8300 Series trains that incorporate the VVVF control method and regenerative brakes are said to reduce electricity consumption by about 50% compared to conventional trains. Furthermore, as of the end of fiscal 2020, of the 692 train cars used for rail lines, 408 (59.0%) have regenerative brakes that convert movement energy when decelerating to electric energy, enabling its use. Moreover, 396 cars (57.2%) have been updated to VVVF control cars, which have good power efficiency.

Likewise, 88 of 112 (78.6%) train cars used on the lines of the Semboku Rapid Railway are VVVF control cars with regenerative braking.

### Incorporation of a two-way unified electricity generation method and installation of phase advance capacitors for power factor improvement

By connecting the power lines, which supply trains with electricity, of inbound and outbound lines, we seek to decrease power generation resistance and lower the loss of power consumed by the power lines. Through this, we seek to reduce power consumption by enabling trains traveling in opposite directions to efficiently use electricity because regenerated electric current generated by regenerative brakes flows at contact points. Furthermore, by installing phase advance capacitors for power factor improvement, we are reducing loss that occurs during electricity use and improving power efficiency.

### Promotion of green procurement

We are working actively to reduce burdens on the environment and for environmental protection. As one aspect of this, we established Green Procurement Guidelines in 2019. Establishing required items and items where effort is expected related to green procurement for the business partners that supply us with raw materials, we are advancing efforts with them for procurement that considers impacts on the environment.

In fiscal 2020, to determine the state of efforts related to the environment by our partners, we conducted a questionnaire survey of 100 companies out of our approximately 300 business partners with the goal of realizing continuous communication. Since about 25% of our partners do not have environmental policies and have not determined responsible or supervisory divisions, we are requesting their cooperation regarding green procurement.

### Information disclosure through responses to CDP

The Carbon Disclosure Project (CDP) is a project that cooperates with institutional investors and seeks public announcements from businesses related to their strategies for climate change and concrete greenhouse gas emission amounts. We respond about climate change and water to written inquiries from CDP every year.

Our CDP scores	2016	2017	2018	2019	2020
Climate change	A-	B	B	B	B
Water	-	A-	A-	B	B

### Topics Namba SkyO and other buildings received recognition as better for the environment

In November 2018, Namba SkyO, which was completed in September the same year, received Five Stars, the highest certification rank in the DBJ Green Building certifications from the Development Bank of Japan Inc. (DBJ) and the Japan Real Estate Institute. (This certification was renewed in 2021.) Moreover, the Kita-Osaka Truck Terminal Building 1, which is owned by group member SEMBOKU RAPID RAILWAY CO., LTD.,

received a Four Stars certification in 2020.”

Moreover, in CASBEE for Cities\*, Namba SkyO received an S rank while Namba Parks and Kita-Osaka Truck Terminal Building 1 and Building 2 received A ranks. These are examples of the efforts that we are advancing to consider the environment and reduce environmental impacts.

\* This is an evaluation system based on the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). It uses building environmental evaluation standards and other factors established considering the local characteristics of each city.

## Realize a recycling-oriented society

### Advancing efforts for the formation of sustainable smart cities

In the Sustainability Policy that we established in April 2021 for the purpose of contributing to the formation of a sustainable society, one of the important themes is “Create a future full of dreams.” Moreover, by looking at the transformation of work practices due to the advancement of digitalization and advancing community development that is not premised on commuting to city centers, we will continue promoting the formation of smart cities that can provide services that meet the needs of the age.

Currently, we are advancing Semboku New Town revitalization and the Izumigaoka Station Front Vitalization Project as one of our main objectives for smart city formation.

### Reducing Nankai Group water intake

As water risks, including water shortages caused by climate change and other factors, as well as increased water consumption due to population growth and economic development, increase, we are striving to curtail water consumption by our corporate group. Due in part to reduced use at every business place because of the impact of the COVID-19 pandemic, the water intake\* of our group (consolidated) in fiscal 2020 was about 1,116,000 m<sup>3</sup>, a decrease of 17% compared to the previous fiscal year (2019) level of 1,345,000 m<sup>3</sup>.

We also reduced our use of the public water supply, however, by using rainwater at Izumiotsu Station, using well water and other groundwater sources, and using retreated water from industrial and other applications.

At the same time, since risks from tsunamis, floods and other water damage can be anticipated, we are investigating various water risks and advancing continuous grade separation projects and bridge safety enhancement work, for example.

\* We used and calculated water use volume as the indicator through last fiscal year. Since accurately showing reductions in public water supply use is necessary, however, we changed the indicator to water intake starting this fiscal year.

## Preserve biodiversity

### Establishing Biodiversity Action Guidelines and considering coexistence with nature

In 2017, we revised our environmental policies, adding a biodiversity item, as well as establishing Biodiversity Action Guidelines. In all our business activities, we will be conscious of avoiding or minimizing impacts on biodiversity, and we will seek to realize the preservation of ecosystems and the sustainable use of natural resources along our railway lines.

Furthermore, we are advancing environmental preservation activities at the Kyosei no Mori Forest (Sakai City) and a biotope in the Tanagawa area (Misaki-cho, Sennan-gun). In addition, employees have undertaken the management of traditional coppice forests as volunteers during the Sakai Forest Restoration Project held by Sakai City.

In fiscal 2020, some activities were suspended due to state of emergency declarations in response to the coronavirus, but an event was held by the Ministry of the Environment as one part of outdoor education for Tanagawa Elementary students.

### Nankai Electric Railway Co., Ltd. Biodiversity Action Guidelines

We receive benefits from nature, most obviously air and water, in every aspect of our lives. Therefore, coexistence with nature is indispensable for us to build a sustainable society. We believe that increasing environmental value based on protecting nature along our railway lines is one of the foundations of our business and a corporate mission.

That nature has various species and various ecosystems that those species inhabit. In short, nature is sustained by biodiversity.

Accordingly, respecting biodiversity, we have established these action guidelines to contribute to its preservation and cultivation.

1. Positioning biodiversity preservation as a key environmental issue, we will act proactively to coexist with nature.
2. We will endeavor to understand and follow relevant laws and regulations in all our business activities to prevent or reduce impacts on biodiversity.
3. Considering the effects on biodiversity caused by the use of resources, we will promote green procurement and 3R efforts (reduce, reuse and recycle), for example, as we strive to reduce environmental impacts.
4. We will emphasize communication with numerous stakeholders, including customers, business partners, and residents who live near our railway lines and around our business places, as we endeavor to preserve biodiversity in cooperation with them.

Enacted September 30, 2017

## Renovating part of Parks Garden where people can experience biodiversity in the city center

Namba Parks is a multifunction commercial facility with 10 floors above ground and 4 underground that was developed on the site of the Osaka Stadium in 2003. On the terraced rooftop of the part above ground (11,500 m<sup>2</sup>) is the Parks Garden, which has about 70,000 plants of approximately 300 species. This rooftop park creates a landscape that is just like a forest.

In March 2020, we opened part of this garden, installing a wood deck area. Visitors can now experience a wealth of biodiversity even in the middle of the city.

This garden received a Flower Town Development Award in the 30th National Flower Town Development Contest sponsored by the Flower Association of Japan.



Parks Garden

## Deepen environmental management

### Maintaining “improving” evaluation in ISO 14001 certification

Despite the impacts of the pandemic, for our Head Office and Chiyoda Works, we mostly achieved the annual

goals that are subject to ISO certification in the Nankai Group Medium-term Environmental Goals. The result of our outside examination was an “improving” evaluation. Moreover, we had no scandals or legal violations related to the environment in fiscal 2020.

### Topics

#### Utilizing offset credits to reduce CO<sub>2</sub> emission amounts

Our company has owned a forest of about 520 hectares in Totsukawamura, Yoshino-gun, Nara Prefecture since around 1975. We call this forest at Mount Gomadan “Nankai no Mori.” At the time in 2013, this forest generated sellable “credits” from the 1,928 tons of CO<sub>2</sub> it absorbed through the J-VER Offset Credit Scheme of the Ministry of the Environment. Since then, we have been using emission offsets in various events.

In fiscal 2019, we registered a project for a new credit acquisition plan (about 4,000 tons) through the J-Credit Scheme, and we received certification for 509 tons of credits as part of this plan in January 2021. We will continue working toward acquiring certification for the remaining credits by fiscal 2027 (fiscal 2026 share).

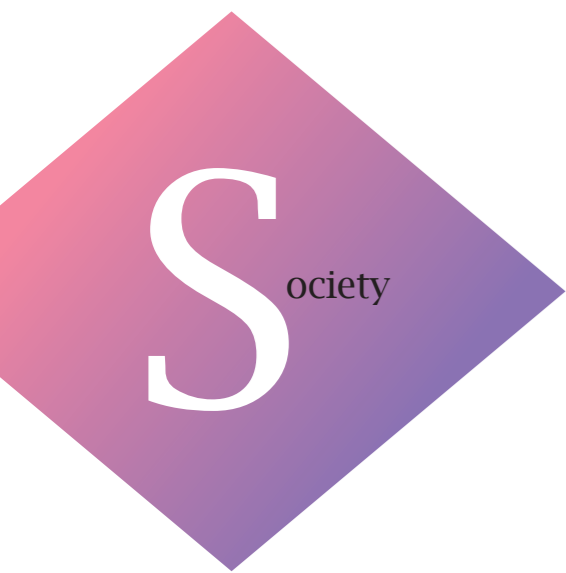
Carefully considering government carbon neutral policies and emissions trading conditions, for example, we will continue effectively utilizing the acquired credits toward the goal of realizing a low-carbon society.

#### Acquisition of the highest DBJ Environmental Rating of the Development Bank of Japan

In an environmental rating examination based on the DBJ Environmental Rating implemented by the Development Bank of Japan Inc., our business management with consideration for the environment was highly evaluated and we received an environmental rating of “efforts for consideration of the environment are particularly advanced.” This was our third time to receive an environmental rating since September 2014, and we again received the highest rank of A.







# Society

As a business group that is responsible for public transportation and operates with close relationships to communities, we are undertaking a variety of activities to meet the expectations of our stakeholders as we should.

## Efforts to prevent the spread of infection from the novel coronavirus

### Support for customers

#### Realizing both employee safety assurance and business continuation

We have been implementing measures in our corporate group based on the determination that companywide rapid response is necessary. In addition to thoroughly educating all employees about contagion prevention, these measures include efforts to prevent contagion so our rail services can be used safely and with peace of mind as well as customer and employee contagion response simulations.



Disinfection of ticket vending machines



Antiviral and antibacterial treatment of door parts

Furthermore, at our commercial facilities, we are advancing efforts for takeout services in response to state of emergency declarations. Along with increasing the number of participating shops, we have endeavored to enhance notifications through websites and elsewhere.

Furthermore, since dining and drinking establishments unavoidably had to restrain business operations from July 2021, we started our Ekipiku (station pickup) service, which allows customers to get food along their daily paths of travel, on a test basis. This service, which seeks to be the first effort of its kind in the railway industry, enables people using the Nankai app to reserve (order) items online from the menus of registered dining and drinking establishments and then pick up their orders at those establishments or stations along their paths of travel.



Ekipiku image

### Support for local communities

#### Operating COVID-19 vaccination buses and other efforts

While bus demand has dropped precipitously, the bus companies of the Nankai Group have utilized buses to support local communities. They have transported people to vaccination sites as well as provided a service allowing buses to be used as waiting places and for post-vaccination observation at these sites.



## Topics

### Measures for during and after the pandemic

#### Selling off-peak commuting tickets (first effort)

Considering the conditions in which commuting at different times was promoted due to the impacts of the COVID-19 pandemic, we sold off-peak commuting tickets for a limited time (May–July). Our goal is to alleviate crowding during rush hours and support new lifestyles by utilizing contactless payment both during and after the pandemic. This effort was selected by the Ministry of Land, Infrastructure, Transport and Tourism as a supported project for the incorporation of cashless payments as one aspect of foundational preparations for the popularization of mobility as a service (MaaS) in Japan. In addition to searching for possibilities for new transportation uses in the future, we will continue investigating the enhancement of infrastructure for post-pandemic use.



## Safety and peace of mind

As a company that includes “Contributing to the Community” and “Putting the Customer First” in our Corporate Philosophy, we are working with safety as our top priority in order to fulfill public trust and provide the best services to customers.

### Safety management

#### Establishing a Safety Policy and arranging business activity systems that prioritize safety.

Having established a Safety Policy on October 1, 2006 (revising it on June 26, 2009), we have been endeavoring to arrange systems for conducting business activities with safety first as a principal. We are also utilizing railway facilities, train cars, personnel and other resources comprehensively as we strive to ensure safety in transportation.

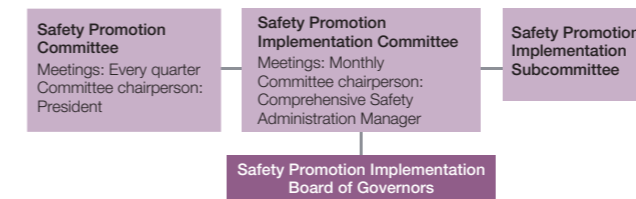
#### Safety Policy

1. Safety is the Company's overriding priority; by working together we shall prevent accidents
2. As a company and in our work tasks we will strictly comply with all laws and regulations related to transport safety
3. The Company will enforce rigid checks and undertake the safest methods at work
4. In the event of an accident or a disaster, saving human lives takes priority over everything and the Company shall implement appropriate safety measures without delay
5. The Safety Management System shall be implemented in an appropriate manner and the Company will constantly look to improve the system

#### Building safety management systems with the president at the top

We are seeking to “make safety awareness permeate” and “build safety culture” throughout the entire company. At the core of this effort are quarterly meetings of the Safety Promotion Committee (chaired by the president) and monthly meetings of the Safety Promotion Implementation Committee (chaired by the Comprehensive Safety Administration Manager). Responsible parties from business management divisions for business strategy, personnel and finance also participate in the planning of the Safety Promotion Committee. As the person with the highest responsibility for our safety management systems, the President appoints

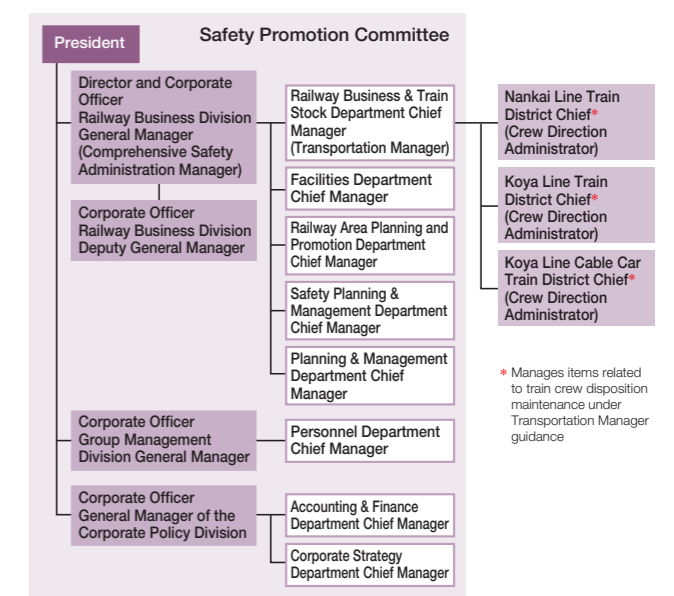
#### Committee organization



#### Our Methods of Safety Management



#### Safety Promotion Committee structure





## Status of the occurrence of railway operation impediments, transportation impediments and incidents

### Status of occurrence in fiscal 2020

No serious accidents (collisions, derailments or fires) occurred.

#### Incident

##### Cracking in Limited Express Rapi:t (50000 series) bogies and recurrence prevention measures

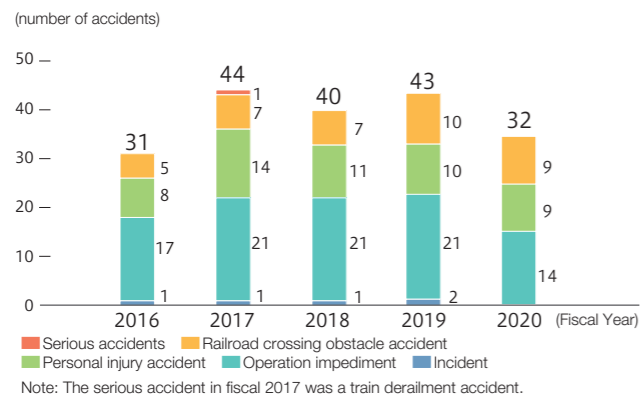
On November 26, 2020, the Japan Transport Safety Board publicly issued an investigation report about a serious incident concerning the discovery of cracking in Limited Express Rapi:t bogies in August 2019. We accept the content of this investigation report sincerely and will assure the safety of the Limited Express Rapi:t by fulfilling with certainty the following recurrence prevention measures indicated in it.

- We revised our Bogie Frame Inspection Manual, which includes bogie inspection methods in overall and important part inspections. We added the areas where cracking occurred as important inspection area and made them subject to magnetic particle testing.
- For Limited Express Rapi:t bogies, magnetic particle testing, which is conducted during overall inspections (at an interval that does not exceed eight years) will now also be conducted during important part inspections (at an interval that does not exceed four years or 600,000 kilometers of travel distance).
- For all bogies, we designated locations where reinforcements had been made in the past as important inspection locations subject to magnetic particle testing. We will also undertake similar measures in the future.

In addition, we will continue manufacturing new safer bogies and replacing the old ones in fiscal 2021.

### Status of occurrences in the last five years

#### Number of accidents over five years



Reference: Classification of railway operation accidents, etc.

Railway operation accidents	Serious accidents	Train collision accident	Accident in which a train collides with or contacts another train or vehicle
		Train derailment accident	Accident in which a train derails
		Train fire accident	Accident in which a fire occurs in a train
	Railroad crossing obstacle accident	Accident at a railroad crossing in which a train or vehicle collides with or contacts a person, vehicle or something else crossing the tracks	
	Personal injury accident	Accident in which a person dies or injured due to train or vehicle operation (excluding accidents that fall into the above categories)	
	Operation impediment	Situation in which a train stopped operating or was late (at least 30 minutes) for a reason other than a railway operation accident	
	Incident	Situation in which no accident occurred, but the possibility of a railway operation accident was recognized	

## Implement safety education

### Conducting comprehensive disaster recovery trainings every year

Every year, we conduct comprehensive disaster recovery trainings with the participation of every division. These trainings, which simulate the occurrence of large-scale accidents and disasters, include rescuing injured people, guiding customer evacuations and recovery work for damaged areas.

In fiscal 2020, we conducted training based on this hypothetical scenario: "After stopping in response to instruction from the emergency earthquake alert system, a train is struck by rocks that have rolled down near the train line. The train car has been damaged, so customers must be guided in evacuation to the nearest station. Restoration work must be done on equipment damaged by the earthquake." We set multiple training sites and also checked information gathering and coordination.



