

Corporate Report
2020

If you have any questions or comments
about this report, please contact:

SDGs Management & Promotion Department
Nankai Electric Railway Co., Ltd.
(Secretariat of the Environmental Measures
Promotion Committee)

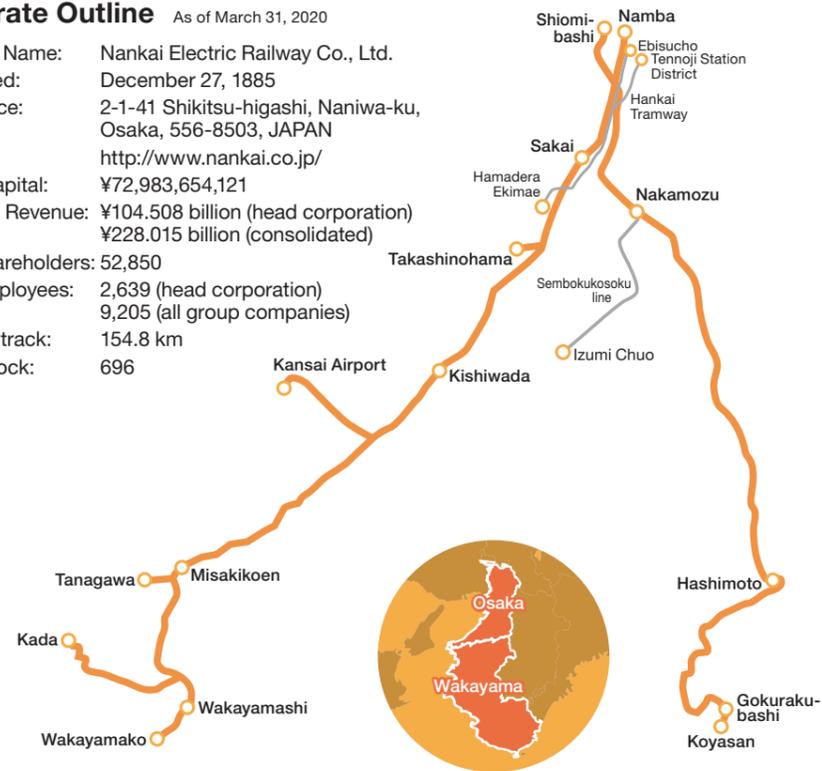
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Corporate profile

Corporate Outline As of March 31, 2020

Company Name: Nankai Electric Railway Co., Ltd.
 Established: December 27, 1885
 Head Office: 2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8503, JAPAN
 Website: <http://www.nankai.co.jp/>
 Paid-in Capital: ¥72,983,654,121
 Operating Revenue: ¥104.508 billion (head corporation)
 ¥228.015 billion (consolidated)
 No. of Shareholders: 52,850
 No. of Employees: 2,639 (head corporation)
 9,205 (all group companies)
 Managed track: 154.8 km
 Rolling Stock: 696



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

Editorial Policy

We issue corporate reports as communication tools to convey information to all our stakeholders. This includes business results, strategies and finances, along with our approaches to CSR and related efforts. For CSR information, we refer to GRI standard and provide comprehensive reporting.

Applicable Term: Fiscal 2019 (Monday, April 1, 2019 to March 31, 2020). Some information, however, is from outside this period.

Organization covered: Nankai Electric Railway Co., Ltd. and consolidated companies

Guidelines referenced: Environmental Reporting Guidelines, 2018 Edition by the Ministry of the Environment, Environmental Accounting Guidelines for Private Railway Businesses 2008 by the Association of Japanese Private Railways, and the GRI Standards.

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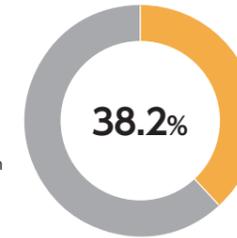
Composition ratio of operating revenue by segment (Fiscal 2019)

Note: The composition ratio is the ratio of operating revenues including transactions between segments.



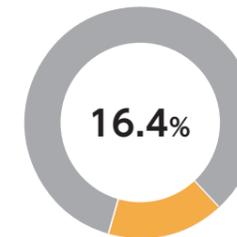
Transportation Business 37 companies

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



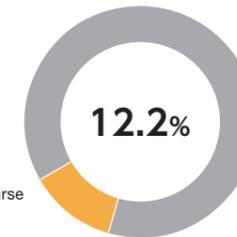
Real Estate Business 4 companies

Real estate leasing, real estate sales



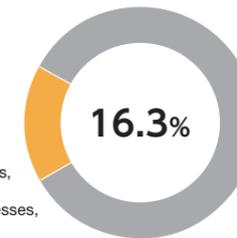
Distribution Business 10 companies

Shopping Center management, Business operations inside the Station Concourse



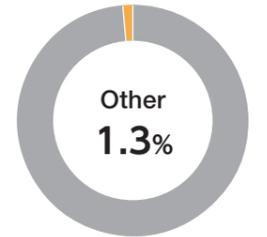
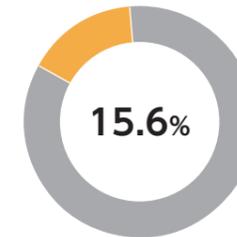
Leisure Services Business 22 companies

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



Construction Business 4 companies

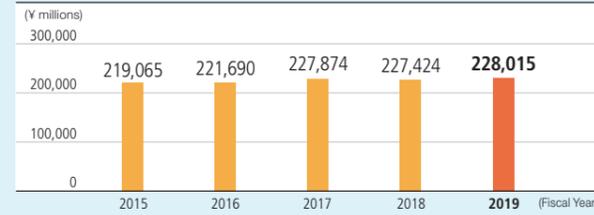
Construction Business



Company information by segment is current as of July 1, 2020.

Financial and nonfinancial highlights

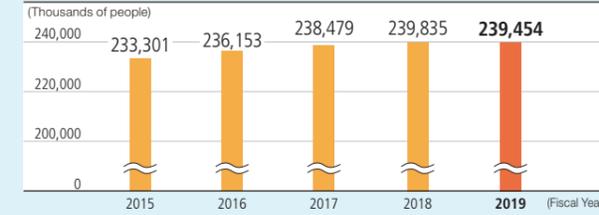
Operating revenue*1 ¥228,015 mil.



Ordinary income ¥31,677 mil.



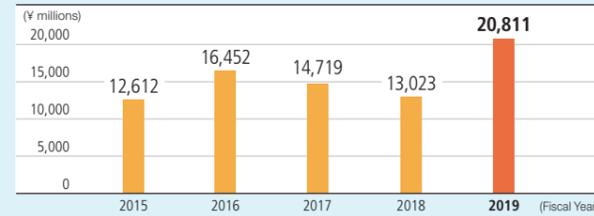
Number of passengers 239 mil.



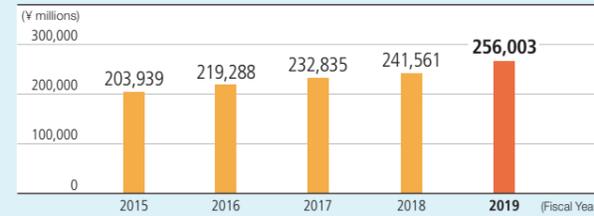
Number of employees 9,205 (Consolidated)



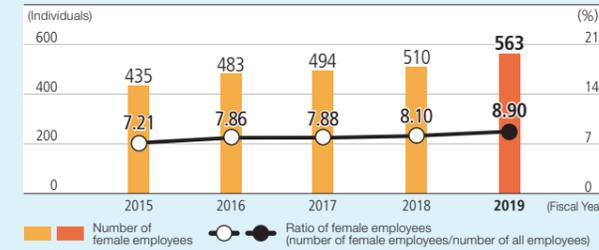
Profit attributable to owners of parent ¥20,811 mil.



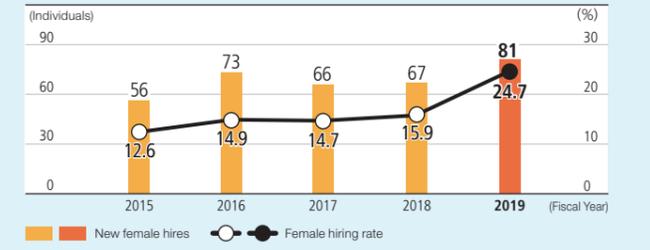
Net assets ¥256,003 mil.



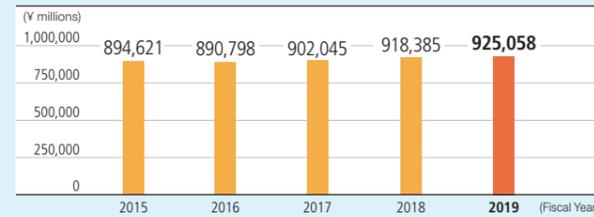
Number of female employees 563



Number of new female hires 67



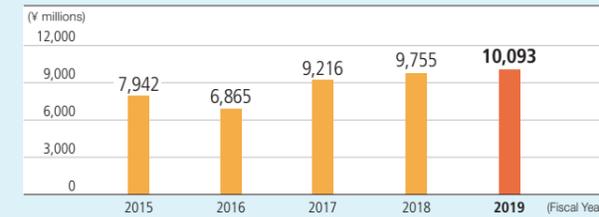
Total assets ¥925,058 mil.



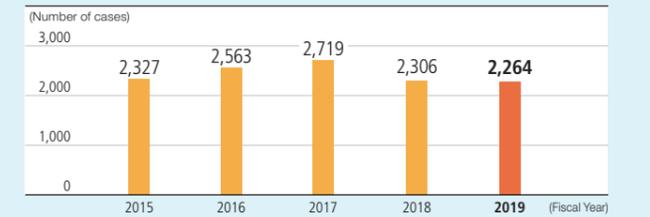
Dividend per share*2 ¥32.5



Investments for safety 10.1 billion



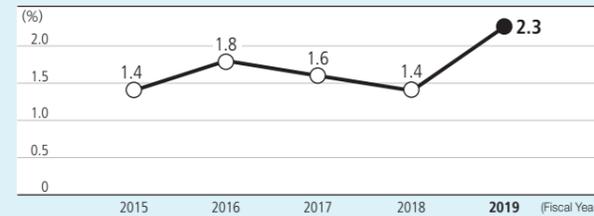
Number of "Customer's Voice" cases 2,264



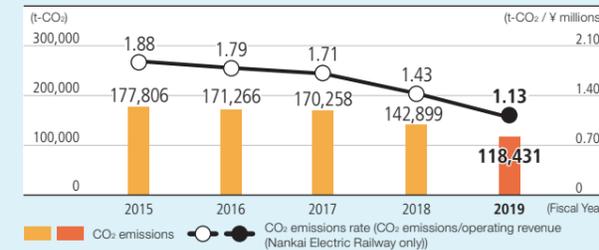
Return on equity (ROE) 8.8%



Return on assets (ROA) 2.3%



CO2 emissions 118,431 t-CO2



CO2 emissions per unit of individual transportation income 1.409 t-CO2 / ¥ millions



Interest-bearing debt/EBITDA*3 ratio 7.2



Railway Revenue ¥57,636 mil.



CO2 emissions per km of individual travel 20.7 t-CO2/million km of individual travel



Rolling stock energy consumption rate*5 5.68 kl/10,000 km



*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" for fiscal 2017, 2018 and 2019 were calculated using values that included dividend income.

*4 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.

*5 Energy used by railway business (kl)/total operating distance of all railroad cars (10,000 km)



President and CEO

Achikita Teruhiko

As a unified company we will overcome the crisis of the coronavirus pandemic and continue to seek sustainable growth and increased corporate value over medium and long terms.

Introduction

I would like to express my deepest gratitude for giving us your exceptional favor in the past.

Let me extend my respectful condolences for people who have passed due to COVID-19, the contagious disease caused by the new coronavirus, as well as my heartfelt concern for others who have contracted it.

As a result of the spread of COVID-19, the movement of people and things has been greatly restricted, and the global economy has been seriously impacted. Businesses involved in railways such as ours are in a particularly severe economic environment. Furthermore, when we think about how things could be in the post-coronavirus era, we must expect that frameworks for economic activities will have changed greatly from before.

On the other hand, maintaining and improving safe and reliable public transportation functions, which are indispensable for local communities, continues unchanged as the fundamental mission of our corporate group. So that our corporate group can continue to be an entity that is needed by society, we will continue focusing on establishing strong business foundations that can respond flexibly and quickly to changes in the age.

Overview of fiscal 2019 business results

In fiscal 2019 (in the March 2020), our corporate group pursued a variety of measures in accordance with the fundamental policies (most important issues) that we established in the Kyoso 136 Plan, our medium term business plan. COVID-19 infections increased in Japan at the beginning of 2020, impacting transportation, distribution and similar businesses. In contrast, Namba SkyO, which opened for business in October 2018, along with increased condominium sales and other factors contributed greatly to our real estate business. As a result, our fiscal 2019 operating revenue was roughly equivalent to the year before at 228.015 billion yen (0.3% increase over the previous fiscal year).

In terms of profit, we were able to set new records for every metric due to the effect of increased profit in real estate as well as the impact of appraisal losses of real estate for sale that accompanied the revision of our residential housing development business, for example, in the previous fiscal year. As a result, operating profit was 35.223 billion yen (27.0% more than the previous fiscal year), ordinary income was 31.677 billion yen (32.5% more than the previous fiscal year), and profit attributable to owners of the parent company was 20.811 billion yen (59.8% more than the previous fiscal year).

Response to COVID-19

At our company, we judged that a corporatwide and rapid response to COVID-19, the contagious disease caused by the novel coronavirus, is necessary. Accordingly, we have been promoting thorough understanding about contagion prevention among all employees. Moreover, we have been undertaking various measures, including efforts toward preventing the spread of the disease so that people can use railway services safely and with peace of mind, and the implementation of countermeasure simulations for the infection of customers and employees. As predictions about the resolution of the coronavirus pandemic continue to be unclear, we are focusing on responses with a long-term perspective as we continue to emphasize relationships of

trust with all our stakeholders by pursuing, for example, the following objectives: "assure the safety and health of our customers and employees," "sustain our mission as a public transportation network," "protect the employment of our staff," and "strive to support our business partners and tenants in areas along our train lines."

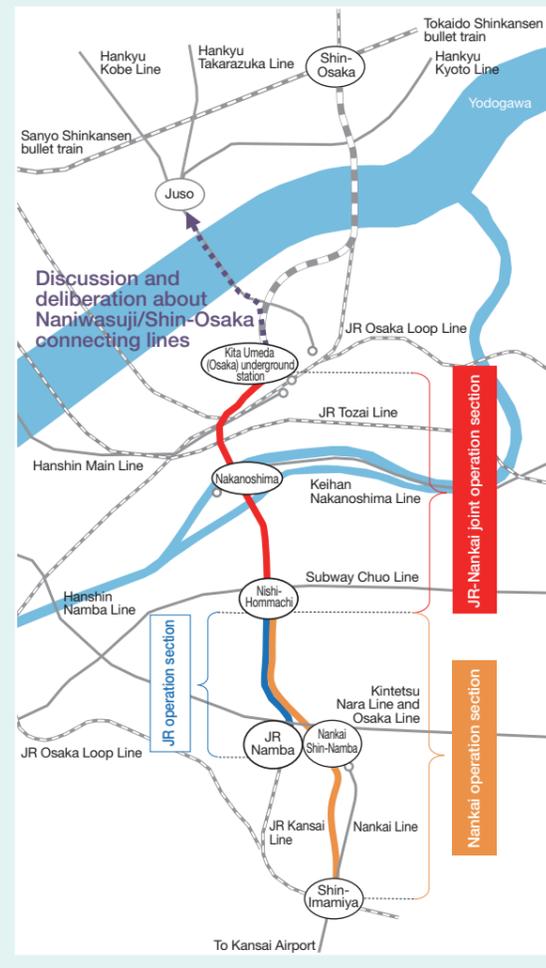
Moreover, anticipating that the time until the coronavirus pandemic is resolved will be long, we are raising capital with the highest priority being the assurance of funds that are readily available. Meanwhile, we are also striving to curb equipment investments and reduce costs while keeping safety and urgency as evaluation criteria.

Naniwasuji Line plan overview

- Total project expense
 - About 330 billion yen in estimated expenses
- 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 (Operation section: JR Namba Station – Umekita (Osaka) underground station)

Main expected effects

- 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 Kita Umeda area and promote community development in the Nakanoshima area
- Improve accessibility of the Namba area



If we exclude the impact of the coronavirus pandemic, I believe that we were able to achieve our target values for the Kyoso 136 Plan a year early.

Moreover, even though what lies ahead is becoming increasingly unclear, considering fiscal 2019 business results, internal reserves for management foundations and other factors, we provided fiscal 2019 dividends totaling 32.5 yen per share (an increase of 2.5 yen), with midterm dividends of 15 yen and end-of-term distributions of 17.5 yen.

Progress of Kyoso 136 Plan, our medium term business plan

Our corporate group established the Nankai Group Business Vision 2027 as a long-term vision with a focus on the opening of the Naniwasuji Line, a new train line scheduled for the spring of 2031. In this vision, we set the period from fiscal 2018 to fiscal 2027 as "10 years to enhance along our train lines," setting "have our train lines and corporate group be chosen because we provide satisfaction and excitement" as our "ideal form" for 2027.

As the first step for realizing this vision, having set the three-year period from fiscal 2018 as the "foundation preparation period" for "making opening moves for future growth," we are advancing the Kyoso 136 Medium Term Business Plan, which seeks coordination with various stakeholders and "the creation of new value together."

I believe we have made steady progress and been able to realize some success in these two years regarding the various measures indicated in the five fundamental policies of this plan, as detailed below.

Fundamental policy 1

Provide high-quality transportation services that are safe and reliable

Efforts we undertook to provide high-quality transportation services that are safe and reliable in fiscal 2019 included starting distribution of the Nankai app, which allows people to check train operation information and other data on smartphones. We also advanced renovation of station restrooms and added newly built train cars (30) on the Nankai Line and Koya Line.

Moreover, in response to the serious incident involving the discovery of cracks in bogies used by the Rapi:t limited

express, we quickly implemented efforts to restore customer confidence, starting with emergency inspections of the bogies. Furthermore, to further increase safety at railway crossings, we installed new level crossing obstacle detection equipment with outstanding obstacle detection capabilities.

For the Naniwasuji Line plan, we were able to complete three government procedures that are necessary for advancing the project by the end of fiscal 2019. Having received type II railway business approval for the Naniwasuji Line from the Minister of Land, Infrastructure and Transport in July 2019, we also advanced environmental assessment and urban planning procedures with others involved in the plan. We will continue to steadily proceed with plans toward the scheduled opening in the spring of 2031.

Fundamental policy 2

Develop the Namba community

For Namba community development, we are creating a "Greater Namba" that integrates tourism and city functions. Within this large objective, we are broadly advancing two measures, enhancing the area around the Nankai Terminal Building and creating a North-South axis that links Namba with the Shin-Imamiya and Shinsekai area.

In fiscal 2019, along with the increased popularity of Namba SkyO, which opened in the fall of 2018, YOLO BASE, the first work training and exchange facility for foreigners in Japan, opened in Shin-Imamiya. Other ways that we are steadily advancing the sowing of seeds for the creation of a Greater Namba include participating in the Namba Naka 2-chome development plan (site A) occurring south of Namba Parks as well as starting the Shin-Imamiya Station Renewal Project.

I want our corporate group to continue to have a key role in the development of the Namba community. We will continue to increase the value of Namba not only through the hard infrastructure aspects of property acquisition and development, but also by strengthening efforts for soft infrastructure, including coordination with communities and government organizations, which is indispensable for realizing the Greater Namba concept.

Fundamental policy 3

Increase nonresident population, starting with inbound travelers

Inbound tourism, which had been growing rapidly in recent years, has been seriously impacted by the global spread of the coronavirus pandemic. Even though this is an extremely



severe situation, along with the resolution of the coronavirus pandemic in the medium or long term, we expect to return to a growth trajectory with economic expansion in the Asian region and the holding of the Osaka, Kansai, Japan Expo 2025, for example. Accordingly, we have not changed our fundamental commitment to "increasing value along train lines by making the most of inbound travel". However, since conditions do not allow us to expect quick recovery, our objective is to continue making efforts to increase the appeals of areas along our train lines through marketing and information distribution oriented toward attracting domestic customers.

Specifically, for the creation of "areas along train lines that are worth visiting," we are strengthening various promotions for both domestic and overseas markets in order to further attract visitors to the Sakai area, which has the Mozu-Furuichi Kofun Group, a registered World Heritage Site. Furthermore, in the Kada area of Northern Wakayama City, we are advancing the Kada Renovation Community Development Project based on an agreement with Wakayama City, and we held a "renovation school" for idle real estate in the area in fiscal 2019. In the Koyasan area, we have been advancing the Koyasan Tourism Attractiveness Improvement Project since fiscal 2018. In the fall of 2019, we renovated the buildings of the Kudoyama and Koyashita stations, which are unattended stations, in cooperation with a startup business involved in the rejuvenation of traditional Japanese style houses. Our objective is to continue expanding "Kyoso" (cooperative development) efforts such as these with attractions along our train lines that we had not noticed but have been brought out by fresh outside perspectives.

Fundamental policy 4

Develop communities with stations as core locations

In cooperation with Wakayama City, we have been advancing the Wakayamashi Station Revitalization Plan, which is centered on Nankai Wakayamashi Station. Following office and parking buildings that were opened first, construction of Ki:no Wakayama was completed in the spring of 2020, and the grand opening of this facility that is the core of the redevelopment of Wakayamashi Station was held in June. Ki:no Wakayama is a multifunction facility comprised of a commercial zone, a hotel and a public library. As a new landmark for Wakayama, we will continue trying to make it a bastion for invigorating the area by creating scenery and activity appropriate for this entrance to the city.

Among towns developed along train lines where responding to the aging of residents and declining populations has become an urgent matter, we are focusing efforts on formulating the first phase plan for the Izumigaoka Station Area Revitalization Plan. With a medium and long-term perspective, we will continue to make efforts to refurbish and enhance the functions of stations, increase their appeals and revitalize them in ways that are suitable to the characteristics of their communities.

Fundamental policy 5

Expand real estate business

At our company, we position "broadening and deepening our real estate business" as a driver for growth. We are advancing the acquisition and development of new properties that contribute to community development and the renovation of properties that we already own, for example. At the same time, we are seeking to explore flow business possibilities, and we are pursuing the cultivation of personnel who have developed expertise in real estate and the acquisition of know-how.

Furthermore, the Kita-Osaka Logistics Center Building, which is owned by Semboku Rapid Railway, is located about 10 km from the urban center in a logistics business complex neighboring an expressway and other main roads. Since this is one of few ideally-located large-scale logistics businesses that can operate 24 hours a day and 365 days a year in the Kansai region, we are advancing comprehensive redevelopment of this asset that will drive future group profits. Seeking further development as the largest logistics base in the Kansai region through the concentration of combined logistics facilities, the first building opened for business without incident in April 2020 as the starting point for this center. Currently, in order to enhance the functionality of

second and later phase buildings, we are advancing construction utilizing land adjacent to this center.

Even in the conditions of the coronavirus pandemic, the logistics business is continuing without being impacted greatly due to increased purchasing over the Internet and other background factors. Since we can expect this field to continue growing in the future, the idea is to advance the functionality of the center at an early stage by fiscal 2027.

Efforts for sustainable development goals

We believe that the corporate social responsibility (CSR) perspective is indispensable for an enterprise to realize sustainable development and growth while coexisting with society. For this reason, we have been advancing proactive efforts for CSR with "assurance of safety and peace of mind," "emphasis on the environment," "compliance thoroughness" and "pursuit of a customer orientation" as four business guidelines for our corporate group.

Furthermore, as symbolized by the sustainable development goals (SDGs) of the United Nations, people are seriously questioning how businesses respond to the various problems of society. As a company responsible for railways, which are important social infrastructure for regions, rather than only economic advancement, people want us to consider impacts on the environment and society. They want us to keep working long-term and continuously for the global environment and the needs of society through our businesses. For this reason, under our Environmental Policy Promotion Department, which has been primarily responsible for environmental issues until now, we established the Promoting SDGs Management Department as a new division that will be active in responding to an even wider variety of society's problems.

In the future, we will actively utilize SDGs as CSR effort indicators. In addition, we will continue deepening coordination toward the resolution of global social problems using SDGs as a shared language in cooperative situations inside and outside the company.

Prospects for fiscal 2020

Fiscal 2020 (ending March 2021) must be said to be a year of conditions that are unprecedented in their severity and are having a great impact on our corporate group. Resulting from the global spread of the coronavirus pandemic, these include the disappearance of inbound tourism demand and reduced transportation passenger numbers in our railway businesses.

We recognize that as a result of the spread of the coronavirus, the environment surrounding our group businesses will continue to change greatly. This includes changes ranging from retreating from globalization to the popularization and normalization of working remotely and from home, as well as shifts in consumption patterns related to mobility. I believe that a crucial point that has arisen is the "rapid advancement of digitalization" and businesses that cannot respond to this change will not be able to survive.

From this belief, we established a new Digital Strategy Division as an organization dedicated to the advancement of digital transformation (DX) in June 2020. Our objective is to push ahead with a sense of speed utilizing digital technologies to radically reform and optimize business operations, provide businesses and services that are not extensions of those in the past, and innovate new business models.

A significant amount of time is still expected to be necessary to completely resolve the coronavirus pandemic. I believe, however, that particularly in these severe conditions, from a medium and long term perspective, steadily continuing efforts that prioritize connections with every stakeholder will keep contributing to the growth of our corporate group. By doing our best not to allow the many measures that we have advanced thus far to stagnate and overcoming this difficult situation, we will continue seeking sustainable growth and the medium and long-term increase in corporate value.

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

September 2020
President and CEO Achikita Teruhiko



Medium and Long Term Business Plan

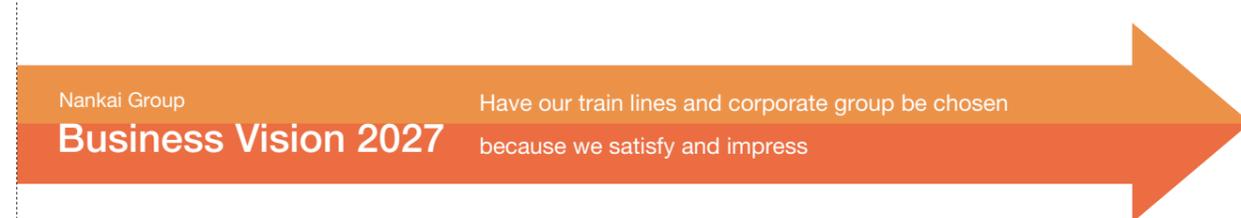
In recent years, Namba, which is the largest business center for our group, has developed as one of the preeminent international tourist destinations in Japan. As a result, our company has been achieving great growth and directly benefiting from the merits of increased inbound tourism. Furthermore, we have recently received permission to begin work on the Naniwasuji Line, and we expect the convenience along train lines to be greatly improved by its opening (targeted for spring 2031). On the other hand, we can predict that our group will face even more extreme environmental changes, including continued population decline and the advancement of IT, in the future.

To avoid becoming focused entirely only on immediate issues in these circumstances, we have the Nankai Group Business Vision 2027 that establishes the ideal form of our

group 10 years in the future. In this vision, we established the 10 years until fiscal 2027 as “a decade of enhancing our train lines in preparation for the opening of the Naniwasuji Line.” We have begun our Kyoso 136 Medium Term Business Plan for the three years from fiscal 2018, and have been steadily advancing multiple measures in keeping with its five fundamental policies.

Just as we were closing in on the numerical targets of the Kyoso 136 Plan, however, we began fiscal 2020 in economic conditions of unprecedented severity due to impacts from the starting spread of infection caused by the coronavirus. By overcoming this unprecedented crisis for society and advancing efforts in preparation for a new post-coronavirus normal as a unified group, we will continue to seek sustainable growth and increased corporate value over medium and long terms.

Note: The numerical targets and plan details in medium and long term business plans do not consider the impacts of the coronavirus pandemic.



Positioning

A decade of enhancing our train lines in preparation for the opening of the Naniwasuji Line.

- With neighborhoods along our train lines as main business areas, apply all the abilities of our group to focus on increasing value along these lines
- By using Namba and inbound tourism as business chances, accelerate increasing value along our train lines
- By proactively using alliances, raise the speed of business development



Positioning

- First three years toward the achievement of the Nankai Group Business Vision 2027: **Foundation preparation period**
- Make concentrated early 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**

Executive message

We continue seeking to “satisfy and impress” every stakeholder and advancing various measures to realize our business vision

Managing Corporate Officer
Uraji Koyo



We are pursuing “creating a Greater Namba,” “increasing resident population by revitalizing communities along train lines” and “becoming a general developer,” themes established in the Nankai Group Business Vision 2027, with a long-term perspective. In the Kyoso 136 Plan, which is our medium term business plan designated as the foundation building phase for our vision, we are steadily advancing various measures according to five fundamental policies, and we perceive that we have achieved a degree of success in these two years.

Considering the utilization of alliances and similar relationships, which is one of the key themes of the plan, we utilized the knowledge of other companies and experts as we pursued sowing seeds for the future. This included participating in project planning for the development of the area south of Namba Parks and opening YOLO BASE, the first inbound work training facility for foreigners in Japan. Furthermore, as a result of Namba SkyO, which opened in 2018, contributing to profit growth throughout the financial period and other factors, we reach the highest level of profit ever in fiscal 2019.

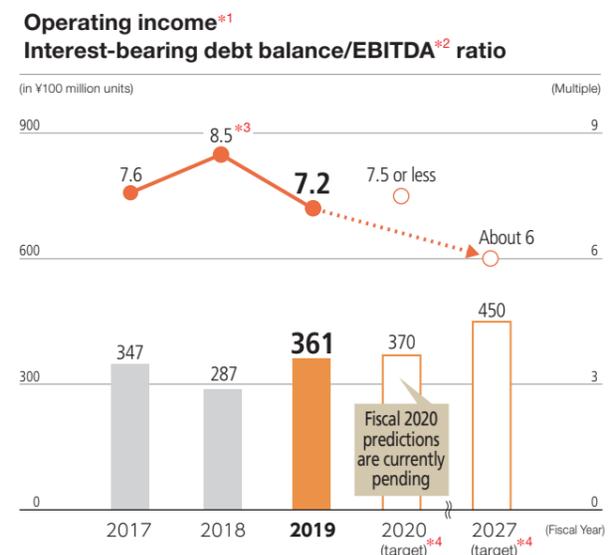
As a result of the coronavirus pandemic that began just as we were closing in on the numerical targets of the Kyoso 136 Plan, however, the business environment changed drastically. This has also been having a large impact on the businesses of our corporate group. While future prospects remain unclear, we will endeavor to

control unnecessary and nonessential expenses and ensure immediate capital requirements. We are also striving to be thorough in providing for the safety of customers and employees, and seeking to do our very best to fulfill our mission as a business that provides public infrastructure.