Evacuation guidance using bench seats



Restoration training by electrician staff

### Conducting train line equipment confirmation trainings with the goal of resuming operation rapidly

Seeking to resume operation rapidly after planned service suspensions due to, for example, the approach of a typhoon, we conducted train line equipment confirmation trainings utilizing track work vehicles. In fiscal 2020, we checked the amount of time necessary for inspection, information transmission using smartphones and other devices, and communication systems. We also reviewed inspection routes.

### Conducting joint trainings in coordination with police and others to prepare for railway terrorism

In preparation for the possibility of railway terrorism, we conduct joint terrorism response trainings in coordination with police and other relevant agencies. In fiscal 2020, we undertook training at the Wakayamadaigakumae Station.



Training at Wakayamadaigakumae Station

### Conducting cable car evacuation guidance training

For the cable cars that connect Gokurakubashi and Koyasan stations on the Koya Line, we used a training scenario in which "a fallen tree obstructing the tracks would prevent operation for a long time." The staff practiced guiding customers from the cable car to the Koyasan Station. We will continue planning trainings, hypothesizing even more severe scenarios.



Guiding evacuation using emergency ladders from a cable car stopped between stations



## Reduce natural disaster risks

### Systematic earthquake reinforcement for overpass pillars and bridges

In preparation for a Nankai Trough earthquake, we are systematically advancing the earthquake reinforcement of structures. In fiscal 2020, we completed earthquake reinforcement work on 112 overpass pillars.

### Measures to prevent river bridge scour

Starting with the results of regular inspections and other data, we are identifying river bridges that are susceptible to being dislodged and advancing countermeasures for them based on these results. In fiscal 2020, we finished work on one bridge and began examination and work for one more.

### Implementation of an Emergency Earthquake Alert System

We implemented an Emergency Earthquake Alert System that instructs the drivers of all trains to make emergency stops when earthquakes occur. We are assuring the safety of our trains by automatically issuing emergency stop orders to all train drivers before earthquakes with strengths of Shindo 5- or higher reach our railway lines.

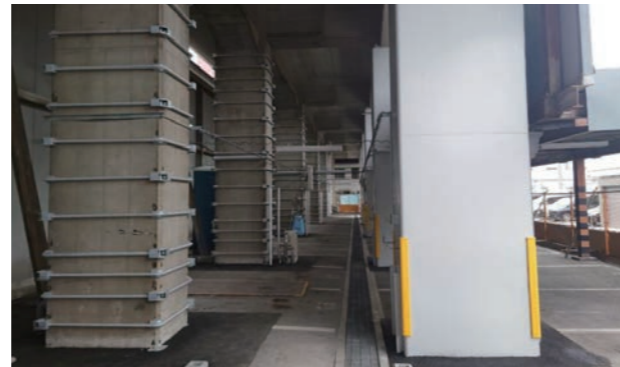
### Implementation of measures to ensure customer safety during tsunamis

In preparation for the occurrence of a tsunami after a major earthquake, we have prepared a booklet that includes all the areas near our railway lines that are expected to be inundated by tsunami flooding. Along with having crew members carry this, we are also distributing it to stations and other relevant workplaces.

Moreover, we are posting tsunami hazard maps and maps showing refuge sites and evacuation routes at stations in regions subject to evacuation (tsunami flooding areas) as publicly designated by Osaka and Wakayama Prefectures. Furthermore, we have installed tsunami evacuation signboards in order to guide customers from trains stopped between stations to safe locations before the arrival of a tsunami.

### Systematic removal of dangerous trees

At our company, in order to ensure safe operation, we are systematically undertaking countermeasures for hazardous trees and endeavoring to reduce natural disaster risks, which are growing. We have arborists diagnose the health of trees along our railway lines between Hashimoto and Gokurakubashi stations and remove those that are determined to be hazardous.



Work to reinforce earthquake resistance of overpass pillars between Minato and Ishizugawa stations.



Countermeasure work to prevent the scour of a bridge over the Tsuda River



Hazardous tree before (top) and after removal (bottom)

## Disaster prevention information system

We have implemented a disaster prevention information system to aggregate and identify information about heavy rains, strong winds, earthquakes and other meteorological phenomena, as well as about river water levels and other train line impediments.

## Conducted continuous grade separation projects

We seek to eliminate crossings, improve the level of driving safety and resolve traffic congestion by pursuing continuous grade separation projects on the Nankai Line (in Sakai and Takaishi cities) and the Takashinohama Line (in Takaishi) in active consultation with relevant local governments.



Continuous grade separation project in Takaishi City

## Safety priority measures

In order to resolve issues related to assuring transportation safety, we have been making efforts based on the five safety priority measures, shown to the right, that we set for fiscal 2021.

Moreover, in our Safety Management System, we conducted management reviews based on, for example, the implementation status of these safety priority measures and the results of internal safety audits.

### Fiscal 2021 safety priority measures

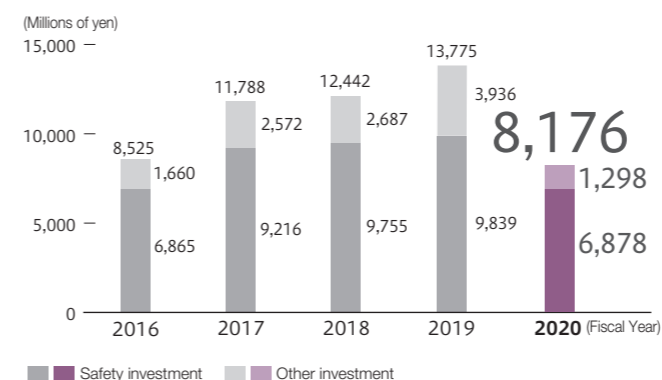
1. Reduce natural disaster risks in accordance with the Transportation Disaster Management Guidelines
2. Increase safety of station platforms and crossings, including consideration of public requests
3. Increase safety through updates and reforms of old equipment and facilities
4. Change systems with safety equipment that utilizes digital technologies
5. Cultivate personnel and pass on skills for sustaining safety

## Invest in safety

### Continuously make capital investments for safety measures

We are continuously making capital investments so we can systematically implement necessary safety measures without delay.

### Investments for safety



In fiscal 2020, we invested about 6.8 billion yen to advance earthquake resistance reinforcement of overpass pillars and station buildings in preparation for large earthquakes, which are anticipated to occur in the future, as well as to implement measures and renovate aging facilities for the enhancement of safety on station platforms.

We will continue investing in order to advance safety measures systematically during fiscal 2021.

### Major equipment investments in Fiscal 2020

- Evaluation for reinforcement of station building earthquake resistance (5 facilities)
- Disaster countermeasures (embankment reinforcement, bridge scour prevention work)
- Manufacture of new 8300 Series train cars (12)
- Renovation of 9000 Series train cars (4)
- Upgrading of transformer silicon rectifiers (Yoshimi/Kaizuka)



## Customers

We recognize that the opinions and requests we receive from our customers are precious management resources for our company and utilize them to reform and improve our work and services. Pursuing comfort and ease of use for all customers, we are continuously working to increase their satisfaction.

### Identifying customer needs

#### Creation of customer feedback database

We collect the opinions, requests and compliments that we receive from customers through our website and directly to employees and put them in our customer feedback database. We make this available on our in-house network so employees can use the content, which is helpful in improving our business and raising service levels.

In fiscal 2020, we received a great amount of customer opinions, totaling 1,839 cases. Among these, 36% of the total (666 cases) were opinions and requests related to the coronavirus.

#### Execution of customer satisfaction surveys

In fiscal 2020, continuing from fiscal 2019, we hired an unaffiliated survey company to investigate the satisfaction of our customers using the Internet. Moreover, we analyzed these with results from Japanese Customer Satisfaction Index (JCSI) surveys conducted by the Japan Productivity Center, and are using what we learned to reform work and services.

#### 2020 customer feedback breakdown ranking

Numbers for previous year shown in parentheses

		Number of cases
1	Customer treatment/reception	552 (750)
2	Passenger manners	249 (313)
3	Station facilities	162 (247)
4	Air-conditioning	159 (186)
5	Tickets	156 (206)
6	Schedules/schedule disruptions	130 (228)
7	Train vehicles	52 (65)
8	Crossings	40 (40)
9	Website	19 (31)
10	Train line facilities	12 (11)

### Advancing barrier-free conversions

To make our stations easier for all people to use, we are advancing barrier-free conversions, including the installation of slopes and elevators. In fiscal 2020, we installed two elevators on the Koya Line platform of Kishinosato-Tamade Station.



New elevator installed on the Koya Line platform at Kishinosato-Tamade Station

### Promoting the creation of train environments that are comfortable and provide peace of mind

We are building new train cars and renovating others as we endeavor to enable use with even more comfort and peace of mind.

In fiscal 2020, we built 12 new 8300 Series train cars to replace 6000 Series cars on the Koya Line. The 8300 Series uses equipment and LED lighting with high energy conservation performance and consumes only about half the energy of the 6000 Series. In addition, we have made these energy-conserving vehicles good for the environment and people. For example, we have installed onboard guidance display equipment with support for four languages.

Furthermore, in order to prevent the spread of contagion from the coronavirus pandemic, we applied antiviral/antibacterial treatments inside all train cars.

We will continue to systematically build new train cars and improve existing ones among other measures.



New replacement 8300 Series train cars



Application of antiviral/antibacterial treatment

### Increase convenience for diverse customers

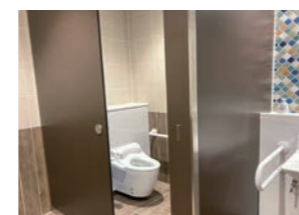
#### Advancing station restroom renovations

To make our stations more comfortable for people to use, we are working to renew their restrooms, including aesthetic improvements, odor reduction through increased ventilation capabilities, and enhancement of multifunction restrooms. Furthermore, we are also advancing the installation of powder spaces in women's restrooms.

In fiscal 2020, we renovated nine locations in the nine stations of Kishinosato-Tamade (Tamade Exit), Shichido, Nishikinohama, Tarui, Sumiyoshihigashi, Sawanocho, Mozuhachiman, Rinkanden-entoshi and Hashimoto. In fiscal 2021, we plan renovations of three stations, including Shiomibashi.



Multifunction restroom at Tarui Station



Women's restroom at Shiomibashi Station



Women's restroom at Rinkanden-entoshi Station



Men's restroom at Sawanocho Station

### Improve customer satisfaction

#### Increasing convenience for diverse customers

##### Providing timely information utilizing our app

Based on our "Customer's Voice" database and customer satisfaction surveys, we are working to transmit information that is easy to understand.

As one aspect of this, we began distributing the Nankai App for smartphones, which transmits information about operations, for example, in fiscal 2019. In addition to transmitting data, including the locations of running trains and station information, we inform customers with push notifications when delays of at least 20 minutes and other operational impediments occur on our lines. We are also working to increase convenience by enabling our customers to use our services with greater comfort by adding restroom occupancy status and seat yielding assistance functions, for example.

#### Public website

Many foreign customers also use facilities along our railway lines. For this reason, we provide information about our train operations on a public website with support for four languages: Japanese, English, Chinese (simplified characters) and Korean.

Moreover, we provide information about disaster conditions and train delays in 15 languages on a website that we operate for foreigners (NANKAI TRAVEL GUIDE).



Nankai App



### Increased favorable impressions of the Nankai brand

We are working to establish the Nankai brand to realize our goal to “Have our railway lines and corporate group be chosen because we provide satisfaction and inspiration,” as stated in the Nankai Group Business Vision 2027.

Our brand slogan, “Overflowing with ‘something good,’” is a phrase that concisely expresses the “Nankai essence” that we seek to realize. As the slogan suggests, we have a strong desire to provide things that are overflowing with “something good” for our customers, of course, as well as society broadly. We are conveying this belief through posters in our stations and trains, our website and other means.

In the future, by informing not only our customers but also our stakeholders broadly about the activities of the Nankai Group to resolve the issues of society, we will seek recognition and understanding and continue working to increase favorable impressions of our brand.



Our brand slogan and the ideas behind it

### Efforts for inbound travel recovery

#### Expanding tour plans and digital promotions in preparation for the end of the pandemic

We are working to encourage visitors to come to the areas along our railway lines in preparation for the end of the pandemic and striving to effectively publicize the appeals of tourist resources along our railway lines for both inbound and domestic consumers.

In fiscal 2020, responding to the disappearance of inbound tourists due to the coronavirus pandemic, we revised our objectives toward creating domestic tourism demand and increasing consumption from the previous measures that had focused on drawing customers to airport access.

For the creation of tourism demand, we strengthened cooperation with local governments along our railway lines and tourism-related organizations. With the goal of attracting customers to the areas along our lines, particularly Koyasan, which is an important tourism site for our company, we planned travel products with domestic customers, including resident foreigners, as the main target.

For example, we created a tour product on the theme of “Food” in Izumisano in cooperation with the Izumisano City Promotion Partnership. We also worked with Yoshimoto Kogyo Holdings Co., Ltd. and others to conduct the Koyasan Online Tour with entertainers from that company performing.

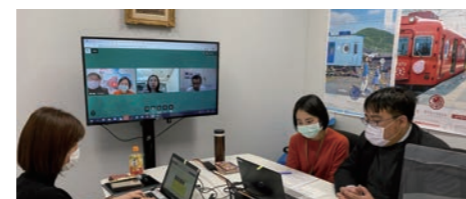
In addition, we raised awareness about areas along our railway lines and expanded markets by participating in online trade shows and travel expos for overseas travel agencies, introducing tourism resources and travel products for these areas using videos and digital pamphlets. In fiscal 2021, we will continue to create domestic demand, of course, while seeking to strengthen overseas sales focused on the East Asian market, which is expected to recover rapidly in the future.



Creation of a tour on the theme of “Food” in cooperation with the Izumisano City Promotion Partnership



Conducting an “online tour” set in Koyasan



Participating in an online trade show with overseas travel agencies

### Local communities

Seeking to “create railway lines that are chosen,” as stated in our business vision, by cooperating with local governments and all the residents of communities along our railway lines while also coordinating with other businesses, we are working to invigorate these areas and increase their attractiveness.

#### Increase value along railway lines

##### Communicating the appeals of the Kada Fish Line

The line that connects Kinokawa and Kada stations is nicknamed the “Kada Fish Line.” Our company is implementing the Kada Fish Line Project to communicate the appeals of the marine products and other features of the areas along this line. As one aspect of this we are operating the Medetai Train as a sightseeing train.

Since operation of the Medetai Train began, the effectiveness of this project has become clear. For example, the number of passengers embarking and disembarking with non-commuter tickets at Kada Station, which had seen declining passenger numbers, increased about 35,000 in the best year.

Moreover, we have also been active in “renovation town development” that utilizes empty houses and spaces along our railway lines since fiscal 2020.

Together with local residents, we will continue to drive projects, including implementing joint campaigns with establishments along our railway lines, selling special advance-purchase passenger tickets, and communicating the attractions of these areas through social media.

##### Supporting the invigoration of businesses along our railway lines

Since 2019, we have continued to conduct Nankai Lines Atotsugithon workshops for the successors of businesses along our railway lines, providing opportunities for them to think about new ideas for using family business resources. We supported business along our railway lines in various forms, including holding “Kotatsu Job Hunting Expo 2022 By Nankai,” an interactive joint information meeting for railway line area businesses and students searching for jobs in March 2021.

We will continue to coordinate with local governments, chambers of commerce, financial institutions, universities and other organizations and support the invigoration of businesses along our railway lines in the future.

##### Implementing projects to increase the attractiveness of Koyasan tourism

We implemented various projects to increase the attractiveness of Koyasan tourism again in fiscal 2020. In the future, coordinating with local governments and other businesses, we will continue to conduct noteworthy campaigns and events that contribute to encouraging visitors.



“Gokurakubashi, the original sacred place” renovation of Gokurakubashi Station



Implemented “Koya Holiday” campaign to promote visits to the Koyasan and Sanroku area



At each company booth, representatives of those companies and students looking for jobs sat around kotatsu tables and, with the theme of “working with interest,” discussed how employees work, live and spend their days, deepening mutual understanding.



Nankai Lines Atotsugithon Vol. 2 in Wakayama



## Develop communities with stations as core locations

### First anniversary of the new Ki:no Wakayama station building opening

Ki:no Wakayama, for which we advanced the construction, had its grand opening in June 2020. This new station building that connects directly to Wakayamashi Station is a multifunction facility comprised of a commercial zone, a hotel and a public library. We will continue to spread the prosperity of the station to the surrounding area with this new landmark realized at the entrance to Wakayama as a base. On June 5, 2021, the Ki:no Wakayama commercial zone reached its first opening anniversary. In the one year since opening, about 2.18 million customers visited, already exceeding the pre-opening goal of 2 million.



Strengthening systems for cooperative development with governments (Ki:no Wakayama)

## Expand real estate business

### Acquisition of properties that will contribute to developing the Namba community

In June 2020, our company newly acquired the trust beneficiary rights for the Namba Front Building, which is an office building in 4-chome, Namba, Chuo-ku, Osaka-shi.

This acquisition has the goals of increasing the value of the Namba area and growing our income base by deepening and expanding our real estate business.

This building, which has a highly visible location facing Sennichimae Avenue, has high potential. In addition to having great convenience with a six-minute walk to the Nankai Electric Railway Namba Station and a one minute walk to the Osaka Metro Namba Station, it neighbors the Nankai Shin-Namba Station (working name).

We will continue working to raise the value of the Namba area by acquiring and operating properties there.



Namba Front Building

### Kita-Osaka Truck Terminal Building 1 acquired DBJ Green Building certification

We have been advancing the redevelopment of the Kita-Osaka Truck Terminal operated by Semboku Rapid Railway, a company group member. We completed construction of the Kita-Osaka Truck Terminal Building 1, which is the starting point of this effort, in April 2020. As a building made with particularly outstanding "consideration for the environment and society," it received a DBJ Green Building certification from the Development Bank of Japan (DBJ).

This recognition is a positive evaluation of the building, including its environmental performance and comfort for tenant users. This facility was recognized for merits that include consideration for energy and resource conservation through the utilization of LED lighting and automatic faucets, for example.



## Coordinate with local communities and governments

### Preparing to begin construction after receiving urban planning project approval for the Naniwasuji Line Project

The Naniwasuji Line Project is being advanced with the goal of opening in 2031. The Kansai Rapid Railway Co., Ltd., which is the project leader, received urban planning project approval for the rail area in August 2020 and for the road area in January 2021. Now, site acquisition and compensation work, including site measurements and building evaluations, have begun in earnest. In addition, at Nishi Hommachi, Nakanoshima and Nankai Shin-Namba stations, we steadily advanced preparations to begin construction, including entering construction contracts and contracts for cooperative engineering work.

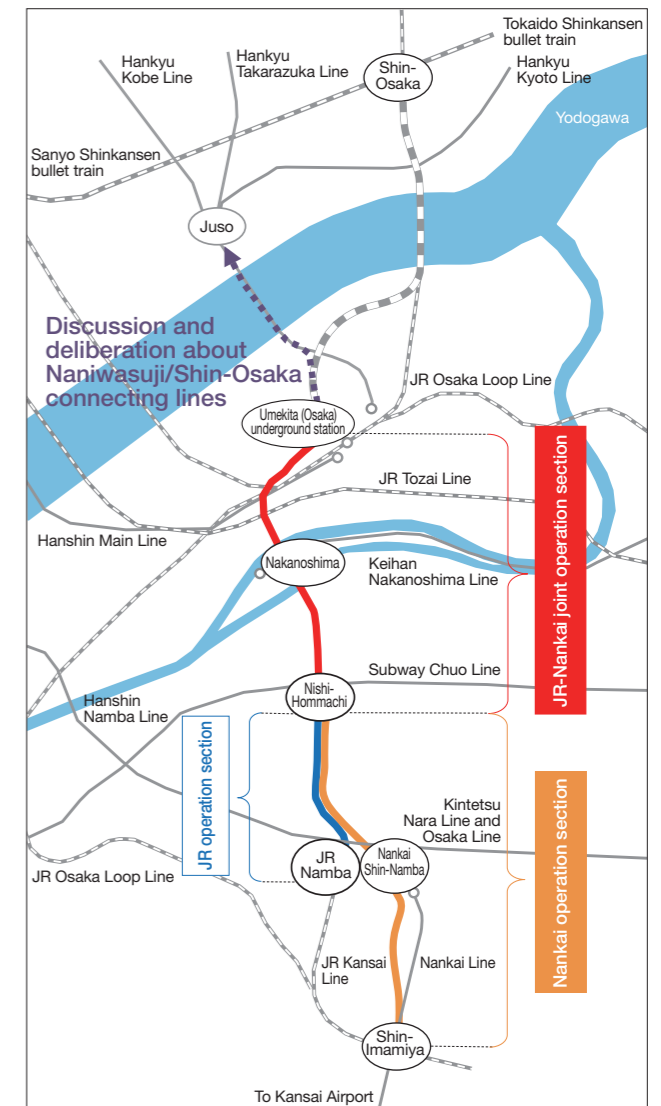
Work that we are implementing on the north side of the junction at Shin-Imamiya Station is advancing according to plan. This includes contracted design for the new installation of overpass pillars and the verification of existing overpass pillars that accompanies the new installation of railroad switches. We will continue to steadily move this project forward in close coordination with local governments, the national government and other concerned parties.

### Main effects expected from development of the Naniwasuji Line

- Enhance access to the Kansai International Airport
- Direct connection of Shin-Osaka, which is along a national core route, and Central Osaka with southern Osaka and other areas.
- Induce interaction among tourist destinations over a wide area
- Increase functionality as a core of the Umekita area and promote community development in the Nakanoshima area
- Improve accessibility of the Namba area

### Naniwasuji Line plan overview

Improvement extent	<ul style="list-style-type: none"> <li>● Nankai Shin-Imamiya Station – Umekita (Osaka) underground station</li> <li>● JR Namba Station – Umekita (Osaka) underground station</li> </ul>
Stations en route	Nakanoshima Station (working name), Nishi Hommachi Station (working name), Nankai Shin-Namba Station (working name)
Total project expense	About 330 billion yen in estimated expenses About 33 billion yen contributed by local governments (16.5 billion yen each from Osaka Prefecture and Osaka City) About 33 billion yen contributed by private parties (18.5 billion yen from Nankai Electric Railway and 14.5 billion yen from JR West)
Project implementation	Kansai Rapid Railway Co., Ltd.
Operators and operation sections	Nankai Electric Railway Co., Ltd. Operation section: Nankai Shin-Imamiya Station – Umekita (Osaka) underground station West Japan Railway Company (JR West) Operation section: JR Namba Station – Umekita (Osaka) underground station
Target opening date	Spring 2031



Overall image

Note: "Umekita (Osaka) underground station" is a designation for the new station scheduled to open in 2023 as part of a plan, which is being implemented by the West Japan Railway Company, to put branch lines of the Tokaido Line underground and build new stations.



## Employees

Using personnel systems as well as education and training systems that encourage individual employees to take on challenges themselves, we provide support so that diverse individuals can maximize the use of their abilities and grow. Moreover, we are enhancing systems and arrangements so that they can continue working for a long time with pride and motivation.

### Personnel development

#### Building personnel systems that promote employee growth

Our personal systems have goal management systems and linked evaluation systems as pillars. Having employees independently take on high goals and positively conducting PDCA cycles contribute to achieving business goals. Moreover, we are emphasizing the building of mutual relationships of trust through two-way communication between supervisors and subordinates. Through these arrangements, we are seeking to stimulate the growth of individual employees and raise the service levels of our company as a whole.

#### Providing training and development based on key educational objectives

Personnel development is indispensable for companies to fulfill their social missions while continuing to survive and develop.

With “personnel development that leads individuals to take on challenges and contribute to reforms with greater motivation” as our key educational objective, we are currently conducting a variety of training and development activities with “accelerating the development of individual employee abilities” and “cultivating leaders that take on challenges and reforms” as themes. We will continue to actively support the development of employee talents, including through education.

### Raising awareness about human rights and harassment prevention

#### Raising awareness for accurate understanding related to human rights and harassment

As a company involved in the business of railways, which are a means of public transportation, we recognize that we should proactively work on all forms of human rights issues, including those related to discrimination based on caste, ethnicity, gender and disability. For this reason, we have been working to raise awareness about human rights since 1971. As we continue trainings and enhance

their content, we seek to make correct understanding and recognition of human rights permeate our company.

Moreover, we are establishing consultation desks to prevent various forms of harassment, including power and sexual harassment, as well as harassment related to pregnancy and childbirth. We are conducting harassment prevention trainings for management and supervisor levels, including newly appointed managers, and endeavoring to spread correct understanding.

### Create vital workplaces

#### Promoting “employee engagement”

“Employee engagement” indicates the degree that employees trust their companies and desire to contribute to them. In recent years, this has received attention even in Japan.

In order to increase the engagement of group employees, we believe that resolving the concerns

of employees during the pandemic, increasing their motivation and sharing an approach to facing the coronavirus as a unified corporate group are important. We have been communicating messages about this from the president and other managers through in-house posters and videos. In response to these, employees have said, for example, “I felt that I want to try hard to overcome difficult situations.”

#### Implementing “calming and exciting activities”

At our company, employees are conducting “calming and exciting activities” as in-house efforts with the goal of making workplaces that are “Overflowing with ‘something good.’”

As one aspect of this, we have adopted “Something Good” cards since fiscal 2019 with the goals of promoting communication among employees and increasing their motivation. These cards not only foster a culture in which employees praise each other, they also contribute to improving the quality of work. About 8,000 cards were used in fiscal 2020.

In addition, with the goals of raising employee awareness

about the areas near our railway lines and cultivating pride in them, we adopted an “along our lines ambassador system” with a photograph-posting site just for employees. As of the end of fiscal 2020, over 300 employees had participated, posting over 1,100 total images. This tool is serving to deepen understanding of the areas along our railway lines while having fun.



### Create workplaces where people can work easily

#### Actively supporting a balance between raising children and work

In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, we have developed and enacted a General Employers Action Plan. As a result of efforts based on this plan, we met the standards of a “company that supports raising children” as defined by the Ministry of Health, Labour and Welfare, and we earned a Kurumin Mark in March 2015.

We send regular in-house bulletins to employees who are on childcare leave (we began a digital edition in June 2021), so that they can access timely information about the company. We support the smooth return to the workplace by, for example, having returning employees conduct interviews with supervisors. The rate of return has reached 100% every year since 2008.

Moreover, in our railway operation divisions, we will continue further expanding support for balancing work and family by, for example, enabling childcare leaves to be taken until children start fifth grade in elementary school. We will continue striving to create conditions that enable people in the child-raising generation to keep working by building systems for taking leaves during pregnancy and for childcare from the time of birth as well as follow-up systems after returning to work.

#### Encouraging employees to take annual paid leaves and leaves for childcare and caregiving

We are working to increase the rate of annual paid leave usage by adopting planned annual paid vacation systems and encouraging use of leave in half-day units, for example. The utilization rate of allowed annual paid leave days at Nankai Electric Railway was 90.0% in fiscal 2020. This is a high level compared to the usual rate of utilization (56.3%) according to the General Survey on Working Conditions issued by the Ministry of Health, Labour and Welfare.

In addition, we have arranged systems that include leaves for childcare as well as leaves and time off for caregiving. The percentage of employees taking childcare leaves after giving birth has been 100% for eight years in a row. Moreover, the number of male employees taking childcare leaves has also been increasing in recent years, with 18 taking these leaves in fiscal 2020.

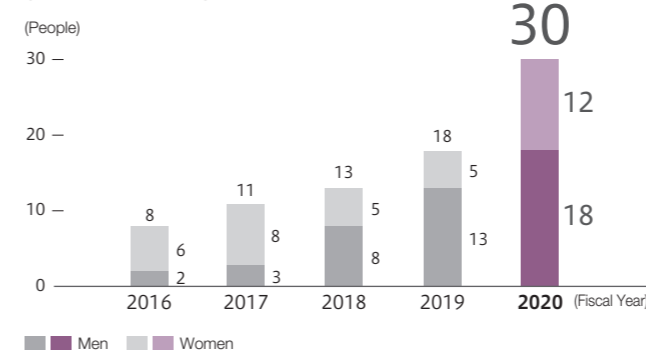
Annual paid leave utilization rate (non-consolidated) (%)

2016	2017	2018	2019	2020
93.3	91.0	90.7	92.6	90.9

Average number of monthly overtime hours (non-consolidated) (hour)

2016	2017	2018	2019	2020
31.2	31.4	26.7	25.6	25.0

Numbers of employees utilizing childcare leave by gender (non-consolidated)





### Implementing measures to prevent occupational accidents with “zero accidents” as the goal

We quantify and evaluate latent risks for occupational accidents in workplaces, and we seek to reduce and eliminate these risks. Moreover, through safety activities, including focuses on age-friendliness, hazard prediction and close calls, we are establishing PDCA cycle structures and striving for “zero accidents” and “zero dangers,” as we endeavor to raise safety levels.

### Implementing measures to maintain and promote both physical and mental health

Based on guidelines from the Ministry of Health, Labour and Welfare, we are implementing health maintenance and promotion measures that cover both physical and mental health.

To determine the health status of employees, led by occupational health staff at workplaces, we are undertaking management in accordance with our internal health management standards. We are also providing health guidance,

health education and health consulting, and we are striving to prevent illnesses and detect them early. The mental health measures that we are implementing include self-care (stress checks), line care (training for managers and supervisors), the establishment of outside consulting desks and counseling by designated psychiatrists. Furthermore, we are striving to improve systematically and continuously. For example, we have adopted a “rework trial program” (system to try returning to work) as a system to support the smooth return to work for people who took time off due to mental health issues.

Public health nurses are raising awareness among employees within the company at suitable times about the negative effects of smoking on health. The Nankai Railway Health Insurance Association also provides financial assistance for treatment costs related to smoking cessation (up to 10,000 yen).

Moreover, group company Nankai Management Service Co., Ltd. was recognized as a 2021 Health & Productivity Management Outstanding Organization (small and medium enterprise category), selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

### Preparing environments in which the elderly can be active

In response to the declining labor force population due to the aging of society and low birth rate, we have been raising the retirement age to 65 step-by-step since fiscal 2021. We are also working to prepare environments that enable employees over the age of 60 to be active easily.

We continue utilizing a reemployment system for employees after retirement age, and we had 27 such employees active in various fields as of March 31, 2021. We are not merely following the law. Rather, we are working to support fulfilling lives for senior citizens, including by raising wage levels in response to the so-called “pensionless period” and by holding classes that contribute to maintaining and increasing motivation.

### Promoting employment of the disabled as a social responsibility

In our group, we recognize that employment of the disabled is an important social responsibility. The disabled employment rate of our company and seven related group companies that have received special authorization was 2.46% in fiscal 2020.

As of June 2021, special subsidiary company Nankai Heartful Service Co., Ltd. employed 48 disabled people. The employees of this company engage in work that includes the cleaning of various facilities, starting with those of our company, and the sorting of mail. We are promoting communication through daily information exchanges and recreational events, for example, and working to realize and maintain workplace environments where they can work easily.

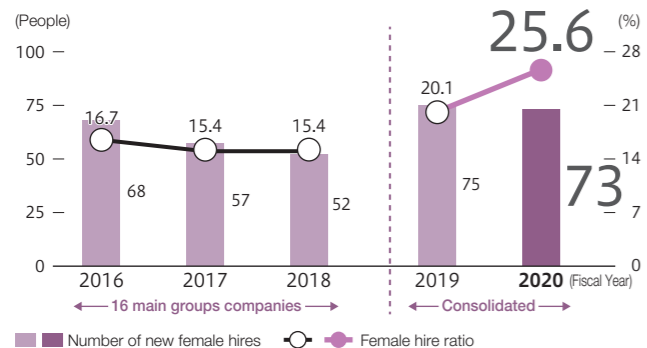
## Promote diversity

### Advancing efforts to increase opportunities for the active participation of women

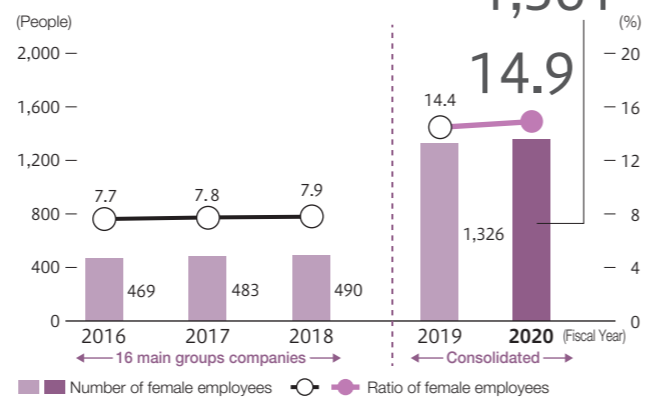
We established an Action Plan to Advance the Active Participation of Women in April 2016, and we have set a female employment rate of at least 40% continuously for recent university graduates. Moreover, we have been promoting the placement of women in a variety of types of work in our on-site railway operations, including as conductors, drivers and assistants. We are also advancing the preparation of lodging facilities for women, for example.

We are also advancing the preparation of lodging facilities for women. We will continue strengthening efforts to further expand opportunities for active participation of female employees throughout the company and systematically cultivate their abilities. Specifically, we will continue to actively undertake advertising oriented toward women during hiring, and strive to expand the recruitment population as we seek to advance the placement and appointment of women in all fields and roles.

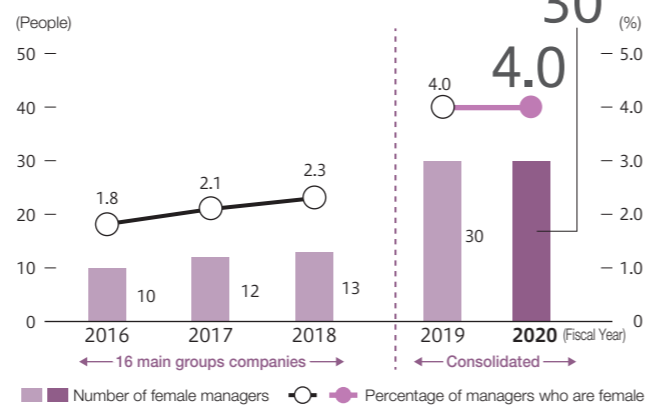
#### Number of new female employee hires\*



#### Number of female employees\*

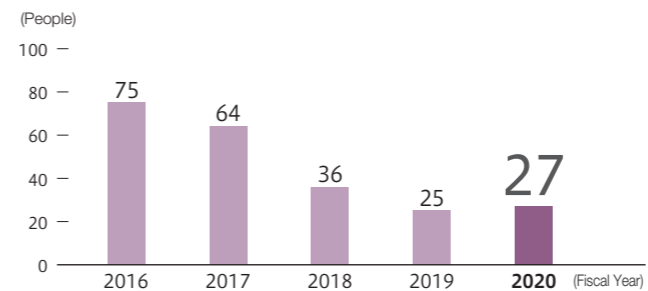


#### Number of female managers\*

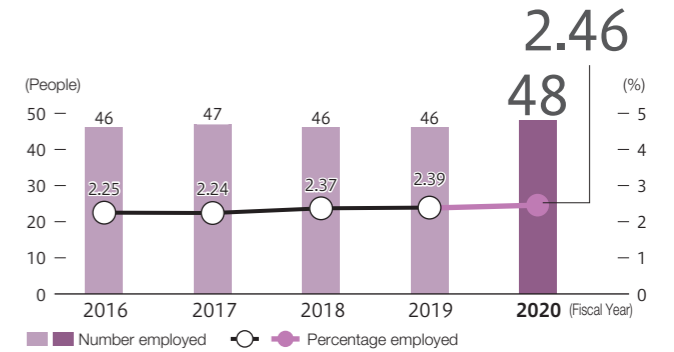


\* For 16 Main group companies from fiscal 2016–2018 and the consolidated group from fiscal 2019–2020  
 \* 16 group companies: Nankai Electric Railway Co., Ltd., SEMBOKU RAPID RAILWAY CO., LTD., Nankai Bus Co., Ltd., Kansai Airport Transportation Enterprise Co., Ltd., Tokushima Bus Co., Ltd., Nankai 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., Nankai Management Service Co., Ltd.  
 \* See page 93 for consolidated data.

#### Reemployment numbers (non-consolidated)



#### Number of disabled employees



## Executive message



Senior Managing Corporate Officer  
 Ashibe Naoto

### We will link the motivation and growth of each individual with corporate growth.

At our company, we are continuously reviewing our personal systems and have set “reforming workplace cultures to evaluate challenges, growth and results” as a human resource strategy oriented toward the realization of our business vision.

For managers, we made large-scale reforms in fiscal 2020. Primarily, we strengthened “the linkage between roles and employee treatment” and “the linkage between company results and employee treatment” even more than before, and we have added variation to our employee treatment system. In addition, for our employment position rank system, we transitioned to a multi-line format including “managers,” which have organizational integration and team-building as main roles, and “professionals,” which are expected to exercise expertise in specific fields.

For regular employees, by unifying our personnel systems for our Head Office and railway business divisions and incorporating programs that encourage individuals to take on challenges and grow, we are advancing “the cultivation of personnel capable of multitasking” who can participate actively in multiple divisions. At the same time, we have promoted diversity and actively adopted programs to enable everyone to participate fully for a long time. For example, we have raised retirement ages in steps and implemented systems of reduced working hours for childcare at all workplaces, including on-site railway workplaces.

As we confirm the extent that personnel system reforms are taking root, I want us to constantly review them and continue to link them to the sustained growth of the business, even during the coronavirus pandemic.