As one pillar for the growth strategy of our corporate group in our long-term business strategy, our objective to increase value along train lines while making the most of inbound travelers has not changed. However, since conditions do not allow us to expect quick recovery, for the time being, we will make the most of the abundant tourism resources along our train lines and continue with efforts to increase the appeals of areas along them through marketing and information distribution with the goal of attracting domestic customers.

In June 2020, we established a new Digital Strategy Division in our company. With the importance of responding to the rapid advancement of digitalization during the coronavirus pandemic, we have begun efforts to radically reform service contents and cost structures focusing on digitalization and to undertake efforts seeking to innovate new business models. Moreover, to enable development into an even more durable business after the resolution of the coronavirus, we will keep rapidly advancing the solidification of our medium-term road map and growth strategy.

Numerical targets (consolidated basis)



*1 Including dividend income
 *2 Operating income + dividend income + depreciation and amortization
 *3 In fiscal 2018, along with revision of our residential housing development business, appraisal losses of real estate for sale (6.3 billion yen) were calculated as cost of sales. With EBITDA calculated excluding the impact of this, the Interest-bearing debt balance/EBITDA ratio was 7.7.
 *4 The target values for fiscal 2020 and fiscal 2027 are based on data as of February 28, 2018. If revisions to these targets or predictions occur, they will be reported on our corporate site Investor Information page (<http://www.nankai.co.jp/company/investor.html>).

Capital investment amounts

	2018 (results)	2019 (results)	2020 (plan)
Increase revenue	237	218	
Developing the Namba community	109	18	Fiscal 2020 predictions are currently pending
Inbound travel	32	5	
Developing communities with stations as core locations	14	25	
Expanding real estate business, etc.	73	156	
Other revenue growth investment	8	12	
Safety and updating	198	260	
Railway-related construction (including new rolling stock)	105	127	
Real estate and logistics facility construction	40	45	
Total	435	479	

Our entire company is working together to increase value along our train lines in preparation for the opening of the Naniwasuji Line

Nankai Group Business Vision 2027
(fiscal 2018-2027)

Business strategy 1
Create train lines that are chosen
Reverse population movement from net loss to net gain in 10 years
Related Kyoso 136 Plan fundamental policies
1 2 3 4 5

Synergy

Business strategy 2
Broaden and deepen our real estate business
Cultivate this as a core business that is equal to our railways and generates a majority of operating income
Related Kyoso 136 Plan fundamental policies
2 4 5

Kyoso 136 Plan fundamental policy	Major achievements in fiscal 2018	Major achievements in fiscal 2019
1 Provide high-quality transportation services that are safe and reliable		
Increase safety of platforms and crossings	<ul style="list-style-type: none"> New crossing obstacle detection equipment and crossing focus monitoring systems installed New gates installed on Namba Station platform 1 	
Renew rolling stock intensively and systematically	<ul style="list-style-type: none"> Koyasan cable cars updated with two new-model two-car trains Nankai Line trains changed to 12 cars 	<ul style="list-style-type: none"> Nankai Line trains changed to 12 cars Koya Line trains changed to 18 cars
Refurbish station restrooms	<ul style="list-style-type: none"> Executed at 14 stations 	<ul style="list-style-type: none"> Executed at 14 stations
Steadily increase safety and operation security of facilities against natural disasters	<ul style="list-style-type: none"> Reinforced earthquake resistance of station buildings and overpass pillars (Sakaihigashi Station, Sumiyoshihigashi Station, etc.) Nankai Line Kinokawa Bridge pillars reinforced (work completed), etc. 	<ul style="list-style-type: none"> Reinforced earthquake resistance of station buildings and overpass pillars (Hagurazaki Station, etc.) Disaster countermeasures (falling rock and embankment protection works, etc.)
2 Develop the Namba community		
Enhance the zone around the Nankai Terminal Building	<ul style="list-style-type: none"> Namba SkyO opening Participated in planning and advanced the Namba Hiroba Remodeling Plan, which is a public-private cooperative project 	
Formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai	<ul style="list-style-type: none"> Completed building and prepared to open YOLO BASE, the first inbound labor training facility in Japan 	<ul style="list-style-type: none"> – Opened for business Participated in planning for and invested in Hoshino Resort OMO7 Osaka Shin-Imamiya development plan Participated in project planning for Namba Naka 2-chome development plan (site A) Started efforts for work to renew Shin-Imamiya Station
Invest in real estate properties that contribute to community development	<ul style="list-style-type: none"> Nankai Namba Midosuji West FP HOTELS Grand South-Namba Nankai Namba Daini Building 	<ul style="list-style-type: none"> Namba Midosuji Center Building Nankai SK Namba Building
3 Increase nonresident population, starting with inbound travelers		
Improve environment for receiving foreigners coming to Japan	<ul style="list-style-type: none"> Utilized stress-free mobile environment services Adopted Alipay, the largest Chinese electronic payment service Opened "hands-free sightseeing" service facilities, etc. 	<ul style="list-style-type: none"> Completed e-ticket conversion of special tickets for overseas travel agencies
Promote tourism that maximizes the features of locations along our train lines	<ul style="list-style-type: none"> Advanced Koyasan Tourism Attractiveness Improvement Project <ul style="list-style-type: none"> Started operation of new-model Koyasan Cable cars Advanced Kada Fish Line Project <ul style="list-style-type: none"> Started operation of Medetai Train Nana 	<ul style="list-style-type: none"> – Established a snack stand at Kudoyama Station and a Station Hotel at Koyashita Station
Increase appeal along train lines by creating employment and industry	<ul style="list-style-type: none"> Entered cooperation agreement with Wakayama City related to Kada Renovation Community Development Project 	<ul style="list-style-type: none"> Opened "Renovation School @ Kada" for idle real estate in the Kada area Held Nankai Lines Atotsugithon race as part of support for innovation by businesses along train lines
4 Develop communities with station as core locations		
Increase appeal along train lines by refurbishing stations	<ul style="list-style-type: none"> Advanced Wakayamashi Station Revitalization (Phase 2) <ul style="list-style-type: none"> Completed construction of parking structure 	<ul style="list-style-type: none"> – Completed construction of retail building, hotel and library (Ki:no Wakayama opening in June 2020*)
Revitalize and invigorate Senboku New Town	<ul style="list-style-type: none"> Renovated Izumigaoka Station Developing basic design plan to begin work on area in front of Izumigaoka Station. 	
5 Expand real estate business		
Promote more effective land use at distribution bases	<ul style="list-style-type: none"> Advanced development of Kita-Osaka Logistics Center Building No.1 	<ul style="list-style-type: none"> Began construction of new A building (Opened for business April 2020*)
Invest in real estate properties that contribute to community development	<ul style="list-style-type: none"> Nankai Namba Midosuji West FP HOTELS Grand South-Namba Nankai Namba Daini Building 	<ul style="list-style-type: none"> Namba Midosuji Center Building Nankai SK Namba Building

* Fiscal 2020

"Create train lines that are chosen" is one business strategy in the Nankai Group Business Vision 2027. To do this, we are concentrating efforts on "developing the Namba community, which is the entry point for our train lines" and "community development focused on improving value along our train lines."

Develop the Namba community, which is the entry point for our train lines

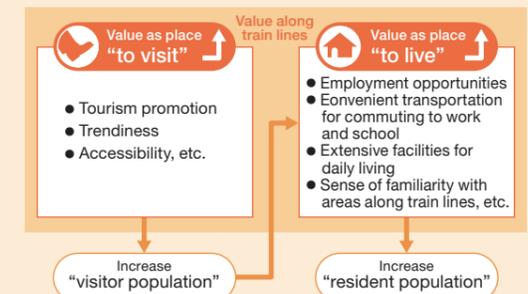
- With inbound tourism and Namba SkyO as triggers, cultivate the area with the two vectors of "development as an international tourism city" and "enhancement of urban functions"
- With formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai as the key, create a vibrant excursion space and develop the region into "an area of greater excitement"

Image of Greater Namba



Community development focused on improving value along our train lines

- Increase the "visitor population" by raising the value as a place "to visit," and contribute to increased "resident population" by raising the value as a place "to live"



Main fiscal 2019 efforts for the Kyoso 136 Plan

Fundamental policy 1 For details about fiscal 2019 efforts to “provide high-quality transportation services that are safe and reliable,” please see “Safety Investment” (p.28) and “Applying customer feedback” (p.35).

Fundamental policy 2 Develop the Namba community

A Namba SkyO drove profit growth for the Kyoso 136 Plan

In October 2018, we opened Namba SkyO as a nexus of community development utilizing company property in Namba. This development is endowed with a large-scale, urban convention hall and other facilities that meet the needs of the Namba area for high-performance, large-scale offices and advanced, preventative medical treatment. With the office area rental rate reaching 100% and income and expenditure becoming favorable, it is driving profit growth in our current Medium Term Business Plan. As a landmark tower of the Namba area, we will seek to make it further improve the value of the area.



B Participated in project planning for Namba Naka 2-chome development plan (site A)

Seeking to further enhance the urban functions of the Namba Area, we participated in project planning for the Namba Naka 2-chome development plan (site A), which is the area south of Namba Parks. We are participating in this subleasing project in which about 4,400 m² of rented land will be rented to others, including Centara Hotels & Resorts, which is scheduled to open its first luxury hotel in Japan in the middle of 2023.

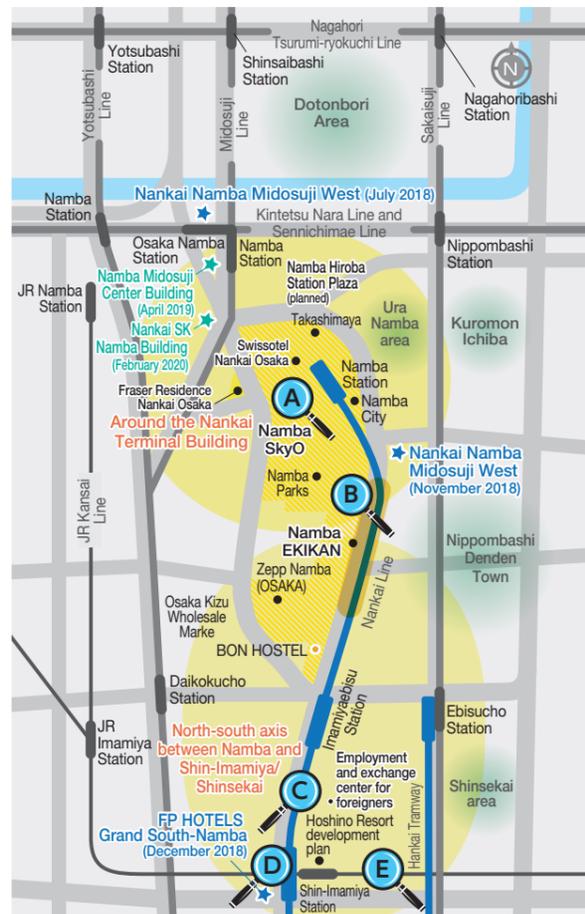
C Opened YOLO BASE, an employment and exchange center for foreigners

With the goal of enabling foreign laborers to gain work skills, including for lodging and food and beverage services, as well as to learn languages, for example, we opened YOLO BASE, the first inbound labor training facility for foreigners in Japan in September 2019.



D Advanced Shin-Imamiya Station renovation plan

Shin-Imamiya Station is a station that will connect with the Naniwasuji Line, which is scheduled to open in 2031, and is also a key station for the formation of a north-south axis between Namba and Shin-Imamiya/Shinsekai. We will continue striving to raise the satisfaction levels of customers that use the station by advancing a renovation work plan and seeking to increase its convenience, improve its capacity for handling travelers and enhance the local image.



★ Real estate property acquired in fiscal 2018
 ★ Real estate property acquired in fiscal 2019

E Participated in planning and invested in Hoshino Resort OMO7 Osaka Shin-Imamiya development plan

We participated in planning and invested in the Hoshino Resort OMO7 Osaka Shin-Imamiya development plan, which is advancing preparations for an urban tourist hotel that is to open in 2022. Through coordination with the Hoshino Resort, we will keep seeking 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 train lines by making them more attractive to visitors.



Image provided by Hoshino Resort

Fundamental policy 3 Increase nonresident population, starting with inbound travelers

In the Koya-Sanroku area



Seeking to expand the classes of visitors to the Koya-Sanroku area and improve travel, we renovated the station building. We established a snack stand at Kudoyama Station and a Station Hotel at Koyashita Station as “bases for walking the pilgrimage trail.”

In Wakayama City and the Kada area



We advanced the Kada Renovation Community Development Project based on a cooperation agreement with Wakayama City. We held “Renovation School @ Kada” practical workshops to think about business plans utilizing actual idle real estate.

With businesses along train lines



As a link among measures to increase resident population along our train lines, we held the Nankai Lines Atoutugithon as a workshop for successors to small and medium-size businesses and retail shops, for example, in order to generate ideas for new business. We will continue to support innovation by businesses along train lines in the future.

Fundamental policy 4 Develop communities with stations as core locations

Grand opening of Ki:no Wakayama, a new building for Wakayamashi Station (June 2020)

We had advanced construction of Ki:no Wakayama, a new station building that connects directly to Wakayamashi Station, but its opening for business was delayed due to the pandemic. This multifunction facility comprised of a commercial zone, a hotel and a public library finally had its grand opening in June 2020. 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.



Fundamental policy 5 Expand real estate business

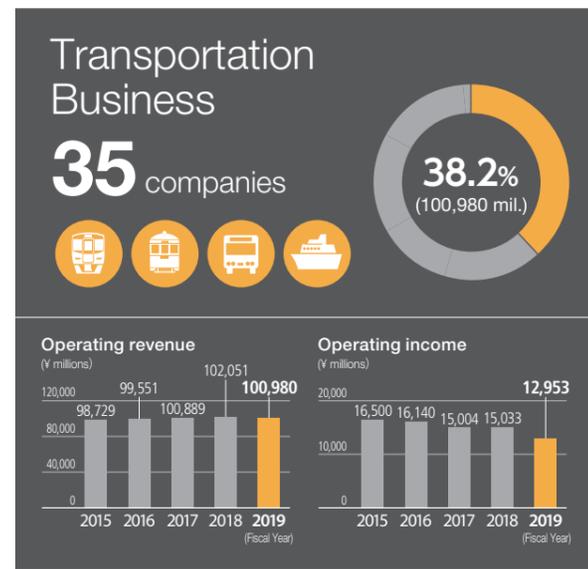
Completed construction of Kita-Osaka Logistics Center Building No.1 (April 2020)

We are advancing the comprehensive redevelopment of the Kita-Osaka Logistics Center Building No.1 in Ibaraki City, Osaka Prefecture. We completed construction of the Kita-Osaka Logistics Center Building No.1 as a starting point in April 2020. By continuing to promote more effective land use, we are seeking to make this the largest distribution base in the Kansai region.



Business overview by sector

* The operating revenue values for each segment include transactions between segments.



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 in 2014, and its railway line travels to Senboku 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

Even though the previous fiscal year reflected negative typhoon impacts, operating revenue this year decreased 1.0% to 100.98 billion yen due to the effects of the coronavirus pandemic. Operating income was 12.953 billion yen (a 13.8% decrease from the previous fiscal year) due to increased depreciation and other factors.

Business focus for this financial year

▶ Began operation of "NANKAI My Train"



We completed renovation of the 9000 series cars that we began in 2017 through the "NANKAI My Train" project, in which we thought about train car design with customers, and started operating them in April 2019.