## Shareholders and investors

With a clear Corporate Philosophy that is suitable for the era, as a business trusted broadly by society, we believe that one of our most important duties is increasing management transparency, with strict adherence to laws and regulations as a given, and have established a Disclosure Policy. Based on this policy, we are endeavoring to continuously disclose information that is impartial, timely and appropriate to our stakeholders, starting with shareholders and investors.

### Relationships with shareholders and investors

#### Disclosing financial information in a timely and appropriate manner

For our shareholders, as an effort to invigorate regular general meetings of shareholders and smooth the exercise of voting rights, we strive to send meeting notifications early as well as disclose them in advance electronically through TDnet as a rule.

#### Promoting extensive dialog with shareholders and investors

In order to have many shareholders attend our regular general meetings of shareholders, we avoid holding them on days when many other such meetings are held, and strive to proactively provide information and hold conscientious question-and-answer sessions. Our 104th regular general meeting of shareholders, which was the most recent, was affected by the spread of the coronavirus pandemic. In holding it, we asked shareholders to voluntarily refrain from coming to the location and undertook other measures to prevent contagion.

In addition, we send them the NANKAI REPORT shareholder communication semi-annually so that they can understand the state of company management.

For institutional investors and analysts, we explain our management strategies, business details and business results through semi-annual Financial Results Briefings, for example. In addition, we are also working to promote thorough communication, including through facility tours, small meetings, conferences and individual interviews (conducted with remote formats in fiscal 2020).

The communication that we have with shareholders

and investors in IR events, as well as the opinions and observations that we benefit from through daily communications, are indispensable for formulating strategies and policies for growing continuously and increasing corporate value over medium and long-terms. We also applied these insights in the process of preparing the Nankai Group Fiscal 2021 Management Plan, which we issued on April 30, 2021.



Financial Results Briefing for institutional investors and analysts using a remote format

#### Utilizing our website and increasing disclosed information

On our official site, we have a "Company and IR Information" page where we post quarterly financial conditions and other IR materials (Only Japanese website). In response to opinions from our stakeholders, however, we are now also working to disclose non-financial information, including ESG data collections. We will continue working toward further increasing disclosure.



## Governance

**We are working continuously to strengthen and enhance corporate governance in order to maintain sustainable growth and increase corporate value over medium and long terms.**

### Our fundamental approach

We recognize that the strengthening of corporate governance functions is an important management issue. For this reason, we strive to implement strict adherence to laws and regulations first of all, while seeking to practice very transparent management and fair and rational decision-making, as well as strengthen the supervisory functions that oversee these processes. We respect all of the principles in "Japan's Corporate Governance Code,"

which was established by the Tokyo Stock Exchange. We are strengthening and investigating persistent functions related to corporate governance as we seek sustainable growth and increased corporate value over medium and long terms. Moreover, we converted to become a company with an audit and supervisory committee after receiving approval at the 104th Regular General Meeting of Shareholders held on June 25, 2021.

#### Simplified corporate governance structure chart (as of June 25, 2021)

Organizational design type	Company with an audit and supervisory committee
Number of Directors	15
Outside Director subtotal	8 (53%)
Female Director subtotal	3 (20%)
Number of Director/Audit & Supervisory Committee Members	6
Outside Director/Committee Member subtotal	4
Term of office for Directors	1 year (terms are 2 years for Director/Audit & Supervisory Committee Members)
Corporate Officer system implementation	Yes
Board of Directors discretionary committees	Nominating Committee and Compensation Committee established
Director compensation system	Compensation is divided into supervision compensation and execution compensation for directors (excluding directors who are also Audit & Supervisory Committee members) and executive corporate officers (senior corporate officer level and above).
Executive compensation system details	<p>(1) Supervision compensation Directors are paid a fixed amount in cash monthly according to work responsibilities.</p> <p>(2) Execution compensation Executive corporate officers are paid this, which is comprised of basic compensation, bonuses and stock compensation. The composition of compensation is 60% basic compensation, 25% bonuses, 15% stock.</p> <p>① Basic compensation This fixed amount is paid in cash monthly according to roles and responsibilities.</p> <p>② Bonuses Amounts calculated based on "company performance" and "individual performance" for the applicable fiscal business year are paid in a lump sum of cash after the completion of the regular General Meeting of Shareholders for that year. The ratio of company performance to individual performance is 70:30. For the president, however, only company performance is calculated.</p> <p>③ Stock compensation A trust established through cash contributions made by our company acquires our company stock either by disposing of treasury shares or by obtaining shares from a stock exchange (including in after-hours trading). Then, a proportionate number of our company shares are granted through this trust to senior corporate officers according to the number of points given to them by our company. As a rule, the timing of granting company shares to executive corporate officers is when they retire from their positions.</p>
Accounting auditor	KPMG AZSA LLC



## Governance systems

### Overview of corporate governance systems and reasons for their adoption

We became a company with an audit and supervisory committee, and we are raising the number and ratio of Outside Directors with voting rights on the Board of Directors. We are seeking to strengthen the supervisory functions of the Board as well as increase management transparency. Moreover, we will stay focused on transitioning to a monitoring board by entrusting some of the business execution decision-making power of the Board to the Directors themselves and improving the maneuverability of business execution. Furthermore, we clearly divide the functions of business execution and supervision by making our corporate officers the ones responsible for business execution.

For our Board of Directors, considering the nature of our business, which has the responsibility to society of

assuring safe transportation, we have appointed a suitable number of directors from within the company for their expertise in the railway business and transportation safety management. On the other hand, more than half of our directors are appointed from outside the company. We are assuring impartiality, objectivity and transparency in decision-making processes about important management issues, starting with nominations and compensation, by establishing nominating and compensation committees with over half the membership comprised of outside directors.

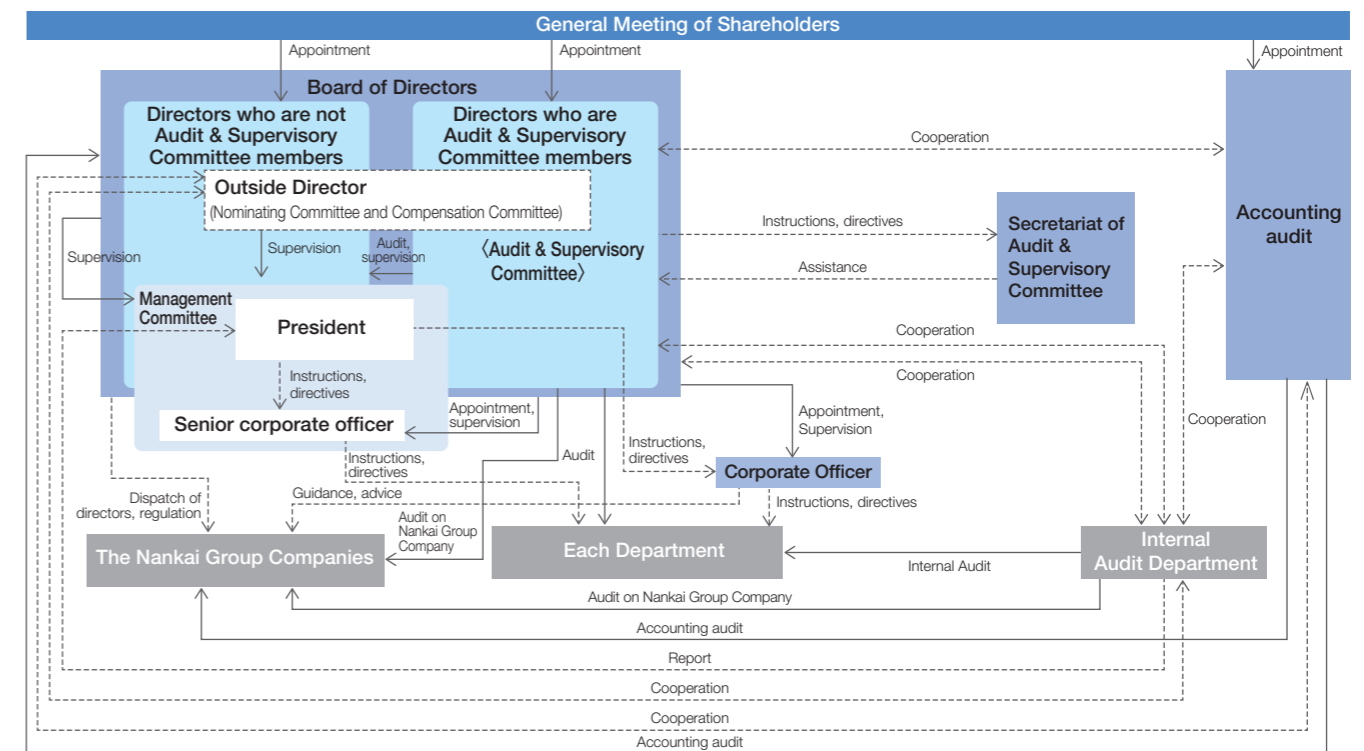
Furthermore, we are striving to strengthen management supervision functions through the Board of Directors and the Audit & Supervisory Committee. For example, regular reports are given on the state of application of internal control systems, including internal auditing plans and results reports.

### Changes to strengthen governance systems

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Organizational design		Company with board of company auditors											
Executive composition	Number of Directors	13									9	8	15 (6)*
	Outside Directors	3											8 (4)*
	Number of Auditors	5											
	Outside Auditors	3											
	Independent executives	5								4	5	6	8
Executive term length	Directors	2 years									1 year		
	Auditors	4 years											
	Director/Audit & Supervisory Committee Members												2 years

\*The number in ( ) is the number of Director/Audit & Supervisory Committee Members

### Changes to strengthen governance (as of June 25, 2021)



### Business execution

#### Board of Directors

The Board of Directors consists of 15 members, of whom 8 are Outside Directors and 6 are also Audit & Supervisory Committee Members. (The Representative Director President is the chairperson and the General Affairs and Public Relations Department is the secretariat). The Board meets on a monthly basis in principle to determine fundamental policies for management and company business execution as well as to supervise the execution of duties by Directors. Moreover, based on provisions in our articles of incorporation and determinations by the Board of Directors, we are seeking to improve maneuverability in business execution by authorizing directors to make important business execution decisions.

#### Management Committee

The Management Committee meets once per week as a deliberation organization to aid the president in making decisions about important business execution based on the fundamental management policies established by the Board of Directors. Comprised of Senior Corporate Officers with the President as the chairperson and the General Affairs and Public Relations Department as the secretariat, this committee seeks to comprehensively control business execution and optimize management decision-making.

#### Nominating Committee

We are ensuring impartiality, objectivity and transparency in the nominating process and have established a Nominating Committee (Chairperson: Outside Director Sono Kiyoshi; members: Representative Director President Achikita

Teruhiko, Outside Directors Tsunekage Hitoshi and Koezuka Miharu, and Outside Director/Audit & Supervisory Committee Member Kunibe Takeshi).

This committee deliberates the following items ahead of the Board of Directors.

- Determination of candidates for Director, selection of the President and appointment of Corporate Officers
- Propriety of dismissing Corporate Officers, and discharging or not reappointing the President
- Concrete implementation status of succession plans for people in charge of management based on how they should be as determined by the Board of Directors and selection policies

#### Compensation Committee

We are ensuring impartiality, objectivity and transparency in the compensation determination process and have established a Compensation Committee (Chairperson: Outside Director Tsunekage Hitoshi; members: Representative Director President Achikita Teruhiko, Outside Directors Sono Kiyoshi and Mochizuki Aiko, and Outside Director/Audit & Supervisory Committee Member Miki Shohei).

From decisions made by the Board of Directors, the Representative Director President is entrusted to determine the compensation of individual directors (excluding Directors who are also Audit & Supervisory Committee Members) and Senior Corporate Officers. However, those decisions must receive approval from this committee. Moreover, when revising policies related to amounts of executive compensation, for example, or the determination of calculation methods for them, this committee deliberates the content before decisions by the Board of Directors.



### Status of audits by the Audit & Supervisory Committee

Seeking sustainable growth and increased corporate value over medium and long terms, and as one aspect of strengthening and enhancing corporate governance, we converted to a company with an audit and supervisory committee after receiving approval at the 104th Regular General Meeting of Shareholders held on June 25, 2021.

Our Audit & Supervisory Committee consists of six members, including four Outside Directors. Members selected by this committee investigate the business and financial conditions of our company and subsidiaries. In addition, the Audit & Supervisory Committee deliberates, makes decisions and takes other actions to audit the execution of work duties by Directors. Moreover, full-time staff are assigned in a structure to support the duties of the Audit & Supervisory Committee. In order to ensure the independence of these staff members, personnel matters, including transfer and evaluation, are discussed with the Committee in advance.

In fiscal 2020, as a company with a board of company auditors, our Board of Auditors, which consists of 5 Auditors (chairperson: Full-time Corporate Auditor; secretariat: Corporate Auditor's Office), met once a month in principle and audited the execution of duties.

In fiscal 2020, our Board of Auditors held meetings 13 times with attendance as shown below.

The main subjects of investigation for the Board of Auditors include basic issues related to auditing reports and auditing, the status of Kyoso 136 Plan progress, Management Committee measures and reporting items, the auditing status of accounting auditors, the evaluation of accounting auditors and the status of internal audits, as well as plans for the next fiscal year.

#### Fiscal 2020 Board of Auditors attendance record

	Name	Meetings eligible	Meetings attended
Senior Corporate Auditor	Katsuyama Masafumi	3	3
Senior Corporate Auditor	Iwai Keichi	13	13
Senior Corporate Auditor	Urai Keiji	10	10
Outside Auditor	Oku Masayuki	3	3
Outside Auditor	Arao Kozo	13	13
Outside Auditor	Aiba Koji	13	13
Outside Auditor	Kunibe Takeshi	10	8

### Outside Directors

Outside Directors are expected to utilize their knowledge, experience and expertise as business managers and consultants, as well as public prosecutors and lawyers for the management of our company. From their independent perspectives, which are free of any relationships with our management that could cause significant reciprocal influence, they are responsible for providing suitable advice concerning the overall management of our group and the function of increasing the effectiveness of auditing and supervision.

In the selection of our Outside Directors, prerequisites include not having significant interests with our company and not being subject to independent standards determined by the Tokyo Stock Exchange at the time of independent officer notification. Other requirements are that they have the necessary knowledge and experience for supervising and auditing the execution of the diverse range of duties in our corporate group business, starting with our railway business in which the assurance of safe transportation is our social mission. They must also possess the desire and disposition to work proactively in order to appropriately fill the roles expected of them from positions of independence to meet the responsibilities entrusted by our shareholders.

Based on these expectations, our company selects Outside Directors that are independent. We believe that these appointment conditions are functioning sufficiently for maintaining and improving our corporate governance systems.

#### Support system

In order to make supervising and auditing by Outside Directors, including those who are also Audit & Supervisory Committee Members, effective, the Chief Manager of the General Affairs and Public Relations Department, as the secretary for the Board of Directors, provides them with the materials for Board of Directors meetings in advance whenever possible. As necessary, they also arrange for them to receive explanations from officers in charge and others about the agenda and the contents of meetings beforehand. Through these efforts, we are striving to ensure the propriety of decision-making procedures at Board of Directors meetings. In addition, we provide absent Outside Directors materials on the deliberation and reporting, as well as deliberation notifications.

The Secretariat of the Audit & Supervisory Committee communicates information about the date and time of Audit & Supervisory Committee meetings as well as the agenda in advance. As necessary, it also supports on-site audits at business locations. Moreover, full-time Audit & Supervisory Committee Members make reports to provide explanations to the Outside Director/Audit & Supervisory Committee Members as necessary. This includes information that is helpful in the conduct of audits extracted from content recorded at Management Committee meetings and other approved documents.

### Reasons for Outside Director appointments

Name	Independent Officer	Audit & Supervisory Committee Member	Reasons for selection
Sono Kiyoshi	○		Based on his extensive experience gained as a bank manager, we believe that he will provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Furthermore, as the Chairperson of the Nominating Committee and as a member of the Compensation Committee, we expect him to participate and advise based on his broad perspective during considerations related to nominations and compensation for our management.
Tsunekage Hitoshi	○		Based on his extensive experience gained as a bank manager, we believe that he will provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Furthermore, as a member of the Nominating Committee and as the Chairperson of the Compensation Committee, we expect him to participate and advise based on his broad perspective during considerations related to nominations and compensation for our management.
Koezuka Miharu	○		Based on her broad perspective gained as a department store manager, we believe that she will provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Furthermore, as a member of the Nominating Committee, we expect her to participate and advise based on her broad perspective during considerations related to nominations for our management.
Mochizuki Aiko	○		Based on her expertise as a certified public accountant and her broad perspective cultivated as a consultant, we believe that she will provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Furthermore, as a member of the Compensation Committee, we expect her to participate and advise based on her broad perspective during considerations related to compensation for our management.
Arao Kozo	○	○	Based on his specialized knowledge and extensive experience gained as a lawyer in the practice of corporate law over many years, we believe that he will raise the effectiveness of auditing and supervision at our company from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Moreover, as the Chairperson of the Audit & Supervisory Committee, we expect that he will assure the impartiality and objectivity of the committee and contribute to increasing its effectiveness. Furthermore, he is an expert in corporate law and is knowledgeable about finances and accounting.
Kunibe Takeshi	○	○	Based on his specialized knowledge and broad perspective gained as a bank manager, we believe that he will raise the effectiveness of auditing and supervision at our company from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Moreover, as a member of the Nominating Committee, we expect him to participate and advise based on his broad perspective during considerations related to nominations for our management. Furthermore, through his business experience at a bank, he is knowledgeable about finances and accounting.
Miki Shohei	○	○	Based on his broad perspective gained as an executive director of a life insurance company, we believe that he will raise the effectiveness of auditing and supervision at our company from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Moreover, as a member of the Compensation Committee, we expect him to participate and advise based on his broad perspective during considerations related to compensation for our management. Furthermore, through his business experience at a life insurance company, he is knowledgeable about finances and accounting.
Igoshi Tomoko	○	○	Based on her extensive experience and specialized knowledge in the legal field, we believe that she will raise the effectiveness of auditing and supervision at our company from an independent standpoint, which is free of any relationships with our management that could cause significant reciprocal influence. Moreover, we expect that she will provide advice and recommendations from the standpoint of compliance in particular. Furthermore, through her work experience as a public prosecutor, she is knowledgeable about finances and accounting.

### Executive training

We conduct the following trainings that are necessary for directors to fulfill their roles and duties.

All executives	We encourage participation to attend external lectures and related expenses will be provided by the Company as appropriate.
Internal	—
New appointment	We provides explanations by experts in law and corporate governance.
External	We conduct tours of the Group's facilities, etc.
New appointment	We provide explanations regarding the Company's business description, financial condition, management strategy, etc.

### Effectiveness evaluations for the Board of Directors

We analyze and evaluate the effectiveness of the entire Board of Directors every year at a Board meeting based on self-evaluations using questionnaires by every director, for example.

In fiscal 2020, our Board of Directors is generally operating well. We were able to confirm that some improvements have been made for issues identified based on the analysis and evaluation of the previous fiscal year. For these reasons, our analysis and evaluation are that the effectiveness of the entire Board of Directors is being maintained. On the other hand, issues where improvements are desirable continue to remain. These include thorough implementation of PDCA cycles for the Fiscal 2021 Management Plan, assuring deliberation time and opportunities related to sustainable management and risk management, and further improvement of Board of Directors operation methods utilizing IT tools. Based on these issues, we will continue advancing efforts to further improve the effectiveness of the Board of Directors as a whole.



List of executives (as of June 25, 2021)

Directors					
	Achikita Teruhiko	Takagi Toshiyuki	Ashibe Naoto	Kajitani Satoshi	Otsuka Takahiro
Position	President and CEO	Representative Director Senior Managing Corporate Officer	Representative Director Senior Managing Corporate Officer	Director Managing Corporate Officer	Director Senior Corporate Officer
Brief personal record	Apr., 1978 Joined Nankai Electric Railway Jun., 2013 Became Director Jun., 2015 Became Representative Director and CEO (current) Jun., 2015 Became Director and President Jun., 2019 Became President (current) Jun., 2019 Put in charge of Risk Management Division (current)	Apr., 1983 Joined Nankai Electric Railway Jun., 2011 Became Director Jun., 2013 Became Managing Director Jun., 2017 Became Representative Director Jun., 2017 Became Senior Managing Director Jun., 2019 Became Senior Managing Corporate Officer (current) Jun., 2019 Became Senior Managing Corporate Officer (current) Jun., 2021 Became Community Development and Creation Division General Manager (current)	Apr., 1984 Joined Nankai Electric Railway Jun., 2015 Became Director Jun., 2017 Became Managing Director Jun., 2019 Became Director Jun., 2019 Became Managing Corporate Officer Jun., 2021 Became Representative Director (current) Jun., 2021 Became Senior Managing Corporate Officer (current) Jun., 2021 Became Group Management Division General Manager (current), Human Resources Strategy Department Chief Manager (current)	Apr., 1987 Joined Nankai Electric Railway Jun., 2016 Became Administrative Planning Department Chief Manager Jun., 2017 Became Director (current) Jun., 2019 Became Senior Corporate Officer Jun., 2019 Became Railway Business Division General Manager (current) Jun., 2020 Became Managing Corporate Officer (current)	Apr., 1992 Joined Nankai Electric Railway Jun., 2017 Became Administrative Planning Department Chief Manager Jun., 2018 Became Accounting & Finance Department Chief Manager Jun., 2019 Became Corporate Officer Jun., 2020 Became Senior Corporate Officer (current) Jun., 2021 Became Director (current) Jun., 2021 Became Corporate Policy Division General Manager (current)
Number of years in position	8	10	6	4	New appointment
Number of shares owned (hundreds of shares)	188 (77)	135 (38)	77 (32)	67 (30)	23 (15)
Board of Directors attendance	12 / 12	12 / 12	12 / 12	12 / 12	—
Board of Auditors attendance					
<b>Committee membership</b>					
Nominating Committee	○				
Compensation Committee	○				
<b>Audit &amp; Supervisory Committee</b>					
<b>Expertise/experience</b>					
Corporate management/management strategy	○	○	○	○	○
Sustainability management	○	○			
Law/compliance/risk management	○				
Finance/accounting					○
Human resources strategy/management			○		
IT/digital					○
Railway/mobility services			○	○	
Real estate/community development		○			○
Marketing	○				

\* The number of years in position also includes time as a Director or Auditor before the company became a company with an audit & supervisory committee.  
 \* The number of shares owned shown in parentheses are those planned to be granted when they resign based on our stock compensation system.  
 \* The attendances shown for meetings of the Board of Directors and Board of Auditors are for fiscal 2020 (April 1, 2020 – March 31, 2021).  
 \* The expertise and experience shown include fields for which we have expectations of the directors.

Directors who are Audit & Supervisory Committee members						
	Sono Kiyoshi	Tsunekage Hitoshi	Koezuka Miharu	Mochizuki Aiko	Iwai Keiichi	Urai Keiji
Position	Outside Director	Outside Director	Outside Director	Outside Director	Director/Audit & Supervisory Committee Member (full-time)	Director/Audit & Supervisory Committee Member (full-time)
Brief personal record	Apr., 1976 Joined Sanwa Bank, Limited Jun., 2015 Became Mitsubishi UFJ Financial Group Director and Representative Corporate Executive Chairman Jun., 2017 Became Nankai Electric Railway Director (current) Apr., 2019 Became Mitsubishi UFJ Financial Group Director and Managing Corporate Executive Chairman (resigned April 2021) Jun., 2019 Became Mitsubishi UFJ Financial Group Managing Corporate Officer Apr., 2021 Became MUFG Bank, Ltd. Special Adviser (current)	Apr., 1977 Joined Sumitomo Trust Bank Apr., 2011 Became Sumitomo Mitsui Trust Holdings Director and Chairman Apr., 2012 Became Sumitomo Mitsui Trust Bank Director and President Apr., 2017 Became Director and Chairman of same (resigned March 2021) Jun., 2017 Became Sumitomo Mitsui Trust Holdings Director (resigned June 2021) Jun., 2019 Became Nankai Electric Railway Director (current) Apr., 2021 Became Sumitomo Mitsui Trust Bank, Special Adviser (current)	Apr., 1979 Joined Takashimaya Company Sep., 2013 Became Senior Managing Director (resigned May 2016) Jun., 2019 Became Nankai Electric Railway Director (current)	Apr., 2002 Joined Chuo Aoyama Audit Corporation Apr., 2005 Registered as a certified public accountant Aug., 2007 Joined Industrial Growth Platform, Inc. Oct., 2016 Became Partner and Managing Director (current) Jul., 2018 Became IGPI Technology Representative Director and CEO (current) Jun., 2021 Became Nankai Electric Railway Director (current)	Apr., 1983 Joined Nankai Electric Railway Jun., 2009 Became Accounting & Finance Department Chief Manager Jun., 2011 Became Director Jun., 2013 Became Managing Director Jun., 2019 Became Senior Corporate Auditor (full-time) Jun., 2021 Became Director/Audit & Supervisory Committee Member (full-time) (current)	Apr., 1986 Joined Nankai Electric Railway Jun., 2018 Became Planning Management Chief Manager and IT Promotion Department Chief Manager Jun., 2019 Became Corporate Officer Jun., 2019 Became Risk Management Division General Manager Jun., 2020 Became Senior Corporate Auditor (full-time) Jun., 2021 Became Director/Audit & Supervisory Committee Member (full-time) (current)
Number of years in position	4	2	2	New appointment	10	1
Number of shares owned (hundreds of shares)	—	—	4	—	107	22
Board of Directors attendance	11 / 12	11 / 12	12 / 12	—	12 / 12	10 / 10
Board of Auditors attendance					13 / 13	10 / 10
<b>Committee membership</b>						
Nominating Committee	○ (Chairperson)	○	○			
Compensation Committee	○	○ (Chairperson)		○		
<b>Audit &amp; Supervisory Committee</b>						
<b>Expertise/experience</b>						
Corporate management/management strategy	○	○	○	○		
Sustainability management	○	○	○			
Law/compliance/risk management	○				○	○
Finance/accounting	○	○		○	○	
Human resources strategy/management		○				○
IT/digital				○		
Railway/mobility services						
Real estate/community development						
Marketing			○	○		



Directors who are Audit & Supervisory Committee members

	Arao Kozo	Kunibe Takeshi	Miki Shohei	Igoshi Tomoko
Position	Outside Director Audit & Supervisory Committee Member	Outside Director Audit & Supervisory Committee Member	Outside Director Audit & Supervisory Committee Member	Outside Director Audit & Supervisory Committee Member
Brief personal record	<p>Jul., 1971 Registered as an attorney</p> <p>Apr., 1996 Became Osaka Bar Association Vice Chairperson (resigned March 1997)</p> <p>Jun., 2010 Became Nankai Electric Railway auditor</p> <p>Jun., 2021 Became Director/Audit &amp; Supervisory Committee Member (current)</p>	<p>Apr., 1976 Joined Sumitomo Bank, Limited</p> <p>Jun., 2003 Became Sumitomo Mitsui Banking Corporation Corporate Officer</p> <p>Oct., 2006 Became Managing Corporate Officer</p> <p>Apr., 2007 Became Sumitomo Mitsui Banking Corporation Director and Senior Managing Corporate Officer</p> <p>Jun., 2007 Became Director</p> <p>Apr., 2009 Became Sumitomo Mitsui Banking Corporation Director and Senior Managing Corporate Officer</p> <p>Apr., 2011 Became president and Chief Corporate Officer (resigned April 2017)</p> <p>Apr., 2017 Became Sumitomo Mitsui Financial Group Director and President</p> <p>Jun., 2017 Became Director, CEO and President</p> <p>Apr., 2019 Became Director and Chairman (current)</p> <p>Jun., 2020 Became Nankai Electric Railway auditor</p> <p>Jun., 2021 Became Director/Audit &amp; Supervisory Committee Member (current)</p>	<p>Apr., 1982 Joined Nippon Life Insurance Company</p> <p>Mar., 2015 Became Director and Senior Managing Corporate Officer</p> <p>Mar., 2016 Became Director (resigned July 2016)</p> <p>Apr., 2016 Became Representative Director, Executive Vice President and Corporate Officer of Mitsui Life Insurance Company (now Taiju Life Insurance Company)</p> <p>Jun., 2018 Became Chairperson of Nippon Life Saiseikai (current)</p> <p>Jun., 2021 Became Nankai Electric Railway Director/Audit &amp; Supervisory Committee Member (current)</p>	<p>Apr., 1980 Appointed public prosecutor</p> <p>Jan., 2009 Became Chief Public Prosecutor of Matsue District Public Prosecutors Office</p> <p>Apr., 2011 Became public prosecutor of Supreme Public Prosecutors Office</p> <p>Nov., 2011 Became Chief Public Prosecutor of Tsu District Public Prosecutors Office (resigned as public prosecutor November 2012)</p> <p>Feb., 2013 Registered as an attorney (canceled registration March 2020)</p> <p>Jun., 2021 Became Nankai Electric Railway Director/Audit &amp; Supervisory Committee Member (current)</p>
Number of years in position	11	1	New appointment	New appointment
Number of shares owned (hundreds of shares)	2	—	—	—
Board of Directors attendance	12 / 12	8 / 10	—	—
Board of Auditors attendance	13 / 13	8 / 10	—	—

Committee membership

Nominating Committee	○	○	○	○
Compensation Committee	○	○	○	○
Audit & Supervisory Committee	○ (Chairperson)	○	○	○

Expertise/experience

Corporate management/management strategy	○	○	○	○
Sustainability management	○	○	○	○
Law/compliance/risk management	○	○	○	○
Finance/accounting	○	○	○	○
Human resources strategy/management	○	○	○	○
IT/digital	○	○	○	○
Railway/mobility services	○	○	○	○
Real estate/community development	○	○	○	○
Marketing	○	○	○	○

Corporate Officers  
(Not including those who are also Directors)

**Kiyohara Yasuhito**  
Senior Corporate Officer  
Community Development and Creation Division  
Deputy General Manager

**Nikaya Yoshinori**  
Senior Corporate Officer  
Real Estate Division General Manager

**Nishikawa Takahiko**  
Senior Corporate Officer  
Innovation Creation Division  
General Manager

**Okajima Nobuyuki**  
Senior Corporate Officer  
Railway Business Division  
Deputy General Manager,  
Railway Business & Train  
Stock Department Chief  
Manager

**Okamoto Keisuke**  
Corporate Officer  
Risk Management Division  
General Manager

**Wada Shinji**  
Corporate Officer  
Innovation Creation Division  
Deputy General Manager,  
New Business Department  
Chief Manager

**Kawata Hitoshi**  
Corporate Officer  
Community Development and Creation Division  
Deputy General Manager,  
Development Department  
Chief Manager

**Saito Hironori**  
Corporate Officer  
President's Division General  
Manager

**Suzuki Kazuaki**  
Corporate Officer  
Group Management Division  
Deputy General Manager,  
Personnel Department Chief  
Manager

**Kobayashi Atsushi**  
Corporate Officer  
Innovation Creation  
Division Deputy General  
Manager, Business Reform  
Department Chief Manager,  
Railway Business Division  
Planning & Management  
Department Chief Manager,  
Real Estate Division  
Planning & Management  
Department Chief Manager

**Kaga Itaru**  
Corporate Officer  
Railway Business Division  
Deputy General Manager

**Matsumoto Yasuyuki**  
Corporate Officer  
Corporate Policy Division  
Deputy General Manager,  
Corporate Strategy  
Department Chief Manager

Executive compensation system

Details and determination methods of policies related to determining amounts and calculation methods for executive compensation and other remuneration

Compensation is divided into supervision compensation and execution compensation for directors (excluding Directors who are Audit & Supervisory Committee members; same below) and executive corporate officers (Senior Corporate Officer level and above). For supervision compensation, we pay directors fixed amounts in cash monthly according to work responsibilities. We pay execution compensation, which is comprised of basic compensation, bonuses and stock compensation, to executive Corporate Officers. The composition of their compensation is 60% basic, 25% bonuses and 15% stock. This was devised in

consideration of increasing incentives to improve business results and to deepen management conscious of shareholder value and stock prices. Details are provided in the table below.

From decisions made by the Board of Directors, President and CEO Achikita Teruhiko is entrusted to determine the compensation of individual Directors and executive Corporate Officers. The President has authority related to decisions about remuneration for each executive position as well as to evaluations and decisions about the individual performance of executive Corporate Officers. However, these decisions must receive approval from the Compensation Committee. Moreover, this committee deliberates the content before the Board of Directors when revising policies related to amounts of executive compensation, for example, or the determination of calculation methods for them. The compensation of Directors who are also members of the Audit & Supervisory Committee is determined through a meeting of their members.

Decision date of the General Meeting of Shareholders related to executive compensation and other details of that decision

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 (with 50 million yen for outside directors, and not including employee salaries). (This covered 9 people, including 4 Outside Directors, at that time.)

Moreover, in addition to the above, the adoption of a stock compensation system using trusts was decided at the same general meeting.

At the 104th Regular General Meeting of Shareholders held on June 25, 2021, the maximum amount of compensation for Directors who are Audit & Supervisory Committee members was set at 90 million yen. (This covered 6 people at that time.)

Overview of stock compensation system

People covered	Directors (excluding those who are Audit & Supervisory Committee members and Outside Directors) and executive Corporate Officers (excluding those who are also Directors or residing overseas)
Applicable term	From the end of the 102nd Regular General Meeting of Shareholders until the end of the General Meeting of Shareholders for the latest business year ending within three years of the 102nd Regular General Meeting of Shareholders
Maximum monetary amount contributed by our company as funds for acquisition of our corporate stock that is necessary for granting	180 million yen total (Equivalent to 60 million yen annually)
Stock acquisition methods	By disposing of treasury shares or by obtaining shares from a stock exchange (including in after-hours trading)
Maximum total number of points granted to people covered	Equivalent to 24,000 points annually
Point granting standard	Points assigned according to executive position and other factors (1 point is equivalent to 1 share of our company)
Granting period	As a rule, when a covered executive resigns from Director and executive Corporate Officer positions at our company

Compensation ratios

Basic compensation (60/100)	<ul style="list-style-type: none"> <li>Fixed amount according to roles and responsibilities, paid in cash monthly.</li> <li>Amounts calculated based on "company performance" and "individual performance" for the applicable fiscal business year are paid in a lump sum of cash after the completion of the regular General Meeting of Shareholders for that year</li> <li>The ratio of company performance to individual performance is 70:30.</li> <li>Only company performance is calculated for the president</li> </ul>
Bonuses (25/100)	<p>Company performance portion</p> <ul style="list-style-type: none"> <li>If the level set in advance for a conditional indicator is cleared, this is calculated and paid according to the performance conditions of the target indicator</li> </ul> <p>&lt;Conditional indicators&gt;</p> <ul style="list-style-type: none"> <li>Believing that assuring a certain level of profit and being able to steadily provide dividends to shareholders each business fiscal year is a condition for payment, we have set "profit attributable to owners of parent" as a conditional indicator</li> <li>This is not paid if profit attributable to owners of parent for the subject fiscal year falls below 70% of the average of the past five years, excluding the highest and lowest values</li> </ul>
	<p>&lt;Target indicators&gt;</p> <ul style="list-style-type: none"> <li>In order to increase incentives for achieving the Nankai Group Business Vision 2027, consolidated operating income, which is a numerical target in this vision, is set as a target indicator</li> <li>Regarding the performance ratio for the budget formulated at the beginning of the period, this is reflected linearly (proportionally) from 80% to 120% in the payment rates, and the paid amount varies between 50% and 150% when the standard amount is 100%</li> <li>This is not paid if the performance ratio falls below 80%</li> <li>Targets and results for indices related to compensation based on performance in fiscal 2020</li> <li>At the beginning of this fiscal year, we failed to rationally comprehend the impacts the spread of the coronavirus pandemic would have on our group and we had difficulty setting targets. Considering this and reflecting on the severe business environment caused by the pandemic, we postponed the provision of bonuses related to this fiscal year. For this reason, there are no targets or results for indices that should be noted.</li> </ul>
Stock compensation (15/100)	<p>Individual performance portion</p> <ul style="list-style-type: none"> <li>The president evaluates the overall achievement of targets presented in the "management plan" prepared each fiscal year on a four-level scale and determines the pay ratio from this result</li> <li>The paid amount varies between 0% or 70% and 130% when the standard amount is 100%</li> </ul>
	<ul style="list-style-type: none"> <li>A trust established through cash contributions made by our company acquires our company stock either by disposing of treasury shares or by obtaining it from a stock exchange (including in after-hours trading), and then a proportionate number of our company shares are granted through this trust to subject executives according to the number of points given to them by our company</li> </ul>



## Messages from outside directors



Outside Director  
Nominating Committee  
Chairperson

Sono Kiyoshi

### I am applying all my abilities so I can continue supporting the further development of the Nankai Group.

My name is Sono, and I am an Outside Director.

This company became a company with an audit and supervisory committee at the regular General Meeting of Shareholders held in June 2021. As a result, in addition to the Board of Directors, which has a majority of outside directors, and the Auditing Committee, a Nominating Committee and Compensation Committee were added voluntarily. Under this system with three committees, we are further strengthening and enhancing corporate governance and continuing to seek sustainable growth and increased corporate value over the medium and long terms.

As the spread of the coronavirus pandemic lengthens around us, the business environment that had been assumed before by this company has changed greatly. For example, we have the expansion of remote work and other social transformations, as well as the increased uncertainty about future inbound travel demand. Even under these circumstances, the mission of this group is still the same: contribute to solving problems in communities along railway lines and supporting development by realizing the business vision to “have our railway lines and corporate group be chosen because we provide satisfaction and inspiration.”