▶ Conducted campaign commemorating designation of the Mozu-Furuichi Kofun Group as a World Heritage



In July 2019, we undertook a variety of measures, including running cars with decorative wrapping and issuing Sakai area tourism pamphlets as part of efforts that we called the "Mozu-Furuichi Kofun Group World Heritage Designation Commemorative Campaign."

▶ Started operation of Kumano Gobo Nankai Bus



In order to flexibly utilize the business resources of the group companies in the Nankai area and operate them as a unified business, we launched Nankai Kanko Holdings as an intermediary holding company in October 2019. We also started operation of Kumano Gobo Nankai Bus as a new subsidiary responsible for bus operations in January 2020.

▶ Expanded routes covered by our "bus location system"



At Wakayama Bus, we have incorporated a "bus location system" that utilizes GPS terminals attached to buses to provide bus operation status in real-time since April 1, 2019.

▶ Opened the Kyoto-Koyasan Line as a direct express bus route



In order to encourage visits to the Koyasan World Heritage, Nankai Rinkan Bus opened the Kyoto-Koyasan Line, which connects these two areas, jointly with the Keihan Bus Co., Ltd. This line was operated during the limited period from September to November 2019 during the autumn excursion season.

▶ Put the newly-built "Ferry I" into commission



Nankai Ferry began operation of the newly-built "Ferry I" on December 15, 2019. In addition to establishing new seating areas reserved for women on this ship and outfitting it with Wi-Fi, we focused on the exterior appearance, interior design and other details to enable customers to enjoy their travel more.



Executive message

As a mission of our group, we are advancing a variety of efforts to provide high-quality transportation services that are safe and reliable

The most important mission of our railway business is to “provide high-quality transportation services that are safe and reliable,” which is a fundamental policy of our Kyoso 136 Plan. Considering this, the discovery of cracks in Rapi:t Limited express bogies in August 2019 and the recognition that this was a serious incident brings us great shame. We apologize again for causing great worry and anxiety to everyone concerned.

In response to this incident, we reviewed the content of our regular bogey inspections and revised our inspection manuals, for example, and we made efforts to restore customer confidence in fiscal 2019. Moreover, we work to improve safety by continuing to advance work to increase the earthquake resistance of facilities and elevated line pillars. We also installed new obstacle detection equipment at railway crossings, for example. For disaster prevention, we undertook the removal of trees that would be dangerous if they fell, and we developed disaster prevention records for slopes. In addition, we adopted web meeting systems to link our head office, work sites and command centers, and strengthened our information coordination during disasters.

On the other hand, in terms of service, we began operation of renovated 9000 series cars developed through the “NANKAI my train” project in which we thought about train car design for the Nankai Line with customers. We also

endeavored to increase convenience for customers from Japan and abroad. For example, we incorporated a multilingual train announcement system on the Koya Line, deployed mobile translation devices to stations and some limited express trains, and distributed the Nankai app that can be used to check train progress locations, for example.

Our company is responsible for public infrastructure that is indispensable to daily living, so we have a duty to continue our business while minimizing infection risks, even in conditions with fewer railway users due to the spread of the coronavirus pandemic. For this reason, we are also working to apply antibacterial and antivirus treatments inside train cars and to attach antibacterial and antivirus sheets to the touch panels of fare adjustment machines, for example.

In fiscal 2020, which is the final fiscal year the Kyoso 136 Plan, we are striving to build a culture that actively creates safety with “aggressive safety” as the action guideline. In the medium and long terms, we should respond to customer needs both during and after the coronavirus pandemic. To do this, we will continue to create new value with innovative ideas and seek to raise the value along train lines as well as increase resident and nonresident populations and “create train lines that are chosen.”

Managing Corporate Officer
Kajitani Satoshi



Executive message

We will continue endeavoring to increase brand value by being deeply involved in each area and maximizing the expertise of all group companies

In order to “have our train lines and corporate group be chosen,” as prescribed in our Business Vision, the important things are having every group company be deeply involved in each area and providing products and services with high added value that feature the expertises of each business. Moreover, I believe that gaining and developing the trust of all stakeholders, starting with our customers, is a major duty for every group company.

In fiscal 2019, every group company again advanced business that maximized each of their expertises. For example, in order to respond to demand related to inbound travel, bus businesses Kansai Airport Transportation Enterprise and Nankai Bus increased the number of airport limousine buses as well as buses circulating on Kansai Airport Island. In addition, we incorporated a new mobile

payment service for inbound travel routes in Kansai Airport Terminal 1. In our distribution facility real estate rental business, Semboku Rapid Railway, which has a large distribution facility, advanced the redevelopment of the Kita-Osaka Logistics Center. In our hotel and ryokan lodging business, Nakanoshima rebranded Hotel Nakanoshima, reopening it as “The azure island accommodation Kumano-bettei NAKANOSHIMA” a luxury Japanese-style resort oriented toward individual travelers.

Making the most of their individual expertises and already cultivated public confidence, I want every group company business, including transportation, real estate, distribution, leisure and services, and construction, to continue increasing service quality and employee satisfaction and building high brand value in each business field.

Senior Corporate Officer
Tsukuda Yoshio



Business summary

We have been undertaking real estate leasing and sales, particularly along our train 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.

* The operating revenue values for each segment include transactions between segments.

Business results

Operating revenue was 43.486 billion yen (a 17.7% increase over the previous fiscal year) due to the contributions of Namba SkyO throughout the year and increased condominium sales. Operating income was 13.832 billion yen (a 189.6% increase over the previous fiscal year). This change is due in part to the inclusion in the previous fiscal year of appraisal losses of real estate for sale that accompanied the revision of our residential housing development business.

Business focus for this financial year

Advance first phase of redevelopment plan for Kita-Osaka Logistics Center



Semboku Rapid Railway advanced redevelopment of the Kita-Osaka Truck Terminal Building 1 (completed on April 3, 2020). By unifying the terminal and the distribution center, we have created a logistics facility that achieves quick and efficient distribution.

YOLO BASE inbound labor training facility opened for business

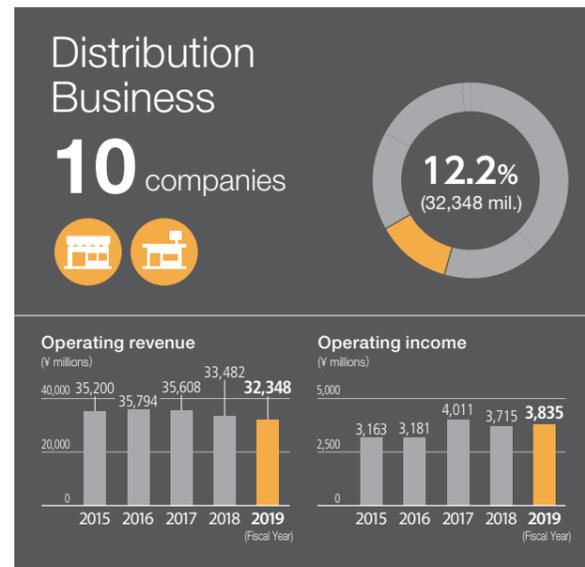


In September 2019, we opened YOLO BASE, the first inbound labor training facility for foreigners in Japan. Through this well-outfitted facility, which includes a hotel, a restaurant and event space, we seek to help people, including enabling them to gain the work skills needed to work at Japanese businesses and to master languages and other knowledge.



Business overview by sector

* The operating revenue values for each segment include transactions between segments.



Business summary

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

Business results

Operating revenue this year was 32.348 billion yen (a 3.4% decrease from the previous fiscal year) due to the impacts of the coronavirus pandemic and other factors. Costs related to the renovation of a shopping center were included in the previous fiscal year results, so operating income increased this year to 3.835 billion yen (a 3.2% increase over the previous fiscal year).

Business focus for this financial year

▶ Namba Parks renewal



In March 2020, we renovated Namba Parks. In addition to opening a total of 37 shops* including retail stores, dining and drinking establishments and some businesses appearing for the first time in Japan, we also created a new wedding space.

* These include new shops as well as shops that relocated, remodeled or changed lines of business.

▶ Grand opening of Ki:no Wakayama held

We had been advancing construction of Ki:no Wakayama in a new station building that connects directly to Wakayamashi Station. This multifunction facility had its grand opening in June 2020. With a commercial facility, hotel, library and other features, this has become an entrance to Wakayama and a new landmark.

Executive message

We are promoting comprehensive community development in terms of both hard and soft infrastructure, and working to increase value along train lines.

We established the Nankai Group Business Vision 2027 as our ideal form for 10 years in the future. In this vision, as a business strategy we set enhancing the areas along train lines by generating synergies from “creating train lines that are chosen” and “broadening and deepening our real estate business.” Our real estate and distribution segments are filling important roles for realizing this.

Needing to make Namba an even more attractive neighborhood after the opening of the Naniwasuji Line scheduled for spring 2031, we are not just advancing, for example, the acquisition of properties in the Namba area and conducting steady rental business through the development, maintenance and management of properties that we have owned for some years. Along with the acquisition and development of properties, we are also striving to become a comprehensive developer that conducts even more diverse business, including flow businesses with focuses even on renovation and sales. In these ways, we will continue to “broaden and deepen our real estate business.”

Moreover, in cooperation with government agencies and local stakeholders, we are making spaces for walking that contribute to the creation of Greater Namba through plans to

develop pedestrian space at Namba Station Hiroba Plaza and the revitalization of the Shin-Imamiya and Shinsekai area, for example. In addition, we are focusing efforts on the soft infrastructure of community development, including area management in coordination with governments, business innovation along train lines and other community invigoration efforts. We will also continue working to revitalize and invigorate the towns developed along our train lines, starting with Semboku.

Meanwhile, the business environment is changing drastically due to the current coronavirus pandemic. As a result of the increase in working from home and the sudden reduction in inbound travel, reforming business structures has become an immediate concern. At the same time, it is important to continue grappling with changed perceptions of value in a “new normal” age, including reconsiderations of suburban living. First, as we focus on structural reforms, needing to solidify our footing, we will actively incorporate alliances in terms of both hard and soft infrastructure. We will also continue accelerating community development in Namba as well as along our train lines, and advance efforts toward realizing our goals to “broaden and deepen our real estate business” and “create train lines that are chosen.”



Senior Managing Corporate Officer
Takagi Toshiyuki

Executive message

Creating enhanced urban functions and lively pedestrian spaces, we will keep contributing to the formation of rich living environments

At our company, by “broadening and deepening our real estate business,” we are seeking to make commercial facilities, offices, residences, hotels, distribution centers and other locations more attractive, and contribute to creating even richer living environments.

In fiscal 2019, anticipating the opening of the Naniwasuji line, we purchased office buildings in the Namba area. At Namba Parks, we also renewed the Parks Garden, which has received high praise in Japan and abroad, earning various awards and recognitions. Little Oyatsu Town Namba, an urban theme park centered on Baby Star Ramen, is scheduled to open this fall. Moreover, in the Wakayama area, Ki:no Wakayama, a multifunction facility comprised of a commercial zone, a hotel and the Wakayama City Public Library opened in June this year, realizing “community development with a station as the core location” that fuels activity in the area around it. Furthermore, in our distribution business, we completed

construction of the Truck Terminal 1 Building in the Kita-Osaka Logistics Center as a starting point for our intention to make the largest distribution center in the Kansai region. In our residential development business, we opened the new neighborhood of Mitsuishidai Soratomori at Rinkandenentoshi near Nankai Hashimoto.

Since the beginning of this year, however, the power of the coronavirus pandemic has been causing radical changes in how we live and the way we work. As a result, the creation of new value both during and after the coronavirus has become an urgent matter. While a variety of communication has gone online through the spread of digital technologies, by re-creating the value of “real” places again and creating locations that are worth visiting, we will continue working earnestly to increase visitor and resident populations along train lines and make train line neighborhoods for a new era that have value as both destinations and places to live.

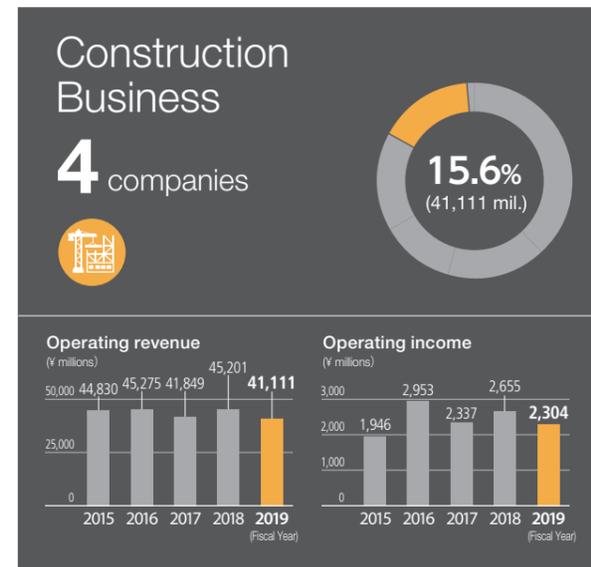


Senior Corporate Officer
Nishiyama Tetsuhiro



Business overview by sector

* The operating revenue values for each segment include transactions between segments.



Business summary

We are undertaking businesses that contribute to enhancing the lives of our customers both near and far from our train 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. In recent years, we have been concentrating efforts on inbound demand, focusing on travel and lodging businesses.

Business results

Operating revenue was 42.981 billion yen (an 8.4% increase over the previous fiscal year) and operating income was 2.762 billion yen (a 43.7% increase over the previous fiscal year) due to factors including increased revenue in our building maintenance business, the rebranding and reopening of Hotel Nakanoshima, and more funeral services in our funeral business.

Business focus for this financial year

▶ Misaki Park closed event held



Before the closing of Misaki Park at the end of March 2020, we held a "Misaki Park Closed Ceremony – We played a lot" to express 63 years of gratitude. Due to the impact of COVID-19, we had no choice but to reduce the duration and scale of the event, but many park visitors still enjoyed it.

Other In other businesses, our operating revenue was 3.503 billion yen (30.7% increase over the previous fiscal year) and our operating income was 212 million yen (37.9% 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

In this fiscal period, along with private residential construction, we also focused on efforts to receive orders for private non-residential construction and public construction. As a result of a reduced number of construction completions, however, operating revenue was 41.111 billion yen (a 9.0% decrease from the previous fiscal year) and operating profit was 2.304 billion yen (a 13.2% decrease from the previous fiscal year).

Business focus for this financial year

▶ Designed and built Circles Ginza



Nankai Tatsumura Construction Co., Ltd. Received the order to design and build Circles Ginza, a building with 10 floors above ground, from Mitsubishi Estate Co., Ltd. and Matsuya Co., Ltd. After completing construction, we turned over the building on November 29, 2019. In this building, we incorporated features that include interior balconies and a rooftop terrace that can be connected to a shared kitchen.

ESG and SDG section

In our corporate group, we are pursuing CSR with four overarching themes that we have identified as business guidelines for our group. They are "assurance of safety and peace of mind," "emphasis on the environment," "compliance thoroughness" and "pursuit of a customer orientation." In addition, we have also begun efforts for sustainable development goals (SDGs) as guides for CSR efforts toward the resolution of issues faced by global society.

Overview of our approach to sustainable development goals (SDGs)

The SDGs adopted by the United Nations in 2015 are goals shared worldwide for 2030 toward the resolution of social, economic and environmental issues facing society around the globe. They are comprised of 17 goals with 169 targets for the realization of a sustainable world. Moreover, to achieve these goals, cooperation is desired not only among the governments of countries around the world but also among local governments, businesses, nonprot organizations and numerous other stakeholders.