These governance system changes express the intention of protecting the profits and rights of shareholders and stakeholders while sustaining business management transparency under all circumstances. I believe that the stance of fulfilling the trust of society through management infused with a sense of speed is something that can be very positively evaluated.

Corporate governance has two purposes. One is “defensive” governance that seeks to raise the effectiveness of supervision over business execution. The other is “offensive” governance that seeks to realize continuous growth and corporate value increase while balancing corporate social responsibility and shareholder profit-seeking. Both purposes are important.

As an Outside Director and Nominating Committee Chairperson, I will utilize my management experience and knowledge from financial institutions with confidence and continue to support the further development of the corporate group. I will use all my abilities to formulate plans for successors that can lead in an age of transformation from both “offensive” and “defensive” angles, selecting diverse Outside Directors who will contribute to further increasing the effectiveness of the Board of Directors of this company.



Outside Director  
Compensation Committee  
Chairperson

Tsunekage Hitoshi

### I will strive to be helpful in achieving both “the increase of value as a sustainable company,” and “the realization of a sustainable society.”

My name is Tsunekage Hitoshi and I have been serving as an Externally Appointed Director since June 2019.

The COVID-19 pandemic has accelerated the transformation of societies and economies, and customer values and behaviors have also changed greatly. Transportation is the main group business. Recognizing this is important public infrastructure, which supports the foundation for lives that are safe, comfortable and provide peace of mind, has created an opportunity to investigate and consider again what it means to be close to the areas along railway lines and the lifestyles of customers.

During circumstances like these, we are continuing the Nankai Group Business Vision 2027, which we announced in 2018, and we are seeking to “have our railway lines and corporate group be chosen because we provide satisfaction and inspiration.” In terms of business results, trials due to the pandemic can be expected to continue. However, my opinion is that we should mobilize company forces for measures to invigorate areas along railway lines, starting with “creating a Greater Namba.” In fact, we should take this opportunity to put all our efforts into creating business structures that can withstand headwinds.

Moreover, the Sustainability Policy that we issued in April 2021 takes a bird’s eye view of issues surrounding “achieving both growth and sustainability” to prepare for the world of 2050. These include the aging of society and the increase in natural disasters. This policy declares our mission to be combining and synergistically providing a variety of services centered on our

transportation services. We will proactively perceive changes in the business environment, including the global trend toward carbon neutrality and the acceleration of the digital shift. Doing so, we will continue to further elevate the high levels of our abilities for creating value along our railway lines and to contribute to the development of communities and society.

For the Japanese economy to recover, the restoration of Osaka and the Kansai region is indispensable. I believe that achieving both “the increase of value as a sustainable company,” and “the realization of a sustainable society” are crucial for this purpose. I myself will utilize my financial institution managerial experience and knowledge to oversee management as an Outside Director and Compensation Committee Chairperson in order to assist these efforts.



Outside Director/Audit &  
Supervisory Committee Member  
Audit & Supervisory Committee  
Chairperson

Arao Koza

### I will fulfill my Audit & Supervisory Committee duties from the perspective of guarding stakeholder interests.

I am Arao Koza, an Outside Director and Audit & Supervisory Committee Member.

This company switched to being a company with an audit and supervisory committee in June 2021 in order to strengthen management and corporate governance. The Board of Directors is comprised of 15 Directors, including 8 Outside Directors, with 6 of the total being Audit & Supervisory Committee Members. By largely assigning business execution authority to the responsible directors, a proactive management promotion system with fast, bold and appropriate risk-taking has been established. The Board of Directors now checks, deliberates and decides on efforts related to funding policies and sustainability, particularly fundamental management policies and medium and long-term management plans and annual budgets, for example. In addition to the auditing authority that Directors who are Audit & Supervisory Committee Members had previously, they have also been endowed with voting rights on the Board of Directors.

For this reason, the responsibilities of the Audit & Supervisory Committee, which monitors the business execution of the Executive Directors from an auditing perspective, can be said to have become significantly heavier. I want us to conduct airtight auditing using three-party auditing, in other words, having this committee, the Internal Auditing Department and accounting auditors coordinate and establish auditing plans.

In the auditing of the company, the highest priority is assuring safety in the core transportation business. In addition, other important issues include the administration and auditing of group companies that cover real estate, including development along rail lines, and a wide range of businesses as well as the prevention of business scandals, which are the greatest risks for businesses. For these issues, I want this committee to be diligent gathering information and undertake detailed auditing to fulfill our duties through participation in important company meetings, inspection of company documents, listening to reports about related divisions and conducting on-site inspections, for example.

While based in sustainability and ESG approaches, as well as the aims of the Corporate Governance Code revised in June 2021, for example, I want us to keep working on auditing by always keeping the perspective of protecting the interests of all stakeholders, including investors. I am convinced that this will contribute to sustainable growth and increased corporate value over medium and long terms.



## Internal control systems

### Systems to ensure that execution of work by Directors and other members of our company and subsidiary companies complies with laws and articles of incorporation

For the healthy development of our company and Group companies and for the institution of business ethics, we have created a Code of Business Ethics and established a dedicated organization responsible for the promotion of internal auditing and compliance management.

As guidelines for ingraining the spirit of this Code of Business Ethics, we have created a Compliance Manual that breaks things down to the business duty and action level for each individual officer and employee in our company and Group companies. Through this and other efforts, including trainings, we are striving to block relationships with anti-social forces and to infuse our staff with the ideals of compliance management. In addition, as a system to identify and rectify legal and ethical issues quickly, we established an internal reporting Business Ethics Hotline System for receiving reports from and consulting with officers and other employees.

Furthermore, we established a Compliance Committee, and we are deliberating various measures to advance compliance management. In the unlikely event that a serious compliance violation should occur, this committee will recommend corrections and recurrence prevention measures.

In addition, to ensure the reliability of our financial reporting, along with appropriately preparing and operating necessary systems, we are seeking to maintain and improve these systems through evaluations of effectiveness by our Internal Auditing Department.

### Systems to preserve and manage information related to the execution of professional duties by our directors

Following our Document Regulations and other in-house rules, we preserve and manage important meeting minutes, draft plans circulated for approval and other documents, which are created as necessary, related to the execution of professional duties by our directors and corporate officers, starting with those of the Board of Directors. Furthermore, having established a Security Policy, we have arranged systems to appropriately protect the information assets that belong to our company and to assure the confidentiality, completeness and availability of these assets.

### Regulations and other systems related to the management of loss risks for our company and subsidiaries

We have established Risk Management Guidelines as comprehensive standards to prevent the occurrence of risks (excluding serious accidents and disasters) and to minimize damage to our company and employees as well as passengers and customers should they occur. In addition, we have established countermeasure structures, emergency handling and other responses for when serious accidents or disasters occur or threaten to occur. Moreover, we have established Disaster Countermeasure Regulations with the goal of fulfilling our corporate social responsibilities by seeking to ensure the safety of passengers and other customers as well as employees during disasters and to recover quickly from them, minimizing damage.

Furthermore, in our Group Company Management Regulations, we strive to identify Group company risk information, and we establish that group companies must undertake risk management in accordance with our Risk Management Guidelines.

In our Railway Business, we have established Safety Management Regulations and created a Safety Promotion Committee in order to ensure transportation safety. We will continue striving to promote safety management even more.

In addition, for the management of risks that accompany the work that each department is responsible for in our company as well as the business operations of Group companies, we conduct trainings and prepare regulations and manuals as necessary for the departments and companies facing these risks.

### Systems to ensure that the professional duties of directors and other employees of our company and subsidiaries are executed effectively

In order to realize the systematic and effective administration of our business activities, our in-house regulations clearly define work systems and the division of administrative duties as well as the responsibilities, authorities, duties and other characteristics of every job position.

Moreover, we became a company with an audit and supervisory committee, and we entrust important business execution decisions to the Representative Director. In addition, we have adopted a corporate officer system, placing our corporate officers as the persons responsible for business execution. By clearly dividing business execution and supervision functions, we are seeking to increase the maneuverability of business execution. Based on the fundamental management policies established by the Board of Directors, the Management Committee, which is comprised of senior corporate officers, seeks to comprehensively control business execution and optimize management decision-making. For example, it meets once per week to deliberate the execution of important business.

While considering the maneuverability and independence of management, as well as the sizes, qualities and other characteristics of businesses, we establish fundamental policies for structural forms and organizational design based on our Group Company Guidance Policies to be used in the execution of professional duties by the directors of Group companies. Moreover, with the goals of ensuring the reliability of financial reports and increasing the efficiency of work, we have adopted shared services for financial work.

Furthermore, from the perspective of increasing management effectiveness, we are arranging systems to systematically implement internal audits through our Internal Auditing Department (including inspections of Group companies) in order to accurately discern the state of business operations and promote reforms.

### Systems related to reporting to our company about items concerning the execution of professional duties by directors and other staff at subsidiary companies

Based on our Group Company Guidance Policies and Group Company Management Regulations, we closely coordinate mutual understanding between our company and our Group companies, and we require approval in advance for some important management items, starting with plans to

invest in important equipment. In addition, we also request appropriate reporting when necessary.

### Other systems to ensure the suitability of operations in the business group

We assign our executives and other employees as executives and management staff at Group companies, and we strive for unified management and effective control as a corporate group. In addition, through the deployment of semi-full-time auditors and group company auditor liaison committees, we seek to strengthen the functionality of Group company auditors and share information among them.

Moreover, we seek business suitability as an entire group. For example, we created IT Management Regulations and are working to establish IT control. In addition, our examination committee creates strict examination procedures for the financing of Group companies.

### Systems to ensure that audits are conducted effectively by our Audit & Supervisory Committee

We have established a Secretariat of the Audit & Supervisory Committee as a full-time organization to handle administration related to the Audit & Supervisory Committee. In accordance with our Company Regulations, the Secretariat of the Audit & Supervisory Committee is clearly separated from the system of command that includes the President and other Corporate Officers. The staff of the Secretariat follow the commands of the committee members and their transfer and evaluation requires approval from full-time committee members.

## Risk management

### Our fundamental approach

In order to respond appropriately to various risks, we have built a system to manage them in a cross-departmental manner. In addition, we are selecting risks that should be handled with priority. Based on this, we have established the Nankai Group Risk Countermeasures Plan and we are making efforts throughout the year to avoid and minimize risks in every department and Group company.

Furthermore, we are promoting risk management PDCA cycles, including checking and evaluating states of progress and reflecting this in plans for the following year.

The President, other Corporate Officers and the people who work for them request the attendance of full-time Audit & Supervisory Committee members at important meetings, including the Management Committee. At these meetings, they report about issues that are important to Company and Group management, including the status of business execution, operating results and financial conditions. They also arrange systems to transmit important documents, including circulated plans after approval and internal auditing reports. Furthermore, in response to requests from the Audit & Supervisory Committee and its full-time members, they also exchange opinions related to particular management issues.

For the operation of our Business Ethics Hotline System, our Business Ethics Hotline System Regulations establish the idea that company officers and personnel must never punish people who provide information, including through disadvantageous or unfair treatment or retaliatory or discriminatory actions. In addition, the status of system operation is reported to full-time Audit & Supervisory Committee members regularly.

Ordinary auditing expenses based on auditing plans, for example, by Audit & Supervisory Committee members are budgeted. When claims for special unbudgeted expenses occur because Audit & Supervisory Committee members seek the opinions of lawyers, certified public accountants and other outside experts, for example, in order to execute their professional duties, unless recognized to be unnecessary for the execution of the professional duties of the Committee, our company will not withhold payment unreasonably.

### Business continuity plans (BCP)

We are making business continuity plans (BCP) that define in advance the countermeasures and points of action we must take should a large-scale earthquake or other emergency situation occur in order to prevent the interruption of important business activities and to enable their restoration in the shortest time possible should they be interrupted. Moreover, we are conducting appropriate trainings to make BCPs function reliably.

Furthermore, BCPs are being steadily formulated at Group companies, and we will continue striving to advance them.



BCP training



## Business risks and other risks

In this section, considering risks to our group businesses and other risks, we write about the main issues that could be thought to have major impacts on the evaluations of investors. Moreover, from the perspective of proactive information disclosure, we also write about items that could be thought to be important in the investment decisions of investors even if those items are not necessarily considered risk factors. We have constructed risk management systems for our entire group, and we prepare a Nankai Group Risk Countermeasures Plan annually based on recognition of the probability of these risks occurring. In these ways, we are striving to prevent their occurrence and respond to them should they occur. Even though we have written about some measures for preventing risks and responding to them when they do, please understand that these measures might not reduce those risks or their impacts.

This section includes items related to the future. These items were judged at the end of the current consolidated fiscal year.

### (1) Economic conditions and related factors

Sales are impacted by the decline in passenger numbers for our railways and other transportation businesses due to trends that include declining birth rates and aging populations in the areas along our railway lines, changing employment conditions and Kansai International Airport user numbers, particularly inbound travelers. Moreover, domestic and international economic trends, consumption trends and changing market needs have impacts on sales in real estate, distribution, leisure, services and other business areas. In addition, higher power costs due to fluctuating exchange rates and increased crude oil prices along with sudden price jumps for raw materials could impact group business results.

Furthermore, should impairment losses become necessary for stock or low-return properties due to stock price fluctuations related to investments in securities or owned real estate land price fluctuations, for example, negative impacts on group business results and financial conditions could occur.

### (2) Competition

In our Railway Business, some of our lines compete with other companies. Moreover, transitions to other means of transportation, including personal automobiles and motorcycles, could also have an effect in the future.

In our bus business, supply and demand adjustment regulations for passenger bus businesses were completely abolished in February 2002. Since free competition is allowed in establishing new routes, intensified competition could affect group business results.

Moreover, the Namba City and Namba Parks Shops & Diners commercial facilities that we manage in the Namba area, which is our business base, are in competitive relationships with the large-scale commercial facilities in other parts of Osaka, including Umeda and Tennoji.

### (3) Legal regulations

For our railway business, in accordance with the stipulations of the Railway Business Act (Act No. 92 of 1986), we must receive permission from the Minister of Land, Infrastructure and Transport for each railway line and type of railway business that we seek to operate (Article 3). We must also receive approval from the same Minister to set and change passenger fares and fees (maximum limit) (Article 16). Moreover, these permissions and approvals have no specified time periods.

Should a violation, for example, of this law, orders based on this law or conditions attached to measures, permissions or approvals derived from these orders occur, the Minister of Land, Infrastructure and Transport can establish a time period and command the halting of business or revoke permission (Article 30). For the cessation of a railway business, notification must be sent to the Minister of Land, Infrastructure and Transport at least one year before the date of cessation (Article 28 section 2).

At this time, no fact or other conditions that conflict with this law exist, and no factors have occurred that could interfere with the continuation of our railway business. However, serious impacts on business activities could result should a conflict with this law occur and business be halted or its permission revoked by the Minister of Land, Infrastructure and Transport.

Moreover, in addition to the above, the businesses undertaken by our group are subject to the application of various laws, regulations and other legal requirements, so the strengthening of these legal restrictions could increase expenses for compliance, for example, and have negative impacts on the business results and financial conditions of the group.

### (4) Large-scale real estate for sale

We are seeking to recover capital by systematically selling lots from large-scale real estate for sale. Severe conditions continue for suburban large-scale residential development, however, due to factors that include declining land prices, particularly in suburban areas, and the trend toward returning residential demand in urban centers. We will continue systematically selling lots. Since we can expect the trends of declining residential demand due to lower birth rates and customer desire to return to city centers to strengthen even more, however, delayed recovery of capital and other impacts could occur.

### (5) Issues related to Group companies

Nankai Tatsumura Construction Co., Ltd. is the only consolidated group company that is listed on the stock exchange. Since it is a core company in the Group, we have been supporting its operation, including by taking responsibility for third-party allocation of new shares and providing financial support. Should worsening conditions that cause greater reductions in orders than expected or similar circumstances occur, this company could have a negative impact on the business results and financial conditions of the Group.

### (6) Personnel policies

Since railway, bus and other transportation businesses have a labor-intensive structure, ensuring the stable availability of personnel necessary to operate these businesses is desirable. Moreover, ensuring and cultivating personnel with diverse specialties is also necessary to advance our business strategies to "Create railway lines that are chosen" and "Broaden and deepen our real estate business." Should these policies be delayed due to changes in conditions or other factors, this delay could have negative impacts on the business results and financial conditions of the Group.

### (7) Investments

In our railway business, various improvement investments for continuous grade separation projects and ensuring safe operations will continue for a long time and be expensive, so arranging financing and paying interest could have negative impacts on the business results and financial conditions of the Group.

### (8) Mergers and acquisitions (M&A)

When we conduct M&A as a growth strategy, we undertake due diligence related to the financial conditions and other aspects of the company under consideration in consultation with outside experts and others. However, if there are latent incidental or unrecognized liabilities, for example, that could not be detected in this due diligence process, this could have negative impacts on the business results and financial conditions of the Group.

Moreover, after a merger or acquisition, should the profitability of the subject company decline or the expected synergies fail to manifest due to changes in the business environment, recognizing impairment losses could be necessary and recovery of investment could become impossible, for example. This could also have negative impacts on the business results and financial conditions of the Group.

### (9) Retirement benefits accounting

Regarding assets and liabilities related to retirement benefits, in preparation for employee retirement benefits, we appropriate an amount that deducts retirement benefit liabilities from pension assets based on estimated amounts for the current consolidated fiscal year end. For differences in mathematical calculations, we handle the costs in the next consolidated fiscal year using the straight-line method for a set number of years (from 3 to 11 years) within the average remaining working time of the employee at the time they occur. If changes in presumptions about the calculation of liabilities should occur or should investments yield worsen much more, this could have negative impacts on the business results and financial conditions of the Group.

### (10) Interest-bearing liabilities

Due to the nature of our business, our company has a high ratio of debt dependence. Should a large amount of corporate bonds be issued or bank borrowing be

undertaken for the purpose of facility investments or M&A capital, interest-bearing debt can be expected to increase further. We endeavor to diversify financing methods and maintain financial health, but if interest charges should increase due to interest rate fluctuations, this could have negative impacts on business results.

Moreover, should a rating agency, lower our corporate rating, this could have negative impacts on the business results and financial conditions of the Group.

### (11) Major litigation

At present, there are no major disputes that could have especially serious impacts on our business.

In the advancement of our business in the future, we will continue endeavoring in every transaction to sincerely carry out the terms of contracts. However, in response to conduct that breaks fidelity with the other party, for example, litigation could inevitably be filed. Litigation or similar situations could also arise due to differences of understanding with other parties or due to their bad faith. Furthermore, the results of litigation or similar situations could degrade the confidence of society in the Group and have negative impacts on the business results and financial conditions of the Group.