At the same time, developing numerous business activities and close relationships with communities and contributing to the consideration and resolution of various social issues in local communities is important for the continuation of our business activities.

Regarding environmental issues, for some time we have been pursuing environmental management that considers impacts on the environment from our business activities. In 2008, we established our Environmental Policy Promotion Department as a dedicated department, and we have been undertaking efforts throughout the entire group for the building of promotion systems. However, taking into account increasing expectations about the contributions of businesses

toward SDGs and the characteristics of our business, which is closely linked with communities, we established a new SDGs Management & Promotion Department under our Environmental Policy Promotion Department in 2019. The goal of this is to advance efforts to consider and contribute to a wide range of social issues not just the environment. Moreover, in fiscal 2020, we implemented "SDG-related trainings" for all management and for group company officers to deepen their understanding of SDGs and environmental, social and corporate governance (ESG) criteria. We also organized daily work activities for each ESG domain.

SDGs are valuable resources for the identification of important social issues, which is necessary in formulating business strategies. We expect that they will also contribute to the Nankai Group Business Vision 2027 and enhance our medium term business plans that build to it.

In the future, we will seek to achieve the targets of related SDGs through our business activities. We will set concrete tasks for them over the medium and long terms in the areas of environment (E), society (S) and corporate governance (G), and continue undertaking steady efforts while applying PDCA cycles.

SUSTAINABLE DEVELOPMENT GOALS



We use these SDG icons to show their relationships with safety, the environment, society and governance.

Communicating efforts related to SDGs with news releases

We are seeking to link contributing to the achievement of SDGs through various business activities to increasing value along train lines. In order to strengthen communication to stakeholders about activities such as these, we have been conveying information about them in news releases and including the SDG logo and the icons of SDGs relevant to their contents.



Efforts for SDGs in each ESG domain

In order to further deepen the efforts for CSR that our corporate group has made until now, we have incorporated the approach adopted by the UN for Sustainable Development Goals (SDGs) in our business activities, and we are seeking to continue contributing to the sustainable development of society. In 2020, as one aspect of this, we implemented SDG-related trainings for all management and group company employees. In these trainings, we were able to deepen understanding about SDGs, as well as organize daily work activities into ESG domains and gather numerous opinions about issues that our company should be taking on.

As a step to identify important issues for our corporate group, we classified group business activities into ESG domains and organized their current relationships with SDGs in the table below.

In the future, considering opportunities and risks in the business environment, we want to link this to concrete efforts by advancing identification of important issues that we should prioritize in our efforts, considering their importance from the perspectives of both society and our company.

SDGs related to corporate group business activities in each ESG domain

Domain	Theme	Fiscal 2020 business activity	Objective achieved	Related SDGs
E Environment	Suppress global warming	① Reduce Nankai Group CO ₂ emissions ② Promote green procurement	① Reduced Nankai Group CO ₂ 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 train 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 train 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 independent 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. Gomadan in Totsukawamura, Nara Prefecture	Acquired new offset credits (J-Credit)	
	S Safety and peace of mind	Reduce natural disaster risks	Advance various measures to reduce natural disaster risks, which are increasing	
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	
Safety investment		Systematically update old equipment and facilities to prevent serious accidents and reduce operational impediments	Conducted continuous grade separation projects, updated transformer substation equipment, renewed train cars, etc.	
S Customers	Increase convenience for diverse customers.	① Provide high-quality stations by refurbishing station facilities and advancing barrier-free conversion, and increase appeal along train 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, JSCI evaluation scores raised) Barrier-free conversion completed at Kishinosato-Tamade Station (Koya Line side) ② 12 cars in fiscal 2020	 
	Promote inbound travel	① Plan and sell travel products with the goal of increasing visitor populations in neighborhoods along train 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 train lines ② Established implementation plan and reflected it in budget (Platplat and Ki:no Wakayama)	
	Improve customer satisfaction	Provide easy-to-understand information to customers using own media resources (website, text messages, posters in stations, etc.)	Improved customer evaluations (customer satisfaction) Increased favorable impressions of the Nankai brand	
	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	

Domain	Theme	Fiscal 2020 business activity	Objective achieved	Related SDGs
S Local communities	Increase value along train lines	① Implement measures focused on the Medetai Train to attract customers to the Kada Fish Line ② Support innovation by businesses along train lines (Atotugithon along Nankai lines, etc.)	① Implemented continuous promotion and enhancement measures ② Built support network for enterprises along train lines seeking commercialization	  
	Develop the Namba community	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 Ki:no 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 4-chome office building ② Completed construction of Kita-Osaka Logistics Center Building No.1	
	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	
	S 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 train line community ambassadors)	
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 head company	
Promote diversity		① Proactively employ women ② Promote employment of the disabled	① 30% or higher female employment rate among college graduates at head company ② Employed more than legally required rate	
G Governance	Implement 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	 
	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	
	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	
	Deepen efforts for thorough compliance	Establish PDCA cycle with compliance awareness surveys at the core	Feedback received from awareness surveys and issues identified	
	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	

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



Safety

Safety Information Report

In accordance with Section 4, Article 19 of the Railway Business Act, Nankai publically releases its Safety Report, which details the measures taken to ensure transportation safety during the previous fiscal year, as well as other efforts to ensure safety (excerpt).

Message from the Comprehensive Safety Administration Manager (corporate officer in charge)

To restore customer confidence, we will work to foster a culture of safety and implement measures to prevent and minimize disasters as we strive to provide safe, trustworthy and reliable transportation

Comprehensive Safety Administration Manager
Managing Corporate Officer
Railway Business Division General Manager
Kajitani Satoshi



Thank you very much for using our businesses.

In April and August last year, cracking was discovered on Limited Express Rapi:t cars, and the August case was recognized as a serious incident by the Japan Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism. In September, operation impairment resulting in delays of over three hours occurred due to a train car malfunction related to the steel cables. Furthermore, we confirmed that an incident (cracking in a 6000 series train car) that occurred in 2015 was not included as an incident in the fiscal 2016 Safety Report. We apologize deeply for causing great worry to customers who use our trains because of these incidents.

In fiscal 2019, we fortunately did not experience any major natural disasters. However, undertaking measures to prevent and ameliorate natural disasters, which have been becoming more frequent and intense, is one of our most important tasks. We have advanced the reinforcement of earthquake resistance for overpass pillars and station buildings, the installation of overpass pillar abnormality detection systems, the reinforcement of embankments and countermeasures to prevent the dislodgement of bridges. We will continue advancing these efforts systematically during fiscal 2020. Moreover, we are working to ensure safe transportation by strengthening initial response measures and systems to minimize disaster impacts on train operation and times before resuming operation to the greatest extent possible even if damage should occur. Furthermore, we will continue to conduct safety measures for platforms and

railroad crossings and systematically update old equipment and facilities, starting with rolling stock.

In addition to physical infrastructure such as this, we are working to strengthen the culture among workers in charge so that they implement safety policies with dedication to acting at all times in accordance with the principle that safety is the highest priority. We are also seeking to invigorate communication and develop human resources through thorough training and education as additional soft infrastructure enhancements.

As we have been doing this, we have also worked with all our abilities to restore the confidence of customers who were made to feel insecure by other incidents along with the cracking in the Limited Express Rapi:t cars. Based on our determination that fostering a safety culture is indispensable in enabling our customers to use our services with peace of mind, we are continuing to seek to build a culture that actively creates safety, in other words, practices "aggressive safety," and to offer transportation services that are safe and provide peace of mind.

On January 30, we established a countermeasure headquarters in response to the coronavirus pandemic that began to spread from around January 2020.

In order to enable our customers to use our services with peace of mind, we have been working to prevent contagion and stop the spread of the virus by implementing countermeasures to the greatest extent possible (see the feature on page 29 for details).

Measures to ensure customer safety

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 the three-year period starting fiscal 2018.

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

Safety priority measures for the three-year period starting fiscal 2018

- Reduce growing natural disaster risks
- Respond to the demands of society
- Systematically update old equipment and facilities, starting with rolling stock
- Improve abilities to respond in emergencies
- Foster safety culture and develop human resources

Safety Investment

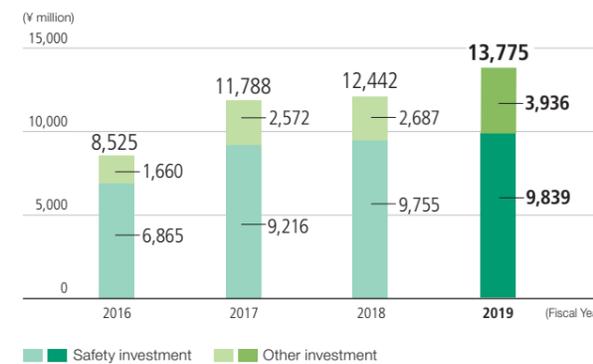
In order to implement the necessary safety measures as planned without delay, we invested about ¥9.8 billion in the renewal and improvement of facilities, rolling stock and other infrastructure during fiscal 2019.

We are doing this in preparation for a large-scale earthquake that is expected to occur in the future. The measures we are

advancing include construction work to enhance the earthquake resistance of overpass pillars and station buildings and to improve station platform safety as well as the updating of aging facilities.

We will continue advancing safety measures systematically in fiscal 2020.

Investments for safety



Major equipment investments in Fiscal 2019

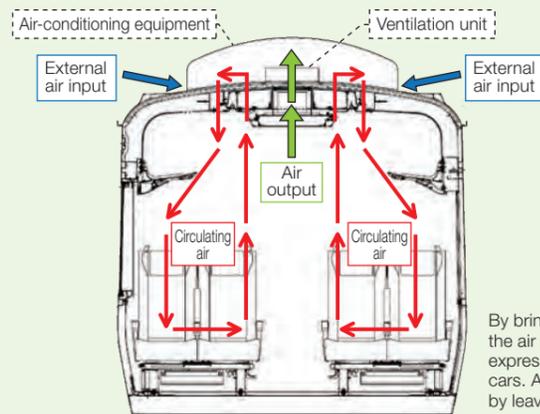
- Reinforced earthquake resistance of overpass pillars
- Disaster countermeasures (falling rock and embankment protection works)
- Reinforced earthquake resistance of station buildings (5 stations, including Hagurazaki)
- New manufacture of 8300 series train cars (12 for Nankai Line, 18 for Koya Line)
- Renewal work on 9000 series (8 cars executed)
- Chiyoda transformer conversion to receive electricity independently
- Installed new crossing obstacle detection equipment and crossing focus monitoring systems
- Updated transformer silicon rectifiers (Haruki transformer)
- Continuous grade separation projects (in Sakai and Takaishi cities)

Feature Efforts made to protect against and stop the spread of COVID-19

Since we began to see signs that COVID-19 would spread beginning in January 2020, we established a countermeasure headquarters on January 30. Since then, we have been meticulous in prevention countermeasures and continued working to stop the spread of this infectious disease. At present, in order to enable our customers to use our services with peace of mind, we have been working to stop the spread of COVID-19 by implementing countermeasures to the greatest extent possible.

Furthermore, we are also asking for cooperation from our customers in precautions against contagion, including coughing etiquette and hand-washing, as well as by commuting at different times, based on public appeals, including from the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Health, Labour and Welfare.

Train car interior ventilation illustration (Series 12000)



By bringing in outside air using air-conditioning equipment, the air is replaced about every 3–8 minutes inside limited express train cars and every 8–10 minutes inside ordinary cars. Air exchange in ordinary train cars can be accelerated by leaving windows open and opening and closing doors.

Our main countermeasures and efforts

1. Wearing of masks by station staff, train crew members and other employees who interact with customers
2. Installation of plastic sheets at station wicket counters to prevent droplet transfer
3. Sterilization of station facilities (staircase railings, waiting rooms, customer restrooms, automatic wickets, ticket vending machines and other locations people touch with their hands)
4. Attachment of antiviral and antibacterial sheets to touch panels of ticket vending machines and fare adjustment machines
5. Ventilation inside train cars through the operation of air-conditioning that brings in outside air and by opening windows
6. Announcements in stations and train cars educating about preventing contagion
7. Antiviral and antibacterial treatments inside train cars, and disinfection through wiping of hanging handles, handrails, etc.

Providing information to customers

- In order to provide information to customers considering commuting at different times, for example, we post data about "utilization conditions during different time periods at main stations" on our website



Wearing of masks by staff who interact with customers



Disinfection of ticket vending machines



Disinfection of hanging handle



Antiviral and antibacterial treatment of door parts



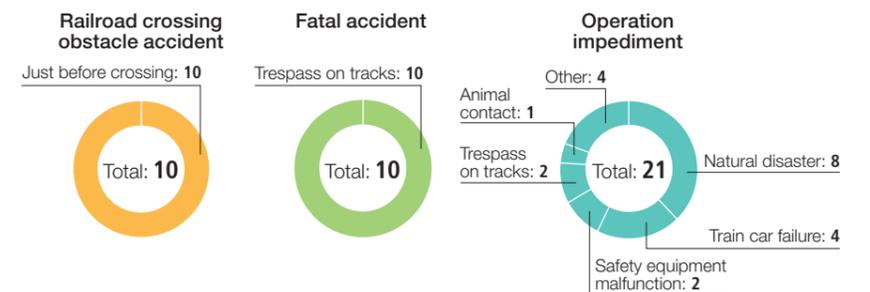
Attachment of antiviral and antibacterial sheets to ticket vending machines

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

Status of occurrence in fiscal 2019

No serious accidents (collisions, derailments or fires) occurred in fiscal 2019. Railroad crossing obstacle accidents, fatal accidents and operation impediments were as follows.

Two incidents occurred in fiscal 2018, and it was reported to the Kinki District Transport Bureau. Our company received no administrative guidance.



Incident

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

After discovering bogie cracks on April 8, 2019, they were again found on August 24, 2019 in the Suminoe car inspection section of the Nankai Line. The cracking in August was recognized as a serious incident by the Japan Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism. By allowing the cracking to occur on Limited Express Rapi:t bogies multiple times, we caused great worry and anxiety to everyone concerned, starting with the customers who use our train lines.

Making thorough efforts to determine the causes and formulating safety countermeasures based on the identified facts, we will continue to do our utmost to prevent recurrence and assure the safety of bogies.

When the results of the investigation by the Japan Transport Safety Board are released, we will accept the content sincerely and respond appropriately.

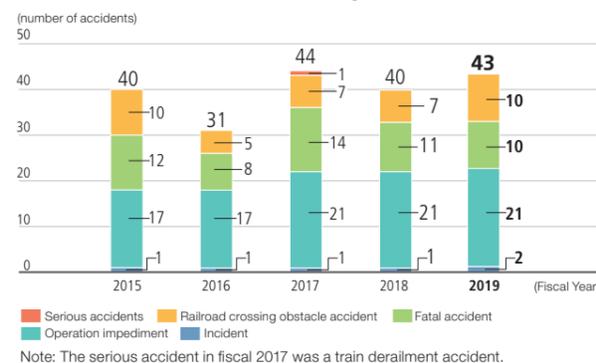
Recurrence prevention measures

1. We conducted emergency visual and magnetic particle inspections of all main electric motor seats, and repaired locations where cracks were detected.
2. We added the location (back of main motor seat) where cracking occurred this time to the key inspection locations in our Bogie Inspection Manual.
3. For important part inspections conducted every four years in general, we have included checking important inspection locations using magnetic particle inspections.

Note: We will replace the Limited Express Rapi:t bogies with even safer ones.

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
	Fatal 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



The Environment

At our corporate group, we want to keep contributing to the preservation of the environment, including by reducing environmental impacts in all of our businesses and continuing to prevent global warming.

Environmental Philosophy and Environmental Policies

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. As Nankai Electric Railway, we had already established environmental guidelines in 2004. Seeking to conform with the ISO 14001:2015 standard, we made the following reforms in 2017.

Furthermore, Nankai Tatsumura Construction and Semboku Rapid Railway Line, which are group companies, have each established philosophies and policies regarding the environment and are making reforms as they seek to conform with the ISO 14001:2015 standard.

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.

Orientation for Nankai Environmental Vision 2030

Environmental issue	Orientation for Nankai Environmental Vision 2030
Suppressing global warming	① Reduce the amount of Nankai Electric Railway Group CO₂ emissions by 26% The Nankai Electric Railway Group will reduce CO ₂ emissions by 26% compared to fiscal 2013, which is in line with the greenhouse gas reduction target set by the government for fiscal 2030 (26% reduction from fiscal 2013).
	② Create corporate value through environmental businesses By expanding energy production and sales businesses along our train 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.
Realizing a recycling-oriented society	Form smart cities along our train lines As an infrastructure business in areas along train 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 business plans and experimental businesses led by local governments.
Preserving biodiversity	Realize a society that coexists with nature 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 train lines.
Deepening environmental management	Enhance environmental promotion systems and strengthen environmental information disclosure Independent operation of an environmental management system at the standard required by ISO 14001 is being established.

Suppressing global warming

Reducing CO₂ Emissions as a Group

At the Nankai Electric Railway Group, based on the greenhouse gas reduction target set by the government for fiscal 2030 (26% reduction from fiscal 2013), we have set a goal to reduce CO₂ emissions by 26% compared to fiscal 2013 for all 56 consolidated group companies.

As a result of our efforts, we reduced emissions to 234,679 tons in fiscal 2019, a 24.3% decrease from 309,902 tons in fiscal 2013, which was the baseline year.

Breaking down these reductions, in the railway business of Nankai Electric Railway, we updated 34 train cars and took other measures in fiscal 2019, reducing emissions by 20,494 tons compared to fiscal 2018. On the other hand, in our logistics and real estate businesses, the complete opening of Namba SkyO added 3,186 tons of new emissions, so overall our reduction was 3,862 tons.

Moreover, we began calculating emission amounts using emission coefficients for each power business as publicized by the Ministry of the Environment based on the Act on Promotion of Global Warming Countermeasures. We also recalculated the values for past fiscal years using the same coefficients.

In the Act on the Rational Use of Energy, these emission coefficients are required to be used in the calculation of emission amounts in regular reports, which are mandated annually. We began following this method for our calculations in our corporate report this fiscal year. Furthermore, we are

reducing not only our emission rate but also our rate of use per unit of productivity, which expresses energy efficiency. (See "Rolling stock energy consumption rate" on page 4.)

We will continue to utilize various programs, starting with those provided by the Ministry of Land, Infrastructure, Transport and Tourism, and adopt energy-conserving rolling stock along with other rolling stock as well as distribution and real estate facilities that have high energy efficiency. We will also keep striving to raise energy conservation awareness among all group employees and achieve the targets in the Nankai Environmental Vision 2030.

CO₂ emissions of 56 Nankai Electric Railway Group companies



Energy reduction in the Railway Business

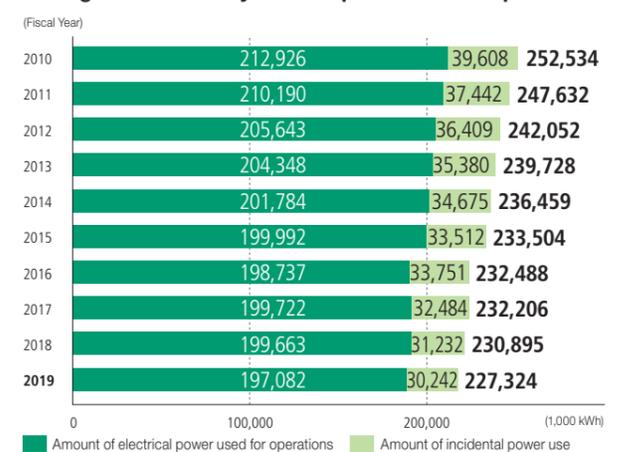
Reducing Electricity Consumed by Railways

The amount of electric power used by railways in fiscal 2019 was 227,324,000 kWh. Of this, 197,082,000 kWh, 86.7% of the total, was used for train operation. This is a reduction of 1.5% from the previous fiscal year. The incidental power use was 30,242,000 kWh.

Incidental power use is power used for signaling equipment, crossing equipment, and station equipment (including lighting, air conditioning and elevators).

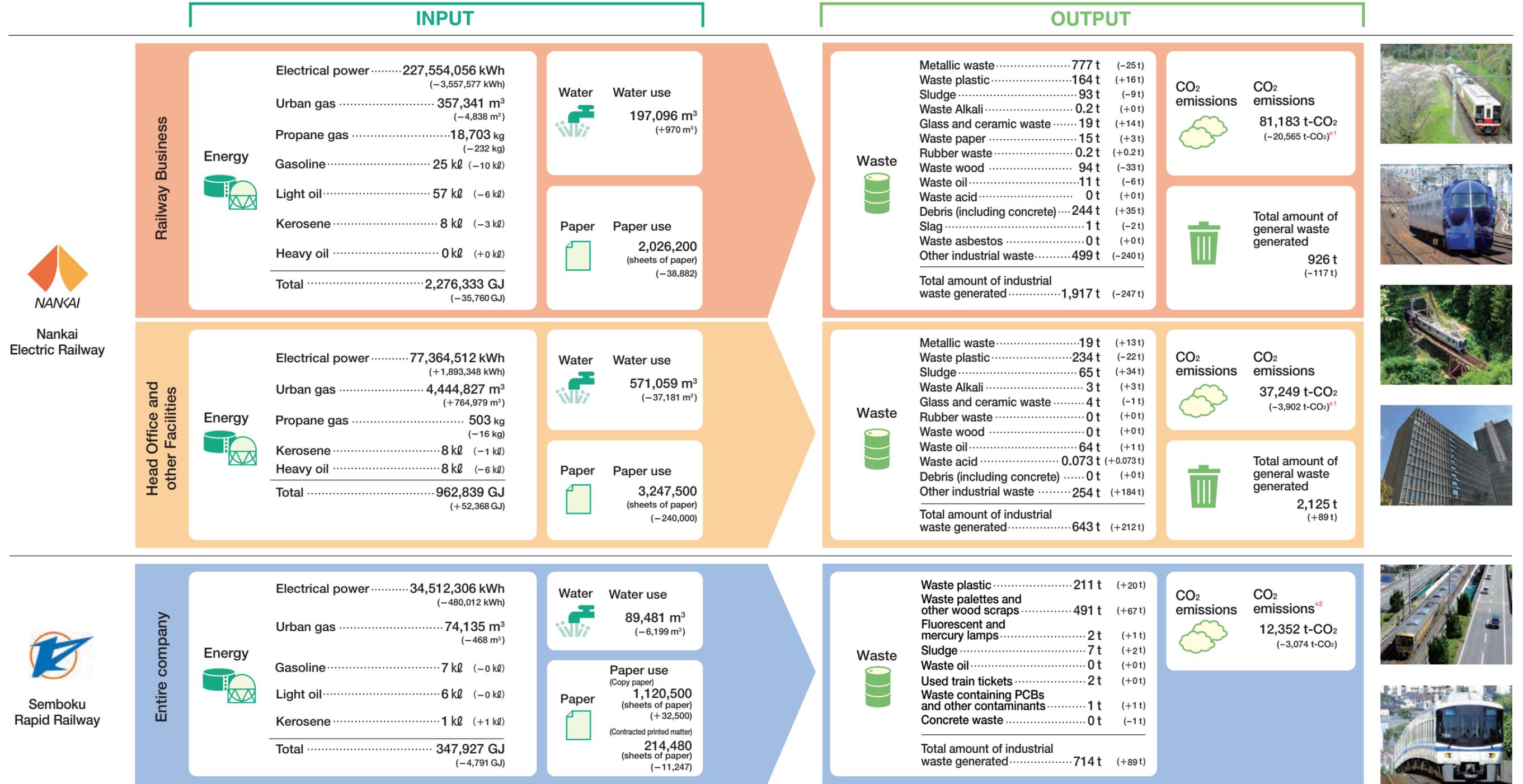
Due to the effects of incorporating energy-conserving rolling stock with good power efficiency (VVVF control) and other measures, overall power use for train operations has decreased by 7.35% over five years in terms of energy efficiency per unit of transportation capacity.

Changes in electricity consumption for train operations



Environmental Impact Data

Environmental impact data (inputs and outputs) for Nankai Electric Railway and Semboku Rapid Railway Line in 2019 are detailed below. This data is focused on that submitted in accordance with the Energy Conservation Law and other laws to the Ministry of Land, Infrastructure, Transport and Tourism (Kinki District Transportation Bureau), the Ministry of Economy, Trade and Industry (Kansai Bureau), Osaka Prefecture and other agencies.



*1 These numbers were submitted to the Kinki District Transportation Bureau and the Kansai Bureau of Economy, Trade and Industry in accordance with the Energy Conservation Law. For electric power, the CO₂ emissions total was calculated using the emission coefficient set by Kansai Electric Power Co. of 0.352 kg-CO₂/kWh.
 *2 Energy used exclusively by shops within Semboku Rapid Railway Line station buildings and by companies occupying the Higashiosaka and Kita-Osaka Logistics Center is included.

Figures in parenthesis () shows comparison with the previous fiscal year.



Society

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

Relationships with customers



Identifying customer needs

We consider the opinions and requests that we receive from our customers to be precious management resources for our company. This data is useful in every related division, including in education and guidance for railway staff, as we strive to improve our business and raise service levels while we work to constantly improve quality.

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 2019, we received a great amount of customer opinions, totaling 2,264 cases.

2019 customer feedback breakdown

Ranking		Numbers for previous year shown in parentheses	
		Number of cases	
1	Customer treatment/reception	750	(810)
2	Passenger manners	313	(271)
3	Station facilities	247	(250)
4	Schedules/schedule disruptions	228	(349)
5	Tickets	206	(204)
6	Air-conditioning	186	(169)
7	Train vehicles	65	(100)
8	Special planned products	43	(13)
9	Crossings	40	(55)
10	Website	31	(66)

By division

		Numbers for previous year shown in parentheses	
		Number of cases	
1	Railway	1,998	(2,112)
2	Misaki Park	92	(70)
3	The Nankai Group Companies	58	(64)

Execution of customer satisfaction surveys

In fiscal 2019, continuing from fiscal 2018, we hired an unaffiliated survey company to investigate the satisfaction of our customers using the Internet. We analyzed the service levels and brand images of our companies, and this is serving to improve our work and services.

Efforts for inbound travel

In fiscal 2019, we undertook direct public relations efforts toward overseas customers by holding "travel expos" locally and conducting business discussions with travel agencies. In addition to East Asia, which is our main market, we also sought to approach the growing markets of Southeast Asia, Europe, the USA and Australia.

Next, needing to respond to the increased use of the Internet by customers to gather information, we updated Find My Osaka-Japan, which is our group company portal site for overseas users. We enhanced the contents and prepared them in five languages. Furthermore, we also participated in the planning of the Live Japan Perfect Guide Kansai, which is a tourism information service for foreign visitors to Japan. We also

worked to increase awareness and draw people to our company site through information distribution using various social media services.

Moreover, as measures to promote tourism along our train lines, we focused on creating and selling new travel products. The Koyasan Kumano travel route was selected for the Plus One Trip campaign sponsored by the Kansai Tourism Bureau.



Find My Osaka-Japan website



Plus One Trip website



Travel fair (USA)



Live Japan Perfect Guide Kansai press release event

Executive message

We will respond flexibly to changes in conditions surrounding the inbound tourism market and diversifying needs as we advance the creation of new systems to grow tourism consumption.



Senior Corporate Officer
Kiyohara Yasuhito

The number of inbound travelers in 2019 increased solidly due to large increases from China and other parts of East Asia, the Rugby World Cup and other factors. After entering 2020, however, inbound travel all but disappeared due to the impacts of global travel restrictions due to the spread of the coronavirus pandemic.

When the pandemic will be resolved is still unclear. Since the full return of inbound travelers will take some time, we believe that radically revising our tourism strategy is an immediate concern.

Under these conditions with unexpected changes to the business environment, as measures taking to respond to them, we will continue to have new awareness of the importance of domestic tourism first of all, and advance the creation of systems to grow new tourism consumption.

As efforts for inbound tourism, taking the big events of the Tokyo Olympics and the World Masters Games 2021 Kansai as opportunities, we will continue creating and selling attractive travel products and focusing on digital promotion that reliably conveys information about tourism along our train lines.

Last fiscal year, in cooperation with tourism-related organizations, we created and sold new travel products that allow people to fully enjoy Koyasan and the Kii Peninsula with a focus on the Kumano Kodo route. We will continue to further strengthen our coordination

with local governments along our train lines and destination marketing organizations (DMO). We will also keep planning new products and strengthening sales to meet the new normal brought about by the coronavirus pandemic. This includes spotlighting tourism resources along our train lines from the perspective of customers and experiential tours utilizing online resources.

Furthermore, needing to respond to the shift online in recent years, we renewed our corporate group portal site for overseas users. We also sought to increase awareness of tourism resources along our train lines and draw visitors to them by, for example, strengthening multilingual support and enhancing contents related to these areas, starting with the Mozu-Furuichi Kofun Group World Heritage Site. Focusing on participating in travel expos and business discussions online due to the coronavirus pandemic, we will continue accelerating promotional strategies centered on the digital domain.

In the medium and long terms, since we anticipate that the opening of an integrated resort (IR) and EXPO 2025 Osaka, Kansai, Japan will have great ripple effects on the Kansai economy, we will continue working to increase the visitor population, treating expansion of tourism consumption in our business domains as a management issue.

Relationships with employees



Creating workplaces where people can work easily

In order to provide customers with services that are safe and create peace of mind, we are working to improve workplace environments, which are the bases that enable employees to maximize the use of their abilities.

Number of new hires (16 main group companies*) (People)

Fiscal Year	2015	2016	2017	2018	2019
Number hired	355	406	371	338	328
New graduates	82	96	109	93	98
Experienced workers	273	310	262	245	230
Women	46	68	57	52	81
Female hire ratio	13.0%	16.7%	15.4%	15.4%	24.7%

* 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., Nankaishoji 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.

Average number of years employed at Nankai Electric Railway Co., Ltd. (single company) (Years)

Fiscal Year	2015	2016	2017	2018	2019
Men	20.3	21.0	21.1	21.9	22.2
Women	9.1	10.0	10.0	9.6	9.1

Note: Numbers from April 1 each year

Encouraging the use of paid leave

We are working to increase the rate of annual paid leave usage by adopting a planned annual paid vacation system 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 92.6% in fiscal 2019. This is a high level compared to the usual rate of utilization (52.4%) according to the General Survey on Working Conditions issued by the Ministry of Health, Labour and Welfare.