### (12) Accidents, system impediments and similar occurrences

Our corporate group pursues business with the backbone of a transportation business that makes our highest mission the provision of transportation services with safety and peace of mind. Should a fire or explosion involving our equipment, an accident, a major incident (situation recognized to have the risk of leading to an accident) or a similar incident occur, not only would this invite the degradation of trust from society, recovering from it and claims for damages could have major impacts on business results.

Moreover, the occurrence of system impairments due to human causes or mechanical malfunctions, for example, could result in impediments to business operations. Along with this, expenses related to the restoration of facilities and alternative transportation, for example, could degrade the confidence of society in the Group and have negative impacts on the business results and financial conditions of the Group. In order to prevent accidents and system impediments, we will continue undertaking further measures, including enhancing various security facilities and station operation systems, implementing upgrades and regular maintenance, and conducting thorough employee education.



**(13) Third-party acts, terrorism and similar conduct**

To counteract accidents caused by third parties, terrorism, unauthorized access and similar actions, we are implementing measures that include enhancing vigilance for suspicious objects and patrols in facilities, as well as ensuring information security. In the unlikely case that an incident of terrorism or similar event occurs, however, impediments to our business activities could result.

**(14) Natural disasters and similar events**

A natural disaster such as a large-scale earthquake, including a Nankai Trough earthquake, which might also generate a tsunami, or wind and rain damage along with landslides caused by a typhoon or similar event might occur and cause great damage to our facilities and infrastructure. Such an event could have negative impacts on the business results and financial conditions of the Group. In addition to systematically implementing earthquake reinforcements for railway facilities, including overpass pillars, and buildings, for example, we are also implementing various measures to prevent and minimize disasters related to bridges and other structures.

Moreover, we are seeking to strengthen management systems to keep damages at a minimum when responding to the occurrence of large-scale natural disasters, including those described in (12) and (13). These systems include establishing disaster countermeasure rules and business continuity plans (BCP) that envision a large-scale earthquake, as well as the adoption of earthquake disaster countermeasure commitment lines. The extent of damage caused by a disaster could be great, however, depending on the location, scale, calendar period, time and other factors. Furthermore, major impediments to railway transportation could arise from large-scale natural disasters even if our facilities do not suffer direct damage due to, for example, facility damages to type III railway business operators and restrictions on power supply as well as difficulty procuring parts necessary for train operation.

In addition, the spread of the coronavirus pandemic has resulted in a reduction in the number of travelers in our railway business due to the disappearance of inbound travel demand and voluntary reductions in activity outside the home as well as extraordinary closures of commercial facilities in response to the issuance of emergency

declarations. The pandemic is having large impacts on the business results and financial conditions of the Group because of these and other factors. We recognize that the impacts of this contagious disease and the changes it is having on the structure of society are bringing about rapid changes and transformations to the business environment of our Group as well as future forms of business operation.

**(15) Compliance**

Seeking to ingrain business ethics in our Group, we regularly conduct education related to compliance in order to maintain and advance compliance management. Should major incidents of improper or illegal actions occur despite this, however, this could degrade the confidence of society in the Group and have negative impacts on our business results and financial conditions.

**(16) Management of information assets**

Our group possesses not only personal information about customers and employees, but also confidential and other important information. For this reason, with the goal of strengthening risk management, we have established a fundamental information security policy and other in-house regulations and are making other efforts including education for employees. Liability for damages could result should an information leak occur due to some cause, however, and this could degrade the confidence of society in the Group and have negative impacts on our business results.

**(17) Flaws and defects in assets, products and other property**

If flaws or defects are discovered in assets owned by the Group, or if they are identified to possibly have impacts on health or the surrounding environment, expenses required for rectification, restoration to original states and compensation, could result, for example. Moreover, should a flaw or defect be found in something offered by the Group, including products and real estate sold, construction orders received or services provided, the resulting expenses, including those necessary for rectification or compensation, as well as the degraded confidence of society and other effects could have negative impacts on the business results and financial conditions of the Group.

**Compliance****Promoting compliance-based management****Creation of a Code of Business Ethics**

We have established business ethics in our Group and created a Code of Business Ethics to maintain and promote compliance management.

**Code of Business Ethics**

1. Strictly abide by laws and regulations as well as social norms, and conduct fair and healthy business activities.
2. Strive to maintain good healthy relationships with the breadth of society, including customers, business partners and shareholders.
3. Seek to be a good corporate citizen that contributes to local communities.
4. Be resolute in confronting antisocial forces and organizations that threaten businesses and the order of civil society.

Established September 2001

**Establishment of a Compliance Committee**

We have established a Compliance Committee, and we are deliberating various measures to advance compliance management. In the unlikely event that a serious compliance violation should occur, this committee will recommend corrections and recurrence prevention measures.

In accordance with committee regulations, the Compliance Committee has the President as the Chairperson, the Risk Management Division General Manager as the Vice Chairperson and Risk Management Chief Managers and others designated by the Chairperson as members. A Secretariat has been established in the Risk Management Department, and this committee meets monthly in principle while fulfilling its duties of confidentiality.

**Assignment of Compliance Officers**

We have made the Risk Management Department the department responsible for compliance and are promoting compliance management at our company. In addition, we have also placed Compliance Officers in every division of the company. Their core role is to raise awareness about compliance. These officers create Compliance Awareness

Raising Implementation Plans every fiscal year and conduct awareness raising efforts as well as participate in meetings held twice per year to exchange thoughts about progress and other issues.

Our Group companies are also promoting awareness raising activities in the same manner.

**Implementation of compliance education**

In order to achieve the permeation of compliance awareness among all Group employees, in addition to continuously conducting trainings by employment level, we are also undertaking various group trainings and other efforts.

Moreover, having set every October as our Compliance Strengthening Month, we are working to strengthen compliance efforts.

Furthermore, we are striving to ingrain the ideals of compliance management and cut off relationships with antisocial forces. For example, we have created a Compliance Manual that breaks things down to the business duty and action level for each individual officer and employee in our Group in order to ingrain the spirit of the Code of Business Ethics.

**Internal reporting systems**

As a system to quickly detect and rectify legal and ethical issues in the Group, we have established a Business Ethics Hotline System that can receive reports from officers and other employees and provide consulting. For its operation, our Business Ethics Hotline System Regulations establish the idea that company officers and personnel must never punish people who provide information, including through disadvantageous or unfair treatment or retaliatory or discriminatory actions. In addition, the operation status of the system is reported to the Compliance Committee regularly.

**Adoption of criminal organization exclusion clauses**

"Guidelines to enable companies to prevent damages caused by antisocial forces" established by the government require businesses to further pursue efforts to cut off relationships with criminal organizations and other antisocial forces.

In response to this, we have been incorporating criminal organization exclusion clauses in contracts and other documents made by every division since fiscal 2008.

**Information security****Protecting personal information**

Since we handle large amounts of personal information in our Group and believe that it is an important business duty to appropriately use and protect this data, we have established and are implementing a Nankai Electric Railway Privacy Policy. Every business department and Group company also establishes and operates a privacy

policy according to the content of its business and makes this policy known inside and outside the company. Moreover, in addition to preparing management systems, we are also establishing inquiry desks for customers.

Furthermore, we have created in-house regulations for the handling of Individual Numbers and other identifying personal data, and we are undertaking suitable safe management measures for them.



## Main business indices

(Fiscal Year)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Financial indices</b>												
(Consolidated)												
Operating revenue* <sup>1</sup>	(Millions of yen)	186,164	181,869	184,412	197,495	210,995	219,065	221,690	227,874	227,424	228,015	<b>190,813</b>
Operating income	(Millions of yen)	19,900	18,294	21,973	23,062	28,118	32,318	31,840	33,971	27,745	35,223	<b>5,552</b>
Ordinary income	(Millions of yen)	11,466	11,067	15,474	16,899	22,001	27,110	27,111	29,733	23,898	31,677	<b>1,854</b>
Profit (loss) attributable to owners of parent (– indicates loss)	(Millions of yen)	3,054	5,686	7,518	9,615	17,467	12,612	16,452	14,719	13,023	20,811	<b>–1,861</b>
Comprehensive income	(Millions of yen)	3,051	9,776	10,207	10,644	25,190	7,394	20,478	16,991	12,143	18,031	<b>4,559</b>
Net assets	(Millions of yen)	128,467	135,602	143,176	152,039	199,991	203,939	219,288	232,835	241,561	256,003	<b>258,569</b>
Total assets	(Millions of yen)	799,455	789,591	781,589	781,671	909,547	894,621	890,798	902,045	918,385	925,058	<b>962,229</b>
Net assets per share* <sup>2</sup>	(Yen)	241.45	254.67	268.60	285.16	337.32	343.47	1,845.77	1,957.31	2,036.79	2,157.76	<b>2,176.19</b>
Profit (loss) per share (– indicates loss)* <sup>2</sup>	(Yen)	5.84	10.88	14.38	18.40	32.58	22.25	145.13	129.85	114.90	183.68	<b>–16.44</b>
Equity ratio	(%)	15.8	16.9	18.0	19.1	21.0	21.8	23.5	24.6	25.1	26.4	<b>25.6</b>
Return on equity	(%)	2.4	4.4	5.5	6.6	10.3	6.5	8.1	6.8	5.8	8.8	<b>–0.8</b>
Price-earnings ratio	(Multiple)	56.8	32.4	27.3	21.7	15.2	27.5	18.7	20.5	26.6	13.4	<b>—</b>
Cash flow from operating activities	(Millions of yen)	33,143	37,764	37,332	27,459	43,013	43,212	42,753	58,477	38,729	58,935	<b>21,338</b>
Cash flow from investing activities	(Millions of yen)	–18,495	–20,228	–15,719	–17,675	–90,315	–29,030	–30,861	–40,669	–45,219	–48,915	<b>–33,273</b>
Cash flow from financing activities	(Millions of yen)	–15,064	–16,162	–13,592	–19,779	51,503	–17,047	–11,906	–16,429	8,632	–14,853	<b>35,821</b>
Cash and cash equivalents at end of period	(Millions of yen)	17,561	18,935	26,955	16,959	21,160	18,294	18,342	19,721	21,864	17,030	<b>40,917</b>
Consolidated interest-bearing debt to EBITDA ratio* <sup>3</sup>	(Multiple)	11.6	11.9	11.1	10.4	9.6	8.4	8.3	7.6	8.5	7.2	<b>14.2</b>
(Submitting company)												
Capital stock	(Millions of yen)	63,739	63,739	63,739	63,739	72,983	72,983	72,983	72,983	72,983	72,983	<b>72,983</b>
Number of issued shares	(Thousands of shares)	526,412	526,412	526,412	526,412	567,012	567,012	567,012	113,402	113,402	113,402	<b>113,402</b>
Dividend per share	(Yen)	5.00	5.00	5.00	5.00	6.00* <sup>4</sup>	6.00	6.00	18.00* <sup>5</sup>	30.00	32.50	<b>25.00</b>
<b>Non-financial indices</b>												
Energy used (consolidated)	(Thousands of GJ)	2,598* <sup>6</sup>	3,604* <sup>6</sup>	3,433* <sup>6</sup>	5,483	5,512	5,459	5,434	5,329	5,212	5,219	<b>4,590</b>
CO <sub>2</sub> emissions (consolidated)	(Thousands of t-CO <sub>2</sub> )	97.8* <sup>6</sup>	119.5* <sup>6</sup>	155.7* <sup>6</sup>	309.9	316.5	313.6	302.9	298.1	264.8	234.7	<b>202.6</b>
Energy conserving vehicle adoption (head corporation)	(%)	38.0	39.9	41.7	42.1	44.8	48.2	50.0	51.8	52.9	57.2	<b>59.0</b>
Rolling stock energy consumption intensity	(kWh/10,000 km)	6.74	6.58	6.49	6.44	6.33	6.12	6.12	6.05	5.91	5.68	<b>5.55</b>
Water use												
Railway business (only)	(m <sup>3</sup> )	302,612	288,039	273,363	252,180	287,132	203,385	190,681	184,363	175,178	197,096	<b>185,656</b>
Head Office and other facilities* <sup>7</sup> (only)	(m <sup>3</sup> )	387,150	606,930	532,672	557,608	549,130	642,903	637,070	625,953	620,523	571,059	<b>407,822</b>
Number of liability-accidents in railway business* <sup>8</sup>	(Cases)	0	1	3	3	1	1	2	3	1	4	<b>0</b>
Customer satisfaction survey score	(Points)	—	—	—	—	—	61.2	59.5	60.8	63.0	65.1	<b>64.7</b>
Certifications of eco-friendly buildings (green buildings)* <sup>9</sup>	(Cases)	0	0	0	0	0	0	0	0	1	1	<b>2</b>
Population change along railway lines (increase/decrease in society) (excluding Osaka City)	(Individuals)	—	—	—	–4,872	–5,253	–5,538	–4,319	–5,164	–4,034	–2,239	<b>–4,525</b>

\*<sup>1</sup> Operating revenue does not include consumption tax, for example.\*<sup>2</sup> On October 1, 2017, we conducted a reverse stock split replacing every five ordinary shares with one share. Assuming that this stock merger occurred at the beginning of fiscal 2016, we calculated net assets and profit per share.\*<sup>3</sup> EBITDA (earnings before interest, taxes, depreciation and amortization) = operating income + depreciation and amortization. Since fiscal 2017, we have calculated "operating income" to include dividend income.\*<sup>4</sup> This includes an anniversary dividend of 1 yen.\*<sup>5</sup> Since we conducted a reverse stock split replacing every five ordinary shares with one share on October 1, 2017, this totals the midterm dividend of 3 yen and the end-of-term dividend of 15 yen.\*<sup>6</sup> This result is for Nankai Electric Railway only.\*<sup>7</sup> Starting in fiscal 2011, we have included Namba City, Namba Parks and other logistics facilities in the total.\*<sup>8</sup> Cases for which our company is responsible include railway operation accidents, operation impediments (delays and service suspensions of at least three hours) and other incidents.\*<sup>9</sup> These are DBJ Green Building certifications.

## E Environment

### Environmental management

#### Environmental Philosophy and Environmental Policies established

[http://www.nankai.co.jp/company/environmental\\_protection/kankyourinen.html](http://www.nankai.co.jp/company/environmental_protection/kankyourinen.html)

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
ISO 14001 certifications <sup>*1</sup>	Consolidated	Certification	4	4	4
Green Management certifications <sup>*2</sup>	Consolidated	Certification	3	3	3

<sup>\*1</sup> Nankai Electric Railway Co., Ltd. Head Office and Chiyoda Works, Nankai Vehicles Service Engineering Co., Ltd. Chiyoda Works  
SEMBOKU RAPID RAILWAY CO., LTD. (entire company)  
Nankai Tatsumura Construction Co., Ltd. architecture, civil engineering and railway divisions  
Nankai Building Service Co., Ltd. Tokyo Regional Office

<sup>\*2</sup> Nankai Bus Co., Ltd. Itakano Branch  
Southern Transport Services Co., Ltd. Sakai Branch and Rinku Branch

### Greenhouse gas (GHG) emissions<sup>\*1</sup>

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
GHG emissions					
Scope 1 <sup>*2</sup>	Consolidated	t-CO <sub>2</sub>	98,340	100,129	80,547
Scope 2 <sup>*3</sup>	Consolidated	t-CO <sub>2</sub>	166,426	134,550	122,084
Total	Consolidated	t-CO <sub>2</sub>	264,765	234,679	202,632
GHG emission intensity <sup>*4</sup>	Consolidated	t-CO <sub>2</sub> /millions of yen	1.16	1.02	1.06

<sup>\*1</sup> Calculated based on law established by the Act on Promotion of Global Warming Countermeasures  
(Electricity calculated using basic emission coefficients for each electricity business, and urban gas calculated using emission coefficients published by gas businesses)

<sup>\*2</sup> CO<sub>2</sub> emissions from energy origin

<sup>\*3</sup> Emissions by market standards

<sup>\*4</sup> GHG emission intensity = GHG emission volume/operating revenue

### Energy use

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Electricity	Consolidated	1,000 kWh	380,426	377,488	341,936
Urban gas <sup>*1</sup>	Consolidated	1,000 m <sup>3</sup>	5,471	6,203	6,314
Steam	Consolidated	GJ	3,549	3,557	3,822
Cold water	Consolidated	GJ	7,990	7,406	4,998
Propane gas	Consolidated	kg	109	145	119
Gasoline	Consolidated	kℓ	457	444	589
Light oil	Consolidated	kℓ	21,965	21,875	15,268
Kerosene	Consolidated	kℓ	54	47	62
Type A heavy oil	Consolidated	kℓ	1,047	2,339	4,588
Type B and C heavy oil	Consolidated	kℓ	8,230	7,155	3,991

<sup>\*1</sup> Including CNG

### Water intake

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Water intake <sup>*1</sup>	Consolidated	1,000 m <sup>3</sup>	1,336	1,345	1,116

<sup>\*1</sup> In addition to public water supply, industrial water and measurable groundwater for some group companies are included in totals

### Paper use

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Paper use <sup>*1</sup>	Non-consolidated	1,000 sheets	3,255	3,183	1,940

<sup>\*1</sup> Paper use by Head Office

### Waste

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Ordinary waste and related output amount	Non-consolidated	t	3,079	3,051	3,247
Industrial waste and related output amount	Non-consolidated	t	2,595	2,560	1,590

### Chemical release and transfer amounts<sup>\*1</sup>

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Ethylbenzene	Non-consolidated	kg	103.1	117.9	85.3
Xylene	Non-consolidated	kg	401.9	465.7	413.0
Styrene	Non-consolidated	kg	0	304.5	172.6
Toluene	Non-consolidated	kg	998.9	1,160.9	999.8
Others	Non-consolidated	kg	166.5	188.1	178.3

<sup>\*1</sup> Amounts of emission and transfer of class 1 designated chemical substances from the Chiyoda Works, which reported emission amounts and related data to the government in accordance with the PRTR Law

### Other emissions

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Fluorocarbon leakage <sup>*1</sup>	Non-consolidated	t-CO <sub>2</sub>	29.8	122.2	114.7
NOx emissions <sup>*2</sup>	Non-consolidated	kg	42.8	36.4	38.5

<sup>\*1</sup> Fluorocarbon leakage amounts calculated based on the Act on Rational Use and Proper Management of Fluorocarbons

<sup>\*2</sup> NOx emission amounts from gas emitted by automobiles in Osaka Prefecture (calculated based on the Automobile NOx and PM Law)



## S Society

### Railway business results

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Kilometers in operation	Non-consolidated	km	154.8	154.8	<b>154.8</b>
Kilometers of passenger travel	Non-consolidated	1,000 km	97,632	100,212	<b>96,245</b>
Number of passengers	Non-consolidated	1,000 people	239,835	239,454	<b>178,164</b>
Train passenger utilization rate	Non-consolidated	%	32.3	31.3	<b>22.5</b>
Number of stations	Non-consolidated	Station	100	100	<b>100</b>
Number of train cars	Non-consolidated	Train car	696	696	<b>696</b>