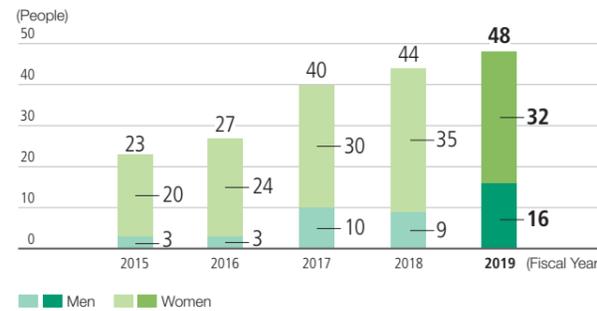
In addition, we have arranged systems that include leaves for childcare as well as leaves and time off for caregiving. The rate of childcare leave utilization by employees that gave birth has been 100% for seven years running. Moreover, the use of this leave by male employees has been trending upward in recent years. In fiscal 2018, 48 employees from our 16 main group companies took childcare leaves.

Annual paid leave utilization rate (Nankai Electric Railway only) (%)

2015	2016	2017	2018	2019
91.5	93.3	91.0	90.7	92.6

Note: 29 employees took childcare leave in fiscal 2019

Numbers of employees utilizing childcare leave by gender (at 16 main group companies*)



* See the margin of this page for details about the 16 companies.

Average number of monthly overtime hours (at Nankai Electric Railway only) (hour)

2015	2016	2017	2018	2019
31.5	31.2	31.4	26.7	25.6

Raising awareness about human rights and harassment prevention

As a company involved in the railway business that provides 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. In addition to using thorough training content, we are continuously conducting awareness-raising efforts in order to make correct understanding and recognition of human rights permeate even more deeply.

Moreover, to prevent the occurrence of various forms of harassment, including sexual and power harassment, we are working to establish consultation desks and to continuously implement prevention and awareness trainings.

Efforts for diversity

Believing that respecting diversity within the organization and proactively making the most of it are indispensable in order to flexibly respond to changes in the business environment and to grow sustainably, we are endeavoring to promote diversity from a variety of angles.

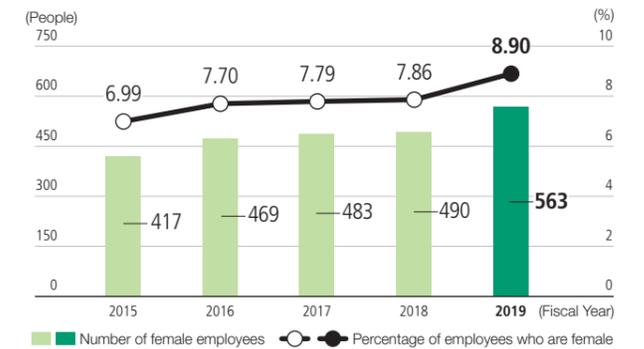
Advancing the active participation of women

We are conducting hiring and appointments that are focused on individual qualities without regard to gender, and we are promoting the active participation of women.

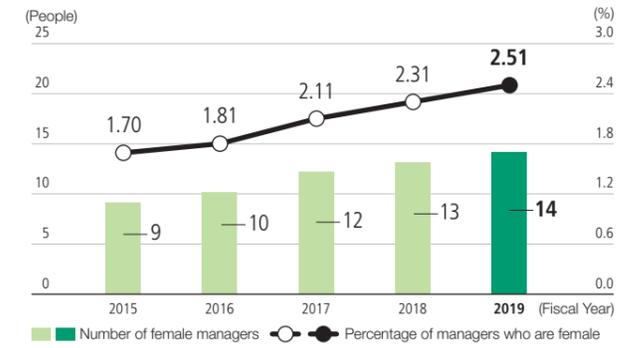
In April 2016, we established an Action Plan to Advance the Active Participation of Women. In addition to setting a female employment rate of at least 30% continuously for recent university graduates, we have been promoting the placement of women in a variety of types of work in our on-site railway operations, including as conductors, drivers and assistants. We are also advancing the preparation of lodging facilities for women.

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. Moreover, in our railway operation divisions, we will continue striving to build work environments that enable women to keep working by further expanding support for balancing work and family. We are already doing this by, for example, enabling childcare leaves to be taken until children begin attending school. We will continue building systems for childcare leaves during pregnancy and from the time of birth as well as for following up after returning to work.

Number of female employees (16 main groups companies*)



Number of female managers (16 main groups companies*)



* See the margin of page 37 for details about the 16 companies.

Moreover, we are striving to strengthen our management auditing functions through our Board of Auditors by, for example, having our Internal Audit Department report auditing situations to the Board of Auditors and having the Externally

Appointed Directors hear the same reports. In addition, we are having it conduct regular opinion exchanges with the CEO who is ultimately responsible for the construction and application of internal control systems.

Business execution

Board of Directors

The Board of Directors (with the president as the chairperson and the General Affairs Department as the secretariat) consists of 8 directors and 5 auditors (including 3 outside directors and 3 outside auditors). The Board meets on a monthly basis in principle to make decisions on fundamental policies for management and important business execution as well as to supervise the execution of duties by directors.

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 Department as the secretariat, this committee seeks to comprehensively control business execution and optimize management decision-making.

* Senior corporate officers and higher

Nominating Committee

We established a Nominating Committee, which is comprised of the President and CEO along with outside directors (and chaired by an outside director), and ensure that the nominating process is objective, transparent and fair.

Status of audits by auditors

The Board of Auditors, which consists of 5 Auditors (secretariat: Corporate Auditor's Office), meets once a month in principle and execute audits on business execution.

In this business fiscal year, our Board of Auditors held meetings 13 times with attendance as shown to the right.

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

- Determination of candidates for Directors and Auditors, 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 established a Compensation Committee, which is comprised of the President and CEO along with outside directors (and chaired by an outside director), and ensure that the compensation process is objective, transparent and fair.

From decisions made by the Board of Directors, the President and CEO is entrusted to determine the compensation of individual directors and senior corporate officers. However, those decisions must receive approval from this committee. This committee deliberates changes to the executive compensation system ahead of the Board of Directors.

Board of Auditors attendance record

	Name	Meetings eligible	Meetings attended
Senior Corporate Auditor	Fujita Takaichi	3	3
Senior Corporate Auditor	Katsuyama Masafumi	13	13
Senior Corporate Auditor	Iwai Keiichi	10	10
Outside Auditor	Oku Masayuki	13	12
Outside Auditor	Arao Kozo	13	12
Outside Auditor	Aiba Koji	13	13

Outside Directors and Outside Auditors

Outside Director

Outside Directors are expected to utilize their knowledge and experience as business managers for the management of the Company. They are responsible for the function which contributes to the improvement of efficiency and transparency in management from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.

Outside Auditor

Outside Auditors are expected to utilize their knowledge, experience and expertise as business managers or lawyers for the auditing of the Company. They are responsible for the function which contributes to the securing of transparency in management and the qualitative improvement of audits from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.

Standards and policies related to independence and how our company thinks about the state of appointments

In the selection of our externally appointed directors and auditors, prerequisites include not having significant interests with our company and not coming under independence 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 externally appointed directors and auditors that are independent. We believe that these appointment conditions are functioning sufficiently for maintaining and improving our corporate governance systems.

Reasons for selection of externally appointed directors and auditors and their activity status

Executive classification	Name	Independent Name director/auditor	Reasons for selection	Board of Directors/Auditors attendance record (fiscal 2019)	
Outside Director	Sono Kiyoshi	○	Based on his extensive experience gained as a bank manager, we selected (designated) him as an externally appointed director (independent director) because we expect he can provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company.	Board of Directors meeting	Attended 11 of 12
	Tsunekage Hitoshi	○	Based on his extensive experience gained as a bank manager, we selected (designated) him as an externally appointed director (independent director) because we expect he can provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company.	Board of Directors meeting	Attended 10 of 10
	Koezuka Miharu	○	Based on his extensive experience gained as a department store manager, we selected (designated) her as an externally appointed director (independent director) because we expect she can provide suitable advice and supervision for the management of our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between her and the corporate management ranks of this company.	Board of Directors meeting	Attended 10 of 10
Outside Auditor	Arao Kozo	○	Based on his extensive experience gained as a bank manager, we selected (designated) him as an externally appointed auditor (independent auditor) because we expect he can raise the effectiveness of auditing in our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company. Furthermore, through his business experience at a bank, this auditor possesses knowledge related to finances and accounting.	Board of Directors meeting	Attended 12 of 12
	Aiba Koji	○	Based on his extensive experience gained as a business executive at a life insurance company, we selected (designated) him as an externally appointed auditor (independent auditor) because we expect he can raise the effectiveness of auditing in our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company. Furthermore, through his business experience at a health insurance company, this auditor possesses knowledge related to finances and accounting.	Board of Auditors meeting	Attended 12 of 13
	Aiba Koji	○	Based on his extensive experience gained as a business executive at a life insurance company, we selected (designated) him as an externally appointed auditor (independent auditor) because we expect he can raise the effectiveness of auditing in our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company. Furthermore, through his business experience at a health insurance company, this auditor possesses knowledge related to finances and accounting.	Board of Directors meeting	Attended 12 of 12
	Aiba Koji	○	Based on his extensive experience gained as a business executive at a life insurance company, we selected (designated) him as an externally appointed auditor (independent auditor) because we expect he can raise the effectiveness of auditing in our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company. Furthermore, through his business experience at a health insurance company, this auditor possesses knowledge related to finances and accounting.	Board of Auditors meeting	Attended 13 of 13
	Kunibe Takeshi	○	Based on his specialized knowledge and extensive experience gained as a lawyer in the practice of corporate law over many years, we selected (designated) him as an externally appointed auditor (independent auditor) because we expect he can raise the effectiveness of auditing in our corporate group as a whole from an independent standpoint free of any relationship that could enable the exertion of notable control mutually between him and the corporate management ranks of this company. Furthermore, this auditor is an expert in corporate law and possesses knowledge related to finances and accounting.	Board of Auditors meeting	(New appointment)
				Board of Directors meeting	(New appointment)

Supporting System for Outside Directors and Outside Auditors

The General Affairs Department is the secretariat of the Board of Directors. In order to improve the effectiveness of supervising and auditing by Outside Directors and Outside Auditors, the General Affairs Department shall provide them with materials for the Board of Directors' meeting in advance whenever possible and as necessary, make an arrangement for them to receive explanation from each officer in charge, etc. about the agenda and the contents ahead of meetings. The secretariat also provides explanation on the agenda and the summary of matters to be reported to Outside Directors prior to the Board of Directors' meeting. Through the aforementioned initiatives, the Company strives to ensure the propriety of

decision-making procedures at the Board of Directors' meetings.

In addition, absent Outside Officers will receive materials on the deliberation and reporting, as well as the results.

The Corporate Auditor's Office is the secretariat of the Board of Auditors. The Corporate Auditor's Office conveys information such as the date and time of the Board of Auditors' meeting as well as the agenda in advance, while providing assistance on field audits to each business location as necessary.

Information beneficial for the execution of audits are collected from the contents submitted to the Management Committee and other approval documents, and provided to Senior Corporate Auditors, who report and explain them to Outside Auditors as necessary.

Message from an outside director

I will strive to offer assistance in continuously increasing both value along train lines and corporate value

Outside Director
Tsunekage Hitoshi



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

Right now, the spread of COVID-19 is having enormous impacts on our social and economic activities as well as our lifestyles.

As uncertainty increases in the daily lifestyles of society as a whole, for our company, which bears responsibility for the important social infrastructure that are railways, expectations are increasing daily that we provide various services continuously and safely.

Moreover, high public involvement is expected of our company, which is undertaking numerous business activities that are deeply rooted in the areas along our train lines, and I believe that always considering the environment through our business activities is necessary as a social duty. The Nankai Environmental Vision 2030, which was established in 2017, indicates that we will contribute to increasing environmental value along train lines through efforts for issues that our business activities have great impacts on, including global warming, recycling-oriented society and biodiversity. We are currently working steadily to reduce CO₂ emissions by, for example, adopting energy-conserving rolling stock, and to maintain ecosystems along train lines.

Our corporate vision is to "Have our train lines and

corporate group be chosen because we provide satisfaction and excitement" In order to fulfill this, we will keep seeking to resolve the issues faced by our customers and communities and increase our corporate value by sustainably raising the value along our train lines, including through efforts such as the above.

In addition, facing the upcoming EXPO 2025 Osaka, Kansai, Japan and the opening of the Naniwasuji Line, we will continue applying all the abilities of our corporate group to develop communities along train lines that open doors to new futures, including the development of the Namba community, which is an entryway to our train lines.

For the Japanese economy to recover from the current stagnation resulting from the coronavirus pandemic, the rehabilitation of Osaka and the Kansai region is indispensable. I feel that continuously increasing the value along our train lines and our corporate value is necessary to do this. I personally will utilize my management experience and knowledge from my time at a financial institution so that I can assist in these efforts. I will seek to understand issues related to business and important items related to governance, and I will undertake business auditing as an Externally Appointed Director. Please extend me your favor as I pursue these activities.

Executive compensation system

Details of policy related to determining amounts of executive compensation and other remuneration, their calculation methods, as well as their determination methods

We divide compensation for directors and executive officers into supervision compensation and execution compensation. For supervision compensation, we pay fixed and uniform monetary amounts to directors. We pay execution compensation, which is comprised of basic compensation, bonuses and stock compensation, to executive corporate officers. The ratio of these forms of compensation is 60% basic compensation, 25% bonuses and 15% stock compensation. This ratio was devised in consideration of increasing incentives to improve business results and seeking to make management that is conscious of shareholder value and stock prices take root.

Details are provided in the table below.

From decisions made by the Board of Directors, the President and CEO is entrusted to determine the compensation of individual directors and executive corporate officers. The President and CEO has authority related to decisions about remuneration for each executive position and evaluations and decisions of the individual performance of executive corporate officers. However, these decisions must receive approval from the Compensation Committee. This committee deliberates

changes to the executive compensation system ahead of the Board of Directors. Compensation for auditors is determined through deliberations by the auditors.

Overview of stock compensation system

People subject to this system	Directors (excluding those who are externally appointed or residing overseas) and executive corporate officers (excluding those holding two posts 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 to acquire our corporate stock necessary for granting	180 million yen total
Acquisition methods for this stock	By disposing of treasury shares or by obtaining it from a stock exchange (including in after-hours trading)
Point assignment standard	Points assigned according to executive position and other factors (1 point is equivalent to 1 share)
Granting period	At retirement as a rule

Note: Through a decision of the Board of Directors, the applicable term can be extended whenever to a term of within 5 years.

Compensation ratios

Basic compensation (60/100)	<ul style="list-style-type: none"> Fixed amount according to roles and responsibilities, paid in cash. 														
Bonuses (25/100)	<ul style="list-style-type: none"> 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. Only company performance is calculated for the president <p>Company performance</p> <ul style="list-style-type: none"> 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 <p><Conditional indicators></p> <ul style="list-style-type: none"> 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 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 <p><Target indicators></p> <ul style="list-style-type: none"> In order to increase incentives for achieving the Nankai Group Business Vision 2027 and the KYOSO 136 Medium Term Management Plan, consolidated operating income, which is a numerical target in both this vision and plan, is set as a target indicator 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% This is not paid if the performance ratio falls below 80% The results for conditional indicators and target indicators in fiscal 2019 were as follows <table border="1"> <thead> <tr> <th>Conditional indicators</th> <th>Results</th> <th>70% of average of past five years, excluding highest and lowest values</th> <th>Target indicators</th> <th>Initial estimate</th> <th>Results</th> <th>Achievement rate</th> </tr> </thead> <tbody> <tr> <td>Profit attributable to parent company</td> <td>¥20.8 billion</td> <td>¥10.3 billion</td> <td>Consolidated operating income</td> <td>¥34.1 billion</td> <td>¥35.2 billion</td> <td>103.3%</td> </tr> </tbody> </table> <p>Note: The initial estimate for the consolidated operating income is shown rounded up for values less than ¥100 million</p>	Conditional indicators	Results	70% of average of past five years, excluding highest and lowest values	Target indicators	Initial estimate	Results	Achievement rate	Profit attributable to parent company	¥20.8 billion	¥10.3 billion	Consolidated operating income	¥34.1 billion	¥35.2 billion	103.3%
Conditional indicators	Results	70% of average of past five years, excluding highest and lowest values	Target indicators	Initial estimate	Results	Achievement rate									
Profit attributable to parent company	¥20.8 billion	¥10.3 billion	Consolidated operating income	¥34.1 billion	¥35.2 billion	103.3%									
Individual performance	<ul style="list-style-type: none"> The president evaluates the overall achievement of targets presented in the "business plan" prepared each fiscal year on a four-level scale and determines the pay ratio from this result The paid amount varies between 0% or 70% and 130% when the standard amount is 100% 														
Stock compensation (15/100)	<ul style="list-style-type: none"> 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 														

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

The maximum amount of compensation for directors was revised to 514 million yen (with 50 million yen for outside directors, and not including employee salaries) per year at the 102nd Regular General Meeting of Shareholders held on June 21, 2019. (This covered 9 people, including 3 externally appointed directors, at that time.)

Moreover, at the same general meeting, the adoption of a stock compensation system using trusts was decided in addition to the above. The maximum amount of auditor compensation was revised to 7 million yen per month at the 80th Regular General Meeting of Shareholders held June 27, 1997. (At this time, it applied to 4 auditors.)

Executive training

As shown in the table below, we implement trainings that are necessary for directors and auditors to fulfill their roles and duties.

Contents of executive trainings

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.
Internal	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

Based on self-evaluations using questionnaires by every director and auditor, we conduct analysis and evaluation of the effectiveness of the entire Board of Directors every year at a Board meeting.

In fiscal 2019, our Board of Directors is generally operating well and definite improvements have been made for issues identified based on the analysis and evaluation of the previous fiscal year. Since we were able to confirm these things, our analysis and evaluation are that the effectiveness of the entire Board of Directors is being maintained. On the other hand,

issues that require improvements still remain from before. Some of these are thoroughly applying PDCA cycles, including for the Medium Term Management Plan, assuring deliberation time and opportunities for formulation of the next medium term business plan, and holding Board of Directors meetings using, for example, remote meeting systems with video and audio that enable "seeing faces" Considering these issues, we will continue to advance efforts toward further improving the effectiveness of the entire Board of Directors.



Financial report

Business results

At our group, we have been advancing efforts for various measures based on our Kyoso 136 Plan, our medium term business plan that we are the second year of.

Even with the impacts of the spread of the coronavirus pandemic in this consolidated fiscal accounting year (hereafter, "this fiscal year"), due to our real estate business, including Namba SkyO, which contributed throughout the year, and increased condominium sales, our operating revenue was 228.015 billion yen (0.3% increase over the previous fiscal year). Moreover, due to the revision of our residential housing development business, including appraisal losses of real estate for sale, and other factors in the previous fiscal period, operating income increased to 35.223 billion yen (27.0% more than the previous fiscal year), ordinary income was 31.677 billion yen (32.5% more than the previous fiscal year), and profit

attributable to owners of the parent company was 20.811 billion yen (59.8% more than the previous fiscal year).

Furthermore, in our Kyoso 136 Plan, operating Income and the interest-bearing debt balance/EBITDA ratio have been set as important business indicators.

The progress of these indicators at the end of this fiscal year are as shown below.

Progress of Kyoso 136 Plan business indicators

	Previous fiscal year	Current fiscal year
Operating income*1	28.7 billion yen	36.1 billion yen
Interest-bearing debt balance/EBITDA*2 ratio	8.5	7.2

*1 Operating income + dividend income

*2 Operating income + dividend income + depreciation and amortization

Executive message

In response to the spread of the coronavirus pandemic, we will keep working to reduce costs, for example, and maintain and strengthen financial health

Our revenue increased in fiscal 2019 due to the contribution throughout the year of Namba SkyO, which opened for business the previous year, and increased condominium sales. Moreover, we were also able to record the highest operating income in our history even with the impacts of the coronavirus pandemic. This was due in part to the inclusion in the previous fiscal year of appraisal losses of real estate for sale that accompanied the revision of our residential housing development business.

Considering our financial conditions in fiscal 2019, we made investments with a total of 47.9 billion yen, including the acquisition of the Namba Midosuji Center Building and other growth investments, continuing from the previous fiscal year. Despite this, supported by solid business results, we also maintained a positive free cash flow. As a result of allocating this to the redemption of bonds and the repayment of loans, we reduced our interest-bearing debt to 467.9

billion yen (10.6 billion yen less than the previous fiscal year). As a result, our interest-bearing debt balance/EBITDA ratio, which is a business indicator for company finances, became 7.2, allowing us to achieve our Kyoso 136 Plan fiscal 2020 numerical target (7.5 or less) one year early. We believe that the upgrade of our ranking from BBB+ to A- by Rating and Investment Information, Inc. is the result of the efforts we have made until now to improve our financial footing.

While continuing to ensure expenditures related to safety and peace of mind, close scrutiny of the need for individual expenditure items and their costs is necessary in order to continue assuring profit even as revenue declines due to the impacts of the coronavirus. In addition to efforts to reduce costs such as these, we will continue striving to maintain and strengthen our financial health by strengthening earning capabilities through efforts for post-pandemic growth strategies and the diversification of financing.



Senior Corporate Officer
Otsuka Takahiro

Consolidated Balance Sheets

(millions of yen)

	Previous consolidated fiscal year March 31, 2019	Current consolidated fiscal year March 31, 2020		Previous consolidated fiscal year March 31, 2019	Current consolidated fiscal year March 31, 2020
ASSETS			LIABILITIES		
Current assets:			Current liabilities:		
Cash and deposits	18,359	17,874	Notes and accounts payable-trade	20,807	19,877
Notes and accounts receivable-trade	23,188	19,481	Short-term loans payable	67,426	91,526
Merchandise and finished goods	15,098	17,167	Current portion of bonds	20,000	10,000
Work in process	424	555	Income taxes payable	2,714	4,712
Raw materials and supplies	2,766	2,901	Provision for bonuses	2,666	2,697
Other	21,103	15,299	Provision for warranties for completed construction	1,188	1,189
Allowance for doubtful accounts	△84	△58	Provision for loss on litigation	2,664	—
Total current assets	80,856	73,221	Other	60,483	67,864
Non-current assets:			Total current liabilities	177,951	197,867
Property, plant and equipment:			Non-current liabilities:		
Buildings and structures, net	369,430	367,040	Bonds payable	90,000	90,000
Machinery, equipment and vehicles, net	26,001	31,939	Long-term loans payable	301,227	271,426
Land	354,823	358,624	Deferred tax liabilities	39,579	39,436
Construction in progress	35,492	42,935	Deferred tax liabilities for land revaluation	18,766	18,748
Other, net	6,674	6,020	Net defined benefit liability	16,873	18,969
Total property, plant and equipment	792,422	806,561	Other	32,425	32,604
Intangible assets	8,219	10,828	Total non-current liabilities	498,872	471,186
Investments and other assets:			Total liabilities	676,823	669,054
Investments securities	26,511	23,507	NET ASSETS		
Long-term loans receivable	100	88	Shareholders' equity:		
Net defined benefit asset	90	642	Capital stock	72,983	72,983
Deferred tax assets	2,983	3,271	Capital surplus	28,105	28,117
Other	8,669	7,399	Retained earnings	91,301	108,690
Allowance for doubtful accounts	△1,467	△462	Treasury shares	△160	△350
Total investments and other assets	36,887	34,446	Total shareholders' equity	192,230	209,440
Total non-current assets	837,528	851,836	Accumulated other comprehensive income		
Total assets	918,385	925,058	Valuation difference on available-for-sale securities	7,143	4,465
			Deferred gains or losses on hedges	—	0
			Revaluation reserve for land	30,953	30,976
			Remeasurements of defined benefit plans	529	△468
			Total accumulated other comprehensive income	38,625	34,973
			Non-controlling interests	10,705	11,590
			Total net assets	241,561	256,003
			Total liabilities and net assets	918,385	925,058

Note: Amounts of less than one million yen have been rounded down.

Note: Amounts of less than one million yen have been rounded down.

Consolidated Statements of Income

(millions of yen)

	Previous consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Operating revenue	227,424	228,015
Operating expenses:		
Operating expenses and cost of sales of transportation	192,252	185,667
Selling, general and administrative expenses	7,425	7,124
Total operating expenses	199,678	192,791
Operating income	27,745	35,223
Non-operating income		
Interest income	27	26
Dividend income	956	966
Miscellaneous income	450	470
Total non-operating income	1,433	1,462
Non-operating expenses:		
Interest expenses	4,598	4,311
Miscellaneous expenses	682	697
Total non-operating expenses	5,281	5,009
Ordinary income	23,898	31,677
Extraordinary income:		
Contribution for construction	2,985	1,329
Insurance income	1,040	773
Gain on sales of non-current assets	844	484
Other	512	413
Total extraordinary income	5,383	3,000
Extraordinary losses:		
Reduction entry of land contribution for construction	1,226	1,277
Loss on retirement of non-current assets	1,719	849
Losses on business reorganization	—	751
Impairment loss	5,560	403
Transfer of provision for loss on litigation	2,664	—
Loss on disaster	1,243	—
Other	1,344	868
Total extraordinary losses	13,758	4,150
Profit before income taxes	15,522	30,527
(Income taxes:) Income taxes-current	7,932	7,580
Income taxes-deferred	△5,249	1,127
Total income taxes	2,682	8,708
Profit	12,840	21,819
Profits and losses attributable to non-controlling interests (△)	△183	1,008
Profit attributable to owners of parent	13,023	20,811

Consolidated Statements of Comprehensive Income

(millions of yen)

	Previous consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Profit	12,840	21,819
Other comprehensive income:		
Valuation difference on available-for-sale securities	△1,567	△2,757
Deferred gains or losses on hedges	—	0
Revaluation reserve for land	1	—
Remeasurements of defined benefit plans, net of tax	869	△1,031
Total other comprehensive income	△696	△3,788
Comprehensive income	12,143	18,031
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,414	17,136
Comprehensive income attributable to non-controlling interests	△270	895

Note: Amounts of less than one million yen have been rounded down.

Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(millions of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at March 31, 2018	72,983	28,105	81,593	△146	182,535		
Changes of items during period:							
Dividends of surplus			△3,400		△3,400		
Profit attributable to owners of parent			13,023		13,023		
Reversal of revaluation reserve for land			85		85		
Purchase of treasury shares				△14	△14		
Disposal of treasury shares		0		0	0		
Change in treasury shares of parent arising from transactions with non-controlling shareholders		△0			△0		
Net changes of items other than shareholders' equity		△0	9,708	△13	9,694		
Total changes of items during period	—	△0	9,708	△13	9,694		
Balance at March 31, 2018	72,983	28,105	91,301	△160	192,230		

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	8,638	—	31,037	△354	39,320	10,978	232,835
Changes of items during period:							
Dividends of surplus							△3,400
Profit attributable to owners of parent							13,023
Reversal of revaluation reserve for land							85
Purchase of treasury shares							△14
Disposal of treasury shares							0
Change in treasury shares of parent arising from transactions with non-controlling shareholders							△0
Net changes of items other than shareholders' equity	△1,495	—	△83	883	△695	△273	△968
Total changes of items during period	△1,495	—	△83	883	△695	△273	8,726
Balance at March 31, 2018	7,143	—	30,953	529	38,625	10,705	241,561

Current consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(millions of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at March 31, 2018	72,983	28,105	91,301	△160	192,230		
Changes of items during period:							
Dividends of surplus			△3,400		△3,400		
Profit attributable to owners of parent			20,811		20,811		
Reversal of revaluation reserve for land			△22		△22		
Purchase of treasury shares				△190	△190		
Disposal of treasury shares		0		0	0		
Change in treasury shares of parent arising from transactions with non-controlling shareholders		12			12		
Net changes of items other than shareholders' equity	—	12	17,388	△190	17,209		
Total changes of items during period	—	12	17,388	△190	17,209		
Balance at March 31, 2019	72,983	28,117	108,690	△350	209,440		

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	7,143	—	30,953	529	38,625	10,705	241,561
Changes of items during period:							
Dividends of surplus							△3,400
Profit attributable to owners of parent							20,811
Reversal of revaluation reserve for land							△22
Purchase of treasury shares							△190
Disposal of treasury shares							0
Change in treasury shares of parent arising from transactions with non-controlling shareholders							12
Net changes of items other than shareholders' equity	△2,677	0	22	△997	△3,652	884	△2,767
Total changes of items during period	△2,677	0	22	△997	△3,652	884	14,442
Balance at March 31, 2019	4,465	0	30,976	△468	34,973	11,590	256,003

Note: Amounts of less than one million yen have been rounded down.

Consolidated Statements of Cash Flows

(millions of yen)

	Previous consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Cash flows from operating activities:		
Profit before income taxes	15,522	30,527
Depreciation	27,440	28,786
Impairment loss	5,560	403
Amortization of goodwill	471	401
Increase (decrease) in provision for bonuses (△ is decrease)	27	30
Increase (decrease) net defined benefit liability (△ is decrease)	1,769	81
Increase (decrease) in allowance for doubtful accounts (△ is decrease)	52	△1,029
Increase (decrease) in provision for loss on litigation (△ is decrease)	2,664	—
Interest and dividend income	△983	△992
Interest expenses	4,598	4,311
Loss on retirement of non-current assets	915	845
Reduction entry of land contribution for construction	1,226	1,277
Contribution for construction	△2,985	△1,329
Decrease (increase) in notes and accounts receivable-trade (△ is increase)	△8,302	5,175
Decrease (increase) in inventories (△ is increase)	3,698	△274
Increase (decrease) in notes and accounts payable-trade (△ is decrease)	△1,091	△432
Loss on valuation of inventories	6,509	221
Increase (decrease) in accrued consumption taxes (△ is decrease)	△3,306	3,938
Other, net	489	678
Subtotal	54,276	72,621
Interest and dividend income received	983	992
Interest expenses paid	△4,628	△4,313
Expenses for monetary deposits	—	△2,000
Damages paid	—	△2,756
Income taxes paid	△11,901	△5,609
Net cash provided by (used in) operating activities	38,729	58,935
Cash flows from investing activities:		
Purchase of non-current assets	△55,918	△55,981
Proceeds from sales of non-current assets	1,233	2,035
Proceeds from contribution received for construction	10,419	6,047
Purchase of investments in securities	△1,169	△1,111
Proceeds from sales and redemption of investment securities	500	0
Income from sales of shares of subsidiaries resulting in change in scope of consolidation	237	—
Other, net	△521	94
Cash flows from investing activities	△45,219	△48,915
Cash flows from financing activities:		
Net increase (decrease) in commercial paper (△ is decrease)	△6,000	5,000
Net increase (decrease) in short-term loans payable (△ is decrease)	△8,538	3,100
Proceeds from long-term loans payable	54,505	21,555
Repayments of long-term loans payable	△47,214	△30,354
Proceeds from issuance of bonds	19,833	9,911
Redemption of bonds	—	△20,000
Cash dividends paid	△3,390	△3,393
Other, net	△562	△672
Cash flows from financing activities	8,632	△14,853
Net increase (decrease) in cash and cash equivalents (△ is decrease)	2,143	△4,833
Cash and cash equivalents at beginning of period	19,721	21,864
Cash and cash equivalents at end of period	21,864	17,030

Note: Amounts of less than one million yen have been rounded down.