### Safety

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Safety investment in railway business	Non-consolidated	Millions of yen	12,442	13,775	<b>8,176</b>
Serious accidents*1	Non-consolidated	Case	0	0	<b>0</b>
Railroad crossing obstacle accidents*2	Non-consolidated	Case	7	10	<b>9</b>
Accidents causing injury or death*3	Non-consolidated	Case	11	10	<b>9</b>
Operation impediments*4	Non-consolidated	Case	21	21	<b>14</b>
Incidents*5	Non-consolidated	Case	1	2	<b>0</b>

\*1 Total of train accidents involving collisions, derailments or fires

\*2 Accidents at railroad crossings in which a train or vehicle collided with or contacted a person, vehicle or something else crossing the tracks

\*3 Accidents in which a person died or was injured due to train or vehicle operation

\*4 Situations in which a train stopped operating or was late (at least 30 minutes) for a reason other than a railway operation accident

\*5 Situations in which no accident occurred, but the possibility of a railway operation accident was recognized

### Employees

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Number of employees					
Women	Consolidated	Individual	490*2	1,326	<b>1,361</b>
Men	Consolidated	Individual	5,745*2	7,879	<b>7,772</b>
Total	Consolidated	Individual	9,168	9,205	<b>9,133</b>
Percentage of all company employees who are female	Consolidated	%	7.9*2	14.4	<b>14.9</b>
New hires*1					
Women	Consolidated	Individual	52*2	75	<b>73</b>
Men	Consolidated	Individual	286*2	298	<b>212</b>
Total	Consolidated	Individual	338*2	373	<b>285</b>
New hire ratios*1					
Women	Consolidated	%	15.4*2	20.1	<b>25.6</b>
Men	Consolidated	%	84.6*2	79.9	<b>74.4</b>
Number of temporary employees					
Total	Non-consolidated	Individual	36	25	<b>27</b>
Average number of years employed*1					
Women	Consolidated	Year	—	9.6	<b>9.7</b>
Men	Consolidated	Year	—	16.5	<b>17.2</b>
Total	Consolidated	Year	—	15.9	<b>16.5</b>
Average age					
Total	Non-consolidated	Age	42.4	43.0	<b>43.6</b>
Average annual salary	Non-consolidated	Yen	6,101,975	6,229,495	<b>6,118,137</b>
Average overtime hours per month	Non-consolidated	Hour	26.7	25.6	<b>25.0</b>
Annual paid leave utilization rate	Non-consolidated	%	90.7	92.6	<b>90.0</b>
Number of managers					
Women	Consolidated	Individual	13*2	30	<b>30</b>
Men	Consolidated	Individual	550*2	729	<b>711</b>
Total	Consolidated	Individual	563*2	759	<b>741</b>
Percentage of all managers who are female	Consolidated	%	2.3*2	4.0	<b>4.0</b>

\*1 Full-time employees only

\*2 Data is from the main 16 group companies for the period ending March 2019 and from the consolidated business for the period ending March 2020 (see page 67 for the main 16 companies)

### Information security

Fundamental policy for the protection of personal information established

Privacy policy <http://www.nankai.co.jp/policy.html>

## G Governance

### Related to Directors

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Number of directors*1 (including directors who are Audit & Supervisory Committee members)*2					
Internal					
Women	Non-consolidated	Individual	0	0	<b>0</b>
Men	Non-consolidated	Individual	6	5	<b>7</b>
Total	Non-consolidated	Individual	6	5	<b>7</b>
External					
Women	Non-consolidated	Individual	1	1	<b>3</b>
Men	Non-consolidated	Individual	2	2	<b>5</b>
Total	Non-consolidated	Individual	3	3	<b>8</b>
Total	Non-consolidated	Individual	9	8	<b>15</b>
Outside Director ratio*1	Non-consolidated	%	33.3	37.5	<b>53.3</b>
Female Director ratio*1	Non-consolidated	%	11.1	12.5	<b>20.0</b>
Number of Board of Directors meetings	Non-consolidated	Meeting	12	12	<b>12</b>
Outside Director attendance rate	Non-consolidated	%	97.2	96.9	<b>94.4</b>

\*1 As of the end of June in the next term for the applicable fiscal year \*2 Conversion to a company with an audit and supervisory committee in June 2021

### Related to Corporate Officers (excluding those who are also Directors)

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Number of Corporate Officers*1					
Women	Non-consolidated	Individual	0	0	<b>0</b>
Men	Non-consolidated	Individual	10	12	<b>12</b>
Total	Non-consolidated	Individual	10	12	<b>12</b>
Female Corporate Officer ratio*1	Non-consolidated	%	0	0	<b>0</b>

\*1 As of the end of June in the next term for the applicable fiscal year

### Related to Auditors\*1

(the period ending March 2021 (■) is after conversion to a company with an audit and supervisory committee and shows values for the new structure as indicated in [ ])

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Number of auditors*2 [Audit & Supervisory Committee members]*2					
Internal					
Women	Non-consolidated	Individual	0	0	<b>0</b>
Men	Non-consolidated	Individual	2	2	<b>2</b>
Subtotal	Non-consolidated	Individual	2	2	<b>2</b>
External					
Women	Non-consolidated	Individual	0	0	<b>1</b>
Men	Non-consolidated	Individual	3	3	<b>3</b>
Subtotal	Non-consolidated	Individual	3	3	<b>4</b>
Total	Non-consolidated	Individual	5	5	<b>6</b>
Ratio of Outside Directors [Outside Audit & Supervisory Committee Members]	Non-consolidated	%	60.0	60.0	<b>66.7</b>
Ratio of female auditors [female Audit & Supervisory Committee members]	Non-consolidated	%	0	0	<b>16.7</b>
Number of Board of Auditors [Audit & Supervisory Committee] meetings held	Non-consolidated	Meeting	13	13	<b>13</b>
Outside Auditors [Outside Audit & Supervisory Committee Members] attendance rate	Non-consolidated	%	94.9	94.9	<b>94.4</b>

\*1 Conversion to a company with an audit and supervisory committee in June 2021 \*2 As of the end of June in the next term for the applicable fiscal year

### Related to Nominating and Compensation Committee

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Number of Nominating Committee members					
Internal	Non-consolidated	Individual	1	1	<b>1</b>
External	Non-consolidated	Individual	3	3	<b>4</b>
Total	Non-consolidated	Individual	4	4	<b>5</b>
Number of Compensation Committee members					
Internal	Non-consolidated	Individual	1	1	<b>1</b>
External	Non-consolidated	Individual	3	3	<b>4</b>
Total	Non-consolidated	Individual	4	4	<b>5</b>

### Compensation

Index	Data subject	Unit	Year ending March 2019	Year ending March 2020	Year ending March 2021
Directors (excluding Outside Directors)	Non-consolidated	Millions of yen	269	298	<b>191</b>
Auditors (excluding Outside Auditors)	Non-consolidated	Millions of yen	47	47	<b>47</b>
Outside Director	Non-consolidated	Millions of yen	25	25	<b>25</b>
Outside Auditor	Non-consolidated	Millions of yen	25	25	<b>25</b>
Compensation of accounting auditors					
Auditing work fees	Consolidated	Millions of yen	150	147	<b>148</b>
Non-auditing work fees			17	4	<b>5</b>

Data section

Group companies (extent of consolidation for March 2021 fiscal period)

Of 68 subsidiaries and 6 associated companies, the following 55 are covered by our consolidated financial results.

Transportation Business

**Railway business:** SEMBOKU RAPID RAILWAY CO., LTD.\*

**Tramway business:** Hankai Tramway Co., Ltd.

**Bus business:**

- Nankai Bus Co., Ltd. / Wakayama Bus 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 Kanaoka Co., Ltd. / Nankai Wing Bus Nanbu 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:**

- Nankai Express Co., Ltd. / Southern Transport Services Co., Ltd.

**Vehicle maintenance:** Nankai Vehicles Service Engineering Co., Ltd.

Real Estate Business

**Real estate leasing:**

- SEMBOKU RAPID RAILWAY CO., LTD.\* / Osaka Prefectural Food Products Distribution Center Co., Ltd.

**Real estate sales:** Nankai Fudosan Co., Ltd.

Retail Business

**Shopping Center management:**

- Panjo Co., Ltd. / PanjoZ Co., Ltd.

**Business operations inside the station concourse:**

- Nankai Shoji Co., Ltd. / Nankai FD Service Co., Ltd. / Nankai Food System Co., Ltd. / Sentetsu Sangyo Co., Ltd.

**Other:** Avic Co., Ltd. / Nankai Ferry Trading Co., Ltd.

Leisure and Services Business

**Amusement Park management:** Nankai Amusement Co., Ltd.

**Travel agency:**

- Nankai Travel International Co., INC. / Tokubus Travel Service Co., Ltd. / Nanki Kanko Holdings Co., Ltd.

**Hotels and ryokan Japanese inns:** Nakanoshima Co., Ltd.

**Leasing of facilities for motorboat racing:**

- Suminoe Enterprise Co., Ltd.

**Building management and maintenance businesses:**

- Nankai Building Service Co., Ltd. / Nankai Heartful Service Co., Ltd. / Kurakata Shoji Co., Ltd. / Life Community Co., Ltd.

**Funerary business:** Nankai Grief Support Co., Ltd.

**Other:**

- Nankai Golf Management Co., Ltd. / ADvertising NANKAI Inc. / Nankai Printing Co., Ltd. / Kumano Kanko Kaihatsu Co., Ltd. / Nankai Insurance Service Co., Ltd. / Nankai Life Relation Co., Ltd. / Sumiko Shoji Co., Ltd. / Suminoe Marine System Co., Ltd.

Construction Business

- Nankai Tatsumura Construction Co., Ltd. / Nichiden Shokai Co., Ltd. / Nankai Kensetsu Kogyo Co., Ltd. / Nihon Kemo Construction Co., Ltd.

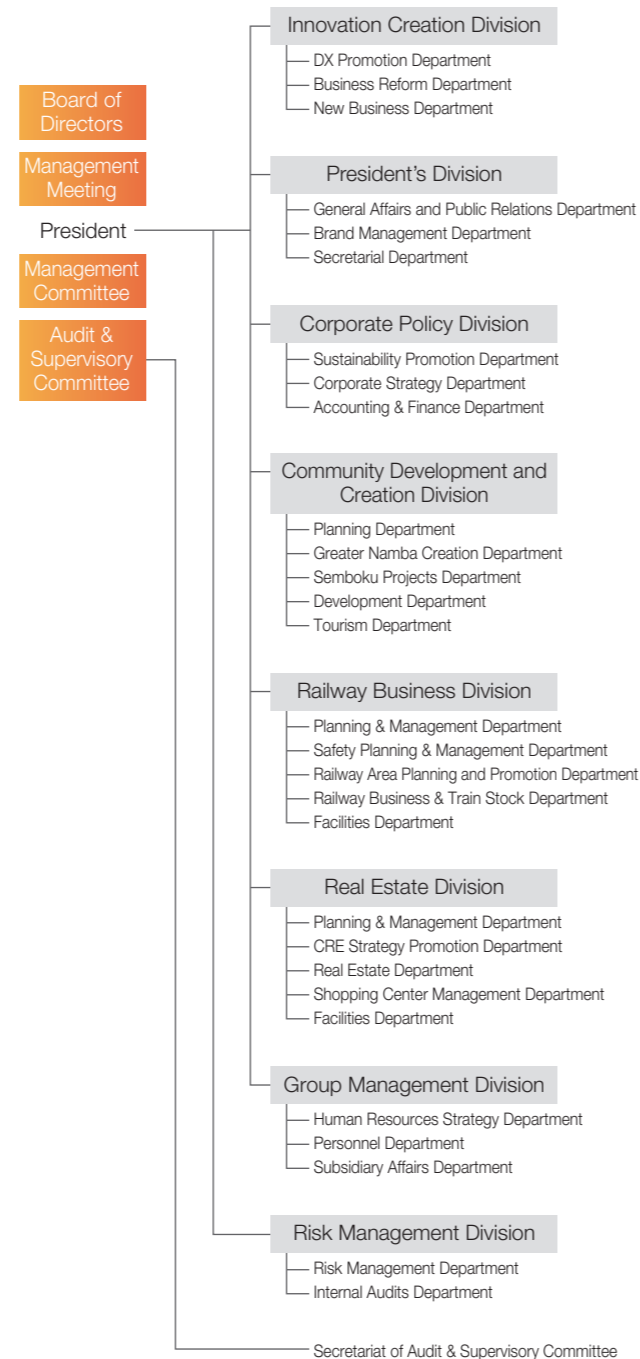
Other Business

- Nankai Management Service Co., Ltd. / CS Inspector Co., Ltd. / Nankai Research & Act Co., Ltd.

\* SEMBOKU RAPID RAILWAY CO., LTD. is included in both transportation and real estate segments.

Organization chart (as of June 25, 2021)

See "Governance" on page 70 for information about corporate governance systems.



Stock information

Stock status (as of March 31, 2021)

Total number of issuable shares	320,000,000
Number of issued shares	113,402,446
(including 66,196 shares held by company)	
Number of Shareholders	50,867
(1,983 fewer than at the end of the previous fiscal period)	
Share unit number	100

Stock ownership status (as of March 31, 2021)

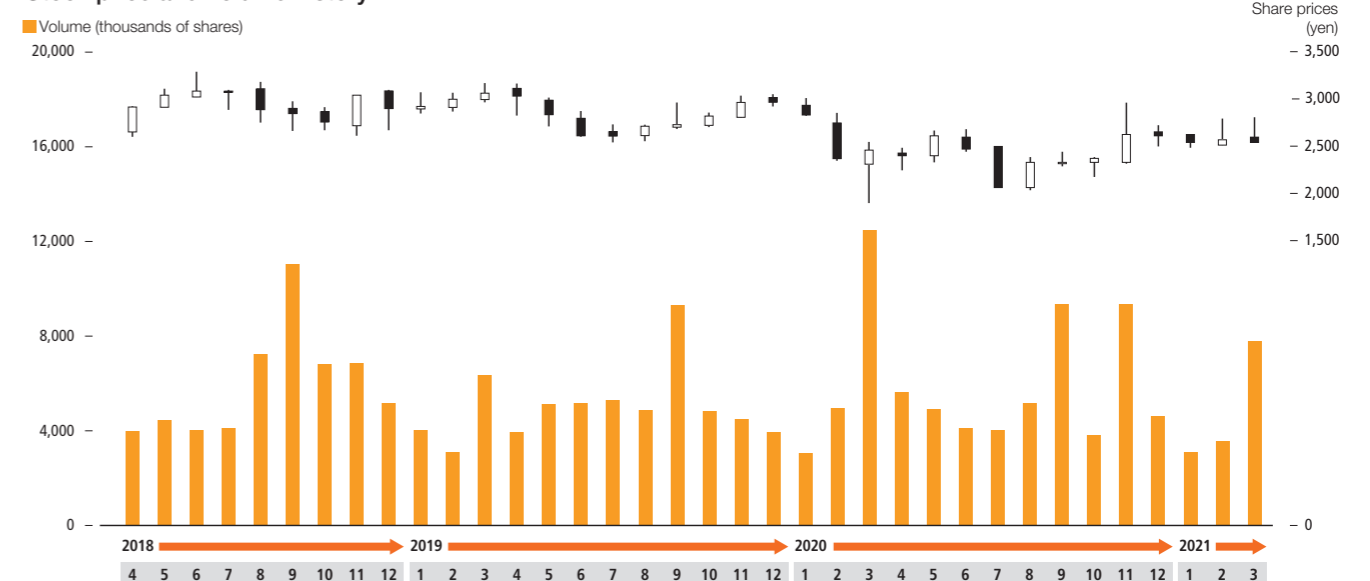
Classification	Stock status (100 shares per share unit)							Status of stock less than share units (shares)
	Governments and local public organizations	Financial institutions	Financial product brokers	Other corporations	Foreign corporations, etc.		Individuals, etc.	
					Non individuals	Individuals	Total	
Number of shareholders	1	51	28	442	209	21	45,105	45,857
Number of stocks owned (share units)	46	346,376	12,005	84,671	116,514	285	569,458	1,129,355
Ratio of stocks owned (%)	0.00	30.67	1.06	7.50	10.32	0.03	50.42	100.00

Notes 1. 66,996 shares of treasury stock are included as 669 share units under "Individuals, etc." and 96 shares under "Status of stock less than share units." Moreover, the 66,996 shares of treasury stock is the number of shares listed in the shareholder register. As of March 31, 2021, the actual remaining number of shares possessed is 66,196.  
 2. The "Financial institutions" category includes 649 units of our corporate shares held by a stock granting trust as stock for executive compensation.  
 3. "Other corporations" and "Status of stock less than share units" include 26 and 90 share units, respectively, held in the name of the Japan Securities Depository Center.

Major shareholders (top 10) (as of March 31, 2021)

	Shareholder name	Shares held	Percentage of shares
1	The Master Trust Bank of Japan, Ltd. (Trust account)	6,280,000	5.54%
2	Custody Bank of Japan, Ltd. (Trust account)	6,170,000	5.44%
3	Nippon Life Insurance Company	2,484,000	2.19%
4	Sumitomo Mitsui Trust Bank, Limited	1,516,000	1.34%
5	MUFG Bank, Ltd.	1,473,000	1.30%
6	Sumitomo Mitsui Banking Corporation	1,429,000	1.26%
7	Custody Bank of Japan, Ltd. (Trust account 7)	1,420,000	1.25%
8	JP MORGAN CHASE BANK 385781	1,405,000	1.24%
9	Custody Bank of Japan, Ltd. (Trust account 5)	1,374,000	1.21%
10	The Senshu Ikeda Bank, Ltd.	1,289,000	1.14%

Stock price and volume history



Shareholder notes

<b>Business fiscal year</b>	From April 1 to March 31 the next year	
<b>Regular general meeting of shareholders</b>	Every June	
<b>Standard dates</b>	Regular general meeting of shareholders	March 31
	Year-end dividend	March 31
	Interim dividend if distributed	September 30
	Others as necessary	Set dates notified in advance
<b>Notification method</b>	Electronic notification <a href="http://www.nankai.co.jp/ir/koukoku/index.html">http://www.nankai.co.jp/ir/koukoku/index.html</a> (If electronic notification is not possible due to an accident or other unavoidable reason, notification will be made in the Nihon Keizai Shimbun)	
<b>Shareholder register manager and special account managing agency</b>	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited	
<b>Location of acting shareholder register management</b>	4-5-33 Kitahama, Chuo-ku, Osaka Stock Transfer Agency Services Business Sumitomo Mitsui Trust Bank Mail address: 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Japan Stock Transfer Agency Services Business Sumitomo Mitsui Trust Bank Telephone inquiries: Toll-free 0120-782-031 Website address: <a href="https://www.smtb.jp/personal/agency/index.html">https://www.smtb.jp/personal/agency/index.html</a>